

**AKSA ENERJİ ÜRETİM A.Ş. AND  
ITS WHOLLY OWNED SUBSIDIARIES  
CONSOLIDATED FINANCIAL  
STATEMENTS  
TOGETHER WITH INDEPENDENT  
AUDITOR'S REPORT AS OF  
31 DECEMBER 2014**



**INDEPENDENT AUDITOR'S REPORT OF  
AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2014**

To the Shareholders and Board of Directors of  
Aksa Enerji Üretim A.Ş.  
İstanbul

Eren Bağımsız Denetim ve  
Yeminli Mali Müşavirlik A.Ş.  
Abide-i Hürriyet Caddesi  
Boşan Center 211 C Kat 3  
34381 Şişli / İstanbul, Turkey

T + 90 212 373 00 00  
F + 90 212 291 77 97  
www.gtturkey.com

1. We have audited the accompanying consolidated financial statements of Aksa Enerji Üretim A.Ş. and its wholly owned subsidiaries (together referred to as the Group) listed under Note 1 to the financial statements comprise the consolidated balance sheets as at 31 December 2014, and the consolidated statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

**Management's Responsibility for the Financial Statements**

2. Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

5. In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Aksa Enerji Üretim A.Ş. and its wholly owned subsidiaries as of 31 December 2014 and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

EREN Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş.  
Member Firm of GRANT THORNTON International



Nazım Hikmet  
Partner

Istanbul, 06 March 2015

**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS AS OF 31.12.2014 AND 2013**  
**(Currency - Turkish Lira)**

<b>ASSETS</b>	<b>Note</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
<b>Current Assets</b>			
Cash and Cash Equivalents	4	34.238.000	22.348.803
Trade Receivables	5	88.689.954	142.313.363
Due from/to Related Parties and Shareholders, net	6	4.353.878	-
Inventory	7	269.198.616	249.987.417
Derivative Financial Instruments	26	2.739.513	2.666.029
Other Current Assets	8	116.617.413	77.381.201
		<b>515.837.374</b>	<b>494.696.813</b>
<b>Non-Current Assets</b>			
Trade Receivables, net	5	-	1.296.126
Investments	9	1.924.708	1.512.300
Property, Plant and Equipment	10	2.730.032.163	2.109.706.300
Goodwill	2	7.072.179	7.072.179
Intangible Assets	11	1.891.497	1.914.616
Other Non-Current Assets	8	80.615.131	113.229.077
Deferred Tax Asset	14	56.162.669	36.665.998
		<b>2.877.698.347</b>	<b>2.271.396.596</b>
<b>TOTAL ASSETS</b>		<b>3.393.535.721</b>	<b>2.766.093.409</b>

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

**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS AS OF 31.12.2014 AND 2013**  
**(Currency - Turkish Lira)**

<b>LIABILITIES</b>	<b>Note</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
<b>Short Term Liabilities</b>			
Financial Liabilities	12	439.594.445	265.600.604
Trade Payables	13	431.821.755	326.131.640
Due to Related Parties and Shareholders	6	-	10.276.897
Derivative Financial Instruments	26	1.538.206	-
Taxation Payable on Income	14	9.552.718	7.456.747
Other Payables and Accrued Liabilities	15	15.766.126	14.845.668
		<b>898.273.250</b>	<b>624.311.556</b>
<b>Long Term Liabilities</b>			
Financial Liabilities	12	1.375.770.429	1.062.697.918
Retirement Pay Provision	16	5.208.671	3.006.953
Other Payables and Accrued Liabilities	15	-	1.296.126
Deferred Tax Liability	14	4.842.746	3.469.756
		<b>1.385.821.846</b>	<b>1.070.470.753</b>
<b>Shareholders' Equity</b>			
Share Capital	17	615.157.050	615.157.050
General Reserves	18	206.970.431	340.263.301
Actuarial Gain / (Loss)		(488.682)	(352.840)
Share Premium		247.403.635	247.403.635
Cash Flow Hedge Reserve	26	961.047	2.132.824
Net Profit / (Loss) for the Year		39.437.144	(133.292.870)
		<b>1.109.440.625</b>	<b>1.071.311.100</b>
Commitments and Contingencies	25		
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>3.393.535.721</b>	<b>2.766.093.409</b>

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

**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS ENDED 31.12.2014 AND 2013**  
(Currency - Turkish Lira)

<b>INCOME STATEMENT</b>	<b>Note</b>	<b>01.01.- 31.12.2014</b>	<b>01.01.- 31.12.2013</b>
Net Sales	19	1.957.437.904	1.785.968.095
Cost of Sales	20	(1.710.836.632)	(1.565.917.999)
<b>Gross Profit</b>		<b>246.601.272</b>	<b>220.050.096</b>
Marketing and Selling Expenses	21	(2.044.023)	(2.013.996)
General Administrative Expenses	21	(22.188.650)	(17.977.560)
Other operating income	22	3.790.118	5.015.737
Other operating expenses (-)	22	(18.514.997)	(8.736.651)
<b>Basic Operating Profit</b>		<b>207.643.720</b>	<b>196.337.626</b>
Income from investing activities	23	1.432.105	310.831
Expenses from investing activities (-)	23	(249.847)	(1.147.427)
Financing Income	24	199.595.732	142.803.491
Financing Expenses	24	(381.808.996)	(494.365.764)
<b>Profit / (Loss) Before Tax For The Year</b>		<b>26.612.714</b>	<b>(156.061.243)</b>
Taxation on Profit			
- Current	14	(9.552.718)	(9.788.414)
- Deferred	14	22.377.148	32.556.787
<b>NET PROFIT / (LOSS) FOR THE YEAR</b>		<b>39.437.144</b>	<b>(133.292.870)</b>
<b>Other Comprehensive Income:</b>			
<b>Items not to be reclassified to profit or loss in subsequent periods:</b>			
Actuarial gain / (loss)		(169.803)	(93.156)
Tax effect of actuarial loss from employee benefits		33.961	18.631
<b>Items to be reclassified to profit or loss</b>			
Cumulative gains/losses on hedging		(1.464.721)	2.666.029
Tax effect of Cumulative gains/losses on hedging		292.944	(533.206)
<b>Other Comprehensive Income / (loss) for the year (after tax)</b>		<b>(1.307.619)</b>	<b>2.058.298</b>
<b>TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR</b>		<b>38.129.525</b>	<b>(131.234.572)</b>
<b>Earnings before interest, tax, depreciation and amortization (EBITDA)</b>	<b>3</b>	<b>343.865.861</b>	<b>311.842.341</b>

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

**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED 31.12.2014 AND 2013**  
(Currency - Turkish Lira)

<b>SHAREHOLDERS' EQUITY</b>	<b>Share Capital</b>	<b>General Reserves</b>	<b>Actuarial Gain / (Loss)</b>	<b>Share Premium</b>	<b>Cash Flow Hedge Reserve</b>	<b>Net Profit / (Loss) for the Year</b>	<b>Total</b>
<b>Balance, 01.01.2013</b>	<b>615.157.050</b>	<b>121.101.735</b>	<b>(278.315)</b>	<b>247.403.635</b>	<b>-</b>	<b>219.865.225</b>	<b>1.203.249.330</b>
Transfer to reserves	-	219.865.225	-	-	-	(219.865.225)	-
Effective portion of changes in fair value of cash hedges	-	-	-	-	2.132.824	-	2.132.824
Acquisition of new companies	-	(445.884)	-	-	-	-	(445.884)
Division effect of Rasa Elektrik	-	2.192.785	-	-	-	-	2.192.785
Actuarial gain / (loss)	-	-	(74.525)	-	-	-	(74.525)
Net loss for the year	-	-	-	-	-	(133.292.870)	(133.292.870)
<b>Balance, 31.12.2013</b>	<b>615.157.050</b>	<b>342.713.861</b>	<b>(352.840)</b>	<b>247.403.635</b>	<b>2.132.824</b>	<b>(133.292.870)</b>	<b>1.073.761.660</b>
Prior year adjustment (note 2)	-	(2.450.560)	-	-	-	-	(2.450.560)
<b>Balance, 01.01.2014 adjusted</b>	<b>615.157.050</b>	<b>340.263.301</b>	<b>(352.840)</b>	<b>247.403.635</b>	<b>2.132.824</b>	<b>(133.292.870)</b>	<b>1.071.311.100</b>
Transfer to reserves	-	(133.292.870)	-	-	-	133.292.870	-
Actuarial gain / (loss)	-	-	(135.842)	-	-	-	(135.842)
Effective portion of changes in fair value of cash hedges	-	-	-	-	(1.171.777)	-	(1.171.777)
Net profit for the year	-	-	-	-	-	39.437.144	39.437.144
<b>Balance, 31.12.2014</b>	<b>615.157.050</b>	<b>206.970.431</b>	<b>(488.682)</b>	<b>247.403.635</b>	<b>961.047</b>	<b>39.437.144</b>	<b>1.109.440.625</b>

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

**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE YEARS ENDED 31.12.2014 AND 2013**  
**(Currency - Turkish Lira)**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>Note</b>	<b>01.01.- 31.12.2014</b>	<b>01.01.- 31.12.2013</b>
Net profit / (loss) before tax for the year		26.612.714	(156.061.243)
<u>Adjustment for:</u>			
Depreciation and amortization	10	121.497.262	111.783.801
Provision for employee termination benefits	16	1.829.338	1.163.245
Interest expense accruals on loans	12	17.518.672	(890.043)
Unrealised foreign exchange (gains) / losses on loans	12	59.160.621	195.753.185
Decrease in value of inventory	7	-	965.985
Change in allowance for doubtful trade receivables	18	-	(5.989)
Change in allowance for doubtful other receivables	8	3.656.903	(54.931)
Discount on receivables / (payables), net	5-13	(125.036)	(731.941)
Tax provision	14	-	(2.331.667)
<b>Operating profit before working capital changes</b>		<b>230.150.474</b>	<b>149.590.402</b>
Trade receivables	5	54.950.785	102.746.636
Inventory	7	(19.211.199)	(115.415.847)
Other current assets	8	(42.893.115)	7.246.444
Other non current assets	8	32.613.946	(26.216.321)
Trade payables	13	105.783.901	41.694.062
Other payables and accrued liabilities	15	(375.668)	4.464.859
Retirement Pay Provision	16	202.577	(404.492)
Taxes paid	14	(7.456.747)	(6.620.636)
<b>Net Cash Flows Generated From Operating Activities</b>		<b>353.764.954</b>	<b>157.085.107</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
(Purchases) / Disposals of property, plant and equipment and intangible assets, net	10-11	(676.722.523)	(395.700.092)
Sales / (Purchase) of marketable securities and investments	9	(412.408)	345.577
<b>Net Cash Flows Used In Investment Activities</b>		<b>(677.134.931)</b>	<b>(395.354.515)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Financial liabilities	12	410.387.059	(187.210.045)
Due from/to related parties and shareholders	6	(14.630.775)	604.132.006
Division effect of Rasa Elektrik		-	2.192.785
Effect of companies included in consolidation first time		(60.497.110)	(199.066.045)
<b>Net Cash Flows Generated From Financing Activities</b>		<b>335.259.174</b>	<b>220.048.701</b>
Net Increase / (Decrease) in Cash and Cash Equivalents		11.889.197	(18.220.707)
Cash and Cash Equivalents at Beginning of the Year		22.348.803	40.569.510
<b>Cash and Cash Equivalents at the End of the Year</b>		<b>34.238.000</b>	<b>22.348.803</b>

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



1  
**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2014 AND 2013**  
**(Currency - Turkish Lira)**

---

**1. Organization and Nature of Activities**

Aksa Enerji Üretim A.Ş. (The Company) was established on 12 March 1997 for production and sale of electricity. The shares of Company have been registered in the Turkish Capital Markets Board (CMB) in May 2010 and the shares are now publicly traded on the Istanbul Stock Exchange. The public portion of the shares is 21,39% , 61,98% of the share capital is owned by Kazancı Holding A.Ş. and 16,62% of the share capital is owned by Goldman Sachs (note 17). As of 31 December 2014, the number of personnel employed by the Company is 261 (31.12.2013: 259) and the total number of personnel employed by the group is 777 (31.12.2013: 584).

The Company has the following electricity production plants:

• **Antalya Power Plant**

The Company has been awarded an electricity production license for a natural gas fired combined cycle power plant at Antalya. The Company completed the first portion of the construction of simple cycle at the end of 2008 and the Company started to produce electricity.

As of November 2011 the construction of the second portion of construction has been completed and the total installed capacity of the power plant increased to 1.150 MW. The third portion of construction will be completed in 2017 and the total installed capacity of the plant will increase to 2,050 MW.

The Company's power generation plant located in Antalya is the property of the Company's own land.

• **Manisa Power Plant**

During 2008, the Company has obtained a license for combine cycle natural gas power plant in Manisa, which has 115, 26 MW installed capacity. Manisa power plant construction has been fully completed and operational in 31.03.2010.

The Company's power generation plant is located in Manisa are the property of the Company's own land.

• **Samsun Power Plant**

The Company has mobile combine cycle power plant located in Samsun which has installed capacity of 131,78 MW and the power plant uses fuel oil for energy production. On April 2009, the power plant has changed fuel oil to natural gas for energy production and the Company hold the energy production for a while. On August 2011, Samsun Power Plant has started to operate as a natural gas fired combined cycle power plant.

The Company's power generation plant located in Samsun is the property of the Company's own land.

• **İncesu/ Çorum Power Plant**

The Company has a hydro-electric power plant located in Çorum İncesu. The installed capacity of the plant is 15 MW and it is operational since 30.04.2011.

The Company's power generation plant located in Çorum is the property of the Company's own land.

• **Belen / Hatay Power Plant**

The Company has a wind-electric power plant located in Hatay. The installed capacity of the plant is 30 MW. The first construction period is completed in September 2013 with an installed capacity of 4 MW and the second portion of construction is completed in February 2014. The total operational installed capacity of the plant is increased to 18 MW.

The Company's power generation plant located in Hatay is the property of the Company's own land.

**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2014 AND 2013**  
**(Currency - Turkish Lira)**

• **Mardin Power Plant**

The Company has a fuel oil power plant located in Mardin. The installed capacity of the plant is 32 MW and it has been operational since November 2011.

The Company's power generation plant located in Mardin is the property of the Group's related party's own land.

The subsidiaries included in the consolidation as of 31 December 2014 are as follows:

Subsidiaries	Subject of activity	Country	Effective Ownership(%)
1. Aksa Enerji Üretim A.Ş.-Y.Ş.	Electricity production	Northern Cyprus	100,00
2. Rasa Elektrik Üretim A.Ş.	Radiator and Electricity production	Turkey	99,96
3. Deniz Elektrik Üretim Limited Şirketi	Electricity production	Turkey	99,99
4. Baki Elektrik Üretim Limited Şirketi	Electricity production	Turkey	95,00
5. Rasa Enerji Üretim A.Ş.	Electricity production	Turkey	99,99
6. İdil İki Enerji Sanayi ve Ticaret A.Ş.	Electricity production	Turkey	99,99
7. Ayres Ayvacık Rüzgar Enerjisinden Elektrik Üretim Santrali Ltd. Şti.	Electricity production	Turkey	99,00
8. Alenka Enerji Üretim ve Yatırım Ltd. Şti.	Electricity production	Turkey	90,45
9. Aksa Göynük Enerji Üretim A.Ş.	Electricity production	Turkey	99,99
10. Kapıdağ Rüzgar Enerjisi Elektrik Üretim Sanayi ve Ticaret A.Ş.	Electricity production	Turkey	94,00
11. Gesa Güç Sistemleri A.Ş.	Electricity production	Turkey	99,99
12. Siirt Akköy Enerji Üretim A.Ş.	Electricity production	Turkey	100,00

• **Aksa Enerji Üretim A.Ş. - (Y.Ş.) (Northern Cyprus):**

The power plant started electricity production in mid 2003 and all of its production is sold to Electricity Distribution Company of Turkish Northern Cyprus (KIB-TEK). The capacity of the power plant increased by 31 MW as of August 2011 and reached to 120 MW.

The revised contract between the Company and KIB-TEK which is currently available started in April 2009 and the contract period is 15+3 years starting from this date.

Company in Northern Cyprus, named Aksa Enerji Üretim A.Ş. (Y.Ş.), is the wholly owned subsidiary of the Company and its financial results have been consolidated in the accompanying financial statements.

As of 31 December 2014, the number of personnel employed by the Company is 85 (31.12.2013: 79).

3  
**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2014 AND 2013**  
**(Currency - Turkish Lira)**

---

- **Rasa Elektrik Üretim A.Ş.:**

The Company located at Mardin established on January 1996 in order to meet the electricity needs of Mardin and surrounding areas. It sells its production to TEİAŞ (Turkish Electricity Transmission Company). As of 31 December 2012 the capacity of the fuel power plant is 33 MW.

The land over which the power plant is located in Mardin, has been leased from Koni İnşaat A.Ş. in 2002, to be renewed annually. The factory which the Company manufacture of radiators has been leased from Koni İnşaat A.Ş. until 31.12.2012, the factory land is the property of Aksa Enerji Üretim A.Ş..

In November 2013, part of the manufacturing of radiators was split and received the title which was the Rasa Endüstriyel Radyatörler Sanayi ve Ticaret A.Ş.. As of 31.12.2014 and 2013, Aksa Enerji Üretim A.Ş. does not have any partnership in the company. The company does not consolidated in the financial statements and shown as related party.

Aksa Enerji Üretim A.Ş. have been acquired the Company's 99,96 % shares. As of 31 December 2014, the number of personnel employed by the Company is 17 (31.12.2013: 18).

- **Deniz Elektrik Üretim Limited Şirketi:**

The Company was initially established in 1997 in Izmir with the name of "Deniz Rüzgar Enerjisi ve Cihazları Sanayi ve Ticaret Limited Şirketi". In 2003, the Company changed its name to Deniz Elektrik Üretim Limited Şirketi.

In May 2004, Aksa Enerji Üretim A.Ş. acquired 95% of the shares of the Company. On 13.08.2010, Aksa Enerji Üretim A.Ş. has made the purchase of new shares participate in Deniz Elektrik Üretim Ltd. Şti. and raised its shares to 99,99%.

The Company established to produce electricity from wind energy. In 2004, the Company awarded two wind farm licences located in Sebenova/Hatay and Karakurt/Manisa, the production capacities of which are 30 MW and 10.8 MW respectively. Within the capacity expansion of Sebenova/Hatay wind power plant, total installed capacity of 13 MW which has 2 of 2 MW and 3 of MW turbines, total 5 turbines, was operational on 20.12.2014 with permission of Ministry of Energy and Natural resources. According to the licence, the rest of construction will be completed in early 2015 which is 17 MW and the total operational installed capacity of Hatay Sebenova wind power plant will increase to 43 MW.

Karakurt/Manisa Wind Power Plant and Sebenova/Hatay Wind Power Plant became operational in September 2007 and April 2008, respectively. The Company sold its production to TEİAŞ and Aksa Elektrik Toptan Satış A.Ş. (related Company).

The Company's power generation plants are located in Karakurt/Manisa and Sebanova/Hatay are the property of the Company's own land.

As of 31 December 2014, the number of personnel employed by the Company is 32 (31.12.2013: 32).

4  
**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2014 AND 2013**  
**(Currency - Turkish Lira)**

---

• **Baki Elektrik Üretim Limited Şirketi:**

Baki Elektrik Üretim Ltd. Şti. (the Company) was established on 4 July 2003 in Ankara for the production and sale of wind power electricity.

In March 2004, Akxa Enerji Üretim A.Ş. acquired 95% of the shares of the Company.

As of 31 December 2012 the capacity of the plant is 114 MW and the produced electricity is sold to TEIAS and Akxa Elektrik Toptan Satış A.Ş. (related Company).

The Company's power generation plant is located in Şanlı/Balıkesir are the property of the Company's own land.

As of 31 December 2014, the number of personnel employed by the Company is 23 (31.12.2013: 23).

• **Rasa Enerji Üretim A.Ş.:**

Rasa Enerji Üretim A.Ş. (the Company) was established on 12.09.2000 for production and distribution of electricity. The Company's 99,99% shares have been acquired by Akxa Enerji Üretim A.Ş. on 05.03.2010 from one of the related parties of Koni İnşaat Sanayi A.Ş.

The Company has a natural gas power plant in Van, which has a 114,88 MW capacity. The total installed capacity of the Van plant was increased from 104 MW to 114,88 MW, as combined cycle in the last quarter of 2010.

The Company also has licence for a natural gas power plant in Urfa with a 270 MW capacity. Urfa plant started to generate electricity in August 2011 with an installed capacity of 129 MW and the investment to transform the plant into a combined cycle engine driven technology was completed in 2012. The capacity of this plant can be increased to 270MW as per the licence.

As of 31 December 2014, the number of personnel employed by the Company is 81 (31.12.2013: 81).

• **İdil İki Enerji Sanayi ve Ticaret A.Ş.:**

İdil İki Enerji Sanayi ve Ticaret A.Ş. (the Company) was established in 2001. The Company owns Şırnak plant which is a fuel oil fired power plant with an installed capacity of 24 MW. The power plant became operational in 2001.

The Company's 99,99% shares have been acquired by Akxa Enerji Üretim A.Ş. at 05.03.2010 from Koni İnşaat Sanayi A.Ş..

As of 31 December 2014, the number of personnel employed by the Company is 24 (31.12.2013:18).

• **Ayres Ayvacık Rüzgar Enerjisinden Elektrik Üretim Santrali Ltd. Şti.:**

The Company has a wind power plant in Çanakkale Ayvacık with a capacity of 5 MW. The Company's 99,00% shares have been acquired by Akxa Enerji Üretim A.Ş. at 18.04.2011 from one of the related parties of Kazancı Holding.

As of 31 December 2014, the number of personnel employed by the Company is 6 (31.12.2013: 5).

**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2014 AND 2013**  
**(Currency - Turkish Lira)**

---

- **Alenka Enerji Üretim ve Yatırım Ltd. Şti.:**

As of 17.08.2011, Aksa Enerji Üretim A.Ş. has purchased the 80% stake of from the Alenka's shareholders which has 27 MW of wind power plant with a total investment stage in Kırklareli-Kıyıköy. During 2012, as a result of the purchase of additional shares, the Group's effective ownership increased to 90,45%.

As of 31 December 2014, the number of personnel employed by the Company is 11 (31.12.2013: none).

- **Aksa Göynük Enerji Üretim A.Ş.:**

Aksa Göynük Enerji Üretim A.Ş. has signed royalty agreement with General Directorate of Turkish Coal for the use of coal in Bolu-Göynük reservoir by the same time Aksa Enerji Üretim A.Ş. has licence about the process of this coal in its power plant with 270 MW capacity.

As of 28.10.2011, Aksa Enerji Üretim A.Ş. purchased the 99,99% of the shares of the Company from Kazancı Holding. The Company is established to install, operate, taken over and hire electricalenergy production facilities, produce and selling of electrical energy and dealing all kinds of oil, gas and mining goods.

The Company targets to complete the energy power plant which has 270 MW capacity in 2015 and planning to produce 2 billion KWH of energy per year.

As of 31 December 2014, the number of personnel employed by the Company is 197 (31.12.2013: 57).

- **Kapıdağ Rüzgar Enerjisi Elektrik Üretim Sanayi ve Ticaret A.Ş.:**

As of 31.05.2013, Aksa Enerji Üretim A.Ş. has purchased the 94% stake of from Kazancı Holding A.Ş. which has 27 MW of wind power plant in Balıkesir.

As of 31 December 2014, the number of personnel employed by the Company is 11 (31.12.2013: 10).

- **Gesa Güç Sistemleri A.Ş.:**

As of 02.04.2013, Aksa Enerji Üretim A.Ş. has purchased the 99,99% stake of from Kazancı Holding A.Ş..

As of 31 December 2014, there is no personnel employed by the Company.

- **Siirt Akköy Enerji Üretim A.Ş.:**

As of 31.08.2014, Rasa Elektrik Üretim A.Ş. has purchased the 100% stake of from third parties which has 24 MW of fuel oil power plant and 13 MW of hydroelectric power plant.

As of 31 December 2014, the number of personnel employed by the Company is 29.

6  
**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2014 AND 2013**  
**(Currency - Turkish Lira)**

As of 31.12.2014, electricity production licences held by the Group are as follows:

<b>Licence Owner</b>	<b>Area</b>	<b>Type of Facility</b>	<b>Date of Licence Started</b>	<b>Licence Duration</b>	<b>The capacity of the plant (MWe)</b>	<b>The capacity under operation (MWe)</b>
Aksa Enerji	KKTC	Fuel oil			120	120
Aksa Enerji	Belen- Atik (İskenderun-Hatay)	WPP	13.03.2008	49 year	30	18
Aksa Enerji	Antalya	Natural Gas	13.11.2007	30 year	2.050	1.150
Aksa Enerji	Manisa	Natural Gas	21.02.2008	30 year	115	115
Aksa Enerji	İncesu-Ortaköy-Çorum	HPP	29.09.2005	40 year	15	15
Aksa Enerji	Mardin	Fuel oil	14.07.2011	49 year	32	32
Aksa Enerji	Samsun	Natural Gas	28.07.2011	49 year	131	131
Aksa Enerji	Erzincan (*)	HPP	17.01.2008	49 year	85	-
Aksa Enerji	Mersin (*)	HPP	14.06.2007	49 year	20	-
Aksa Enerji	Kayseri (*)	HPP	17.01.2008	49 year	30	-
Aksa Enerji	Bitlis İli, Kor Barajı (*)	HPP	30.10.2008	49 year	26	-
Aksa Enerji	Adana, Yamanlı 1 Reg. (*)	HPP	20.05.2010	49 year	24	-
Aksa Enerji	Bolu	Thermal	25.03.2008	30 year	270	-
Alenka	Kırklareli-Kıyıköy	WPP	04.04.2007	20 year	27	24
Ayres	Ayvacık	WPP	01.11.2007	25 year	5	5
Baki Elektrik	Merkez-Şamlı-Balıkesir	WPP	06.04.2004	49 year	127	114
Deniz Elektrik	Sebenoba-Gözene-Yayladağı-Samandağ-Hatay	WPP	04.06.2004	49 year	60	43
Deniz Elektrik	Karakurt-İlyaslar-Çakaltepe-Manisa	WPP	05.12.2003	49 year	11	11
İdil İki	Şırnak	Thermal	22.03.2007	20 year	24	24
İdil İki	Ordu	HPP	25.04.2008	49 year	62	-
Rasa Enerji	Van	Natural Gas	15.01.2009	49 year	115	115
Rasa Enerji	Şanlıurfa	Natural Gas	12.05.2011	49 year	270	129
Rasa Elektrik	Mardin	Fuel oil	22.03.2007	20 year	33	33
Kapıdağ	Balıkesir	WPP	12.12.2006	49 year	35	24
Siirt Akköy	Akköy	HPP	21.05.2014	42 year	13	13
Siirt Akköy	Siirt	Fuel oil	28.05.2014	20 year	24	24
<b>Total</b>					<b>3.754</b>	<b>2.140</b>

(\*)The licences for which the investments are being planned but not started yet.

7  
**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2014 AND 2013**  
**(Currency - Turkish Lira)**

---

**2. Basis of Presentation of the Financial Statements**

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS), which comprise standards and interpretations approved by the International Accounting Standards Board and International Accounting Standards and Standing Interpretations Committee interpretations approved by the IASC that remain in effect.

**Basis of Consolidation**

The consolidated financial statements included the financial statements of Aksa Enerji Üretim A.Ş., Deniz Elektrik Üretim Limited Şirketi, Aksa Enerji Üretim Kıbrıs, Baki Elektrik Üretim Ltd. Şti., Rasa Elektrik Üretim A.Ş., Rasa Enerji Üretim A.Ş., İdil İki Enerji Sanayi ve Ticaret A.Ş., Ayres Ayvacık Rüzgar Enerjisinden Elektrik Üretim Santrali Ltd. Şti., Alenka Enerji Üretim ve Yatırım Ltd. Şti., Aksa Göynük Enerji Üretim A.Ş., Kapıdağ Rüzgar Enerjisi Elektrik Üretim Sanayi ve Ticaret A.Ş., Gesa Güç Sistemleri A.Ş. and Siirt Akköy Enerji Üretim A.Ş. The balance sheets and income statements of the consolidated entities are added on a line by line basis. All significant inter-company transactions and balances between the consolidated entities are eliminated on consolidation.

The subsidiaries which have been included in consolidation and their shareholding percentages at 31 December 2014 and 31 December 2013 are as follows:

<b>Name of Consolidated Entity</b>	<b>Effective Rate of Ownership (%)</b>	
	<b>31.12.2014</b>	<b>31.12.2013</b>
1. Aksa Enerji Üretim Kıbrıs – Y.Ş. (Northern Cyprus)	100,00	100,00
2. Rasa Elektrik Üretim A.Ş.	99,96	99,96
3. Deniz Elektrik Üretim Limited Şirketi	99,99	99,99
4. Baki Elektrik Üretim Limited Şirketi	95,00	95,00
5. Rasa Enerji Üretim A.Ş.	99,99	99,99
6. İdil İki Enerji Sanayi ve Ticaret A.Ş.	99,99	99,99
7. Ayres Ayvacık Rüzgar Enerjisinden Elektrik Üretim Santrali Ltd. Şti.	99,00	99,00
8. Alenka Enerji Üretim ve Yatırım Ltd. Şti.	90,45	90,45
9. Aksa Göynük Enerji Üretim A.Ş.	99,99	99,99
10. Kapıdağ Rüzgar Enerjisi Elektrik Üretim Sanayi ve Ticaret A.Ş.	94,00	94,00
11. Gesa Güç Sistemleri A.Ş.	99,99	99,99
12. Siirt Akköy Enerji Üretim A.Ş.	100,00	--

All subsidiaries in the attached financial statements are fully consolidated and no minority interest is calculated because the companies are under the control of the Kazancı family.

The Group is incorporated in Turkey, maintains its books of account and prepares its statutory financial statements in accordance with the Turkish Commercial Code and Tax Legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. The financial statements have been prepared from statutory financial statements of the Group and presented in Turkish Lira (TL) with adjustments and reclassifications for the purpose of fair presentation in accordance with IFRS.

8  
**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2014 AND 2013**  
**(Currency - Turkish Lira)**

---

**Classification applied to financial statements as of 31 December 2013**

As of 12.08.2010, the additional 4,99% shares of Deniz Elektrik Üretim Ltd. Şti.'s were acquired by the Group and TL 2.450.560 worth of positive goodwill arose and the goodwill is shown under shareholders' equity in financial statements as of 31.12.2014 and 2013 between IAS 27.

**Reporting currency**

The currency used in these consolidated financial statements is Turkish Lira, which is denoted by the symbol TL.

**Goodwill**

Goodwill is taken into account at the consolidation stage. Goodwill is the difference of the realizable value and cost of a subsidiary. Goodwill is carried at cost as reduced by appropriate provisions for diminution in the value of goodwill (if one exists) in the accompanying financial statements.

As of 31 December 2014 and 2013, positive goodwill (included in the balance sheet) as follows:

<u>Cost (Baki Elektrik)</u>	
Payment (24.05.2006)	180.258
(-)Positive /( Negative) Fair value of the asset acquired	(43.725)
<b>Goodwill</b>	<b>223.983</b>

As of 24.05.2006 (from financial statements dated 31.12.2006), 95% of the shares of Baki Elektrik were acquired by the Group and TL 223.983 worth of positive goodwill arose. During 2012, as a result of additional payments amounting to TL 752.651 resulted in positive goodwill in income statement.

<u>Cost (İdil İki)</u>	
Payment (05.03.2010)	18.000.000
(-)Positive /( Negative) Fair value of the asset acquired	14.650.644
<b>Goodwill</b>	<b>3.349.356</b>

As of 05.03.2010 (from financial statements dated 31.03.2010), 99,99% of the shares of İdil İki were acquired by the Group and TL 3.349.356 worth of positive goodwill arose.

<u>Cost (Ayres)</u>	
Payment (18.04.2011)	3.275.083
(-)Positive /( Negative) Fair value of the asset acquired	(223.757)
<b>Goodwill</b>	<b>3.498.840</b>

As of 18.04.2011, Akxa Enerji has acquired 99,00% of the shares of Ayres Ayvacık Rüzgar Enerjisinden Elektrik Üretim Ltd.Sti. According to the valuation report prepared by a qualified institution as of 14.02.2011 and the balance sheet tests of the Company, TL 3.498.840 positive goodwill arose.



**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2014 AND 2013**  
**(Currency - Turkish Lira)**

Cost (Kapıdağ)	
Payment (31.05.2013)	126.588.793
(-)Positive /( Negative) Fair value of the asset acquired	9.369.391
<b>Goodwill</b>	<b>117.219.402</b>

In accordance with IFRS 3, the goodwill of TL 117.219.402 arising from the purchase of shares of Kapıdağ Rüzgar Enerjisi Elektrik Üretim Sanayi ve Ticaret A.Ş. (Kapıdağ Wind Power Plant) is booked under machinery and equipment in tangible fixed assets and amortised in the accompanying financial statements.

As of 31 December 2014 and 2013, positive goodwill (included in the income statement) as follows;

Cost (Gesa Güç Sistemleri)	
Payment (02.04.2013)	50.000
(-)Positive /( Negative) Fair value of the asset acquired	-
<b>Goodwill (note 22)</b>	<b>50.000</b>

As of 02.04.2013, 99,99% of the shares of Gesa Güç Sistemleri A.Ş. were acquired by the Group and TL 50.000 positive goodwill arose in the income statement.

Cost (Siirt Akköy)	
Payment (31.08.2014)	4.011.999
(-)Positive /( Negative) Fair value of the asset acquired	1.264.041
<b>Goodwill (note 22)</b>	<b>2.747.958</b>

As of 31.08.2014, 100,00% of the shares of Siirt Akköy Enerji Üretim A.Ş. were acquired by the Group and TL 2.747.958 positive goodwill arose in the income statement.

### **Inflation accounting**

The restatement for the changes in the general purchasing power of TL until 31 December 2005 is based on IAS 29 ("Financial Reporting in Hyperinflationary Economies"). As of 1 January 2006, it has been decided to discontinue the adjustment of financial statements for inflation after taking into account that the hyperinflation period has come to an end as indicated by existing objective criteria and, that other signs indicating the continuance of hyperinflation have largely disappeared.

10  
**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2014 AND 2013**  
**(Currency - Turkish Lira)**

---

**Amendments in International Financial Reporting Standards**

The Group has applied new standards, amendments and interpretations to existing standards published by IASB and IFRIC that are effective as at 1 January 2014 and are relevant to the Group's operations.

**a) Standards, changes and interpretations effective from 1 January 2014:**

- IAS 32 (Amendment), Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities
- IFRS 10, IFRS 12 and IAS 27 (Amendments) - Investment Entities
- IFRIC 21 (Interpretation), Levies
- IAS 36 (Amendment), Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets
- IAS 39 (Amendment), Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting
- IAS 19 (Amendment), Defined Benefit Plans: Employee Contributions

Application of the above Standards and Interpretations had no effect on reported results of the Group or the financial situation.

**b) Standards, changes and interpretations not effective on 31 December 2014:**

- IFRS 9 Financial Instruments - Classification and Measurement
- IFRS 11 (Amendment), Joint Arrangements
- IAS 16 and IAS 38 (Amendments)- Clarification of Acceptable Methods of Depreciation and Amortization
- IAS 16 Property, Plant and Equipment and IAS 41 Agriculture (Amendment) – Bearer Plants

These amendments and interpretations have no significant effect on the financial statements.

**3. Summary of Significant Accounting Policies**

The significant accounting policies followed in the preparation of the accompanying consolidated financial statements are set forth below:

**Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents include all short-term, highly liquid investments that are readily convertible to known amounts of cash and near to maturity that they present an insignificant risk of changes in value because of changes in interest rates.

**Trade receivables and allowance for doubtful receivables**

Trade receivables and notes receivable are recognized at original invoice amount and discounted to present value less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified. In case the provision decreases as a result of an event that occurs after write off, the amount is reflected on the income statement in the current period.

Based on an evaluation of its trade portfolio such as volume, character of outstanding loans, past loan experience and general economic conditions management provides a general reserve that it believes is adequate to cover possible losses and uncollectible amounts in the Group's receivables, in addition to specific reserves provided for receivables in legal follow-up.

11  
**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2014 AND 2013**  
**(Currency - Turkish Lira)**

---

**Related parties**

For the purpose of the accompanying financial statements, key personnel in management and board of directors, their family and controlled or dependent companies, participations and subsidiaries of the Group are referred to as related parties (Appendix 1).

**Trade payables**

Trade payables are stated at their nominal value, discounted to present value as appropriate.

**Derivative financial instruments**

Derivative financial instruments are initially recognized at the acquisition cost reflecting the fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The derivative instruments of the Company mainly consist of foreign exchange forward contracts and currency / interest rate swap instruments. These derivative transactions, even though providing effective economic hedges under the Company risk management position, do not generally qualify for hedge accounting under the specific rules and are therefore treated as derivatives held for trading in the financial statements. The fair value changes for these derivatives are recognized in the income statement.

**Inventory**

Inventory (including raw materials) are valued at the lower of cost and net realizable value. Cost is calculated using the average method. Net realizable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

**Investments**

The unconsolidated investments are carried at cost, reduced where necessary to reflect permanent impairment in value.

**Property, plant and equipment, intangible assets and related depreciation and amortization**

Property, plant and equipment and intangible assets are stated at cost. Depreciation and amortization are provided on straight line basis. Repair and maintenance expenditure related to property, plant and equipment is expensed as incurred. The depreciation and amortization periods for property, plant, equipment and intangible assets which approximate the economic useful lives of such assets, are as follows:

	Year
Land improvements	5
Buildings	10-50
Leasehold improvements	5-10
Machinery and equipment (*)	10-40
Motor vehicles	5-8
Furniture, fixtures and office equipment	5-15
Intangible assets	2-49

**(\*) The depreciation periods for power plants according to their types are as follows;**

	Year
Wind Electricity Powerhouse	20
Natural Gas Power Plants	20
Fuel Oil Power Plants	15
Hydroelectric Power Plants	40

12  
**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2014 AND 2013**  
**(Currency - Turkish Lira)**

---

**Financial liabilities**

Interest bearing bank loans are recorded at the proceeds received, net of direct issue costs. Finance charges are accounted for on an accrual basis and shown in other liabilities and expense accruals to the extent they are not settled in the period in which they arise.

Aksa Enerji Üretim A.Ş. has an export credit premium payable in connection with its long term loans used to finance the wind electricity, natural gas and other energy plants. In statutory financial statements, the Company recorded these both at assets (Other current and non current assets – Note 8) and liabilities (Financial liabilities– Note 12) until the time of payment. As of 31 December 2014, TL 34.161.382 (USD 10.156.043, EURO 3.761.666) and 31 December 2013, TL 42.751.473 (USD 13.141.219, EURO 5.007.379) of export credit premium is netted off from assets and liabilities.

Deniz Elektrik Üretim Ltd. Şti. has an export credit premium payable in connection with its long term loans used to finance the wind electricity plant. In statutory financial statements, the Company recorded these both at assets (Other current and non current assets – Note 8) and liabilities (Financial liabilities – Note 12) until the time of payment. As of 31 December 2014, TL 3.259.089 (USD 1.405.446) and 31 December 2013, TL 4.052.711 (USD 1.898.848) of export credit premium is netted off from assets and liabilities.

Baki Elektrik Üretim Ltd. Şti. has an export credit premium payable in connection with its long term loans used to finance the wind electricity plant. In statutory financial statements, the Company recorded these both at assets (Other current and non current assets – Note 8) and liabilities (Financial liabilities – Note 12) until the time of payment. As of 31 December 2014, TL 28.648.060 (USD 9.588.129 and EURO 2.273.960) and 31 December 2013, TL 30.367.154 (USD 10.786.645 and EURO 2.501.351) of export credit premium is netted off from assets and liabilities.

Rasa Enerji Üretim A.Ş. has an export credit premium payable in connection with its long term loans used to finance the wind electricity plant. In statutory financial statements, the Company recorded these both at assets (Other current and non current assets – Note 8) and liabilities (Financial liabilities – Note 12) until the time of payment. As of 31 December 2014, TL 6.816.448 (EURO 2.416.580) and 31 December 2013, TL 9.262.655 (EURO 3.154.318) of export credit premium is netted off from assets and liabilities.

**Impairment of assets**

Assets that have indefinite useful lives, for example goodwill, are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

**Taxation and deferred income taxes**

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

Current tax: The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax: Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

13  
**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2014 AND 2013**  
**(Currency - Turkish Lira)**

---

**Employee benefits / retirement pay provision**

Under the Turkish Labour Law and union agreements, employee termination payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per International Accounting Standard No: 19 (revised) "Employee Benefits" ("IAS 19"). The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses.

**Operating expenses**

Operating expenses are recognized in profit or loss upon utilization of the service or at the date of their origin. Expenditure for warranties is recognized and charged against the associated provision when the related revenue is recognized.

**Revenue recognition**

Revenue involves the goods and service sales invoiced value. Revenues are recognized on an accrual basis at the time deliveries of goods and services or acceptances are made, the transfer of risks and benefits related to good are realized, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group, at the fair value of the consideration received or receivable. The significant risks and benefits in sales are transferred when the goods are delivered or legal proprietorship is transferred to the customer. Interest income and expenses are recognized in the income statement on an accrual basis. Net sales represent the invoiced value of goods shipped less sales returns and commission and excluding sales taxes.

**Research and development costs**

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved power plant equipments) are recognised as intangible assets to the extent that such expenditure is expected to generate future economic benefits. Development costs that have been capitalised are amortised over five years.

**Segment reporting**

In identifying its operating segments, management generally follows the Group's service lines, which represent the main services provided by the Group. All the Group's power plants (except 120 MW power plant in Northern Cyprus) and wind electricity powerhouses are located in Turkey (notes 19-20).

**Offsetting**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

**Foreign currency transactions and translation**

Transactions in foreign currencies during the periods have been translated at the exchange rates prevailing at the dates of these transactions. Balance sheet items denominated in foreign currencies have been translated at the exchange rates prevailing at the balance sheet dates. The foreign exchange gains and losses are recognized in the income statement.

The year end rates used for USD, EURO, CHF, GBP and JPY are shown below:

<b>Currency</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
USD	2,3189	2,1343
EURO	2,8207	2,9365
CHF	2,3397	2,3899
GBP	3,5961	3,5114
JPY	0,0193	0,0202

14  
**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2014 AND 2013**  
**(Currency - Turkish Lira)**

---

**Provisions**

A provision is recognized when, and only when an enterprise has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

**Commitments and contingencies**

Transactions that may give rise to contingencies and commitments are those where the outcome and the performance of which will be ultimately confirmed only on the occurrence or non occurrence of certain future events, unless the expected performance is not very likely. Accordingly, contingent losses are recognized in the financial statements if a reasonable estimate of the amount of the resulting loss can be made. Contingent gains are reflected only if it is probable that the gain will be realized.

**Use of estimates**

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the periods in which they become known.

**Significant management judgment in applying accounting policies**

The following are significant management judgments in applying the accounting policies of the Group that have the most significant effect on the financial statements:

Impairment: An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management makes assumptions about future events and circumstances.

Provisions: The Group is currently defending certain lawsuits where the actual outcome may vary from the amount recognized in the financial statements. None of the provisions will be discussed here in further detail so as not to seriously prejudice the Group's position in the related disputes.

**EBITDA**

EBITDA is defined as earnings before interest expense, income tax expense (benefit), depreciation and amortization. This information should be read with the statements of cash flows contained in the accompanying consolidated financial statements.

15  
**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2014 AND 2013**  
**(Currency - Turkish Lira)**

**4. Cash and Cash Equivalents**

	<b>31.12.2014</b>	<b>31.12.2013</b>
Cash on hand	108.138	49.728
Cash at banks		
- Demand account	7.278.613	6.448.210
- Time deposits and repurchase agreements (*)	26.851.249	13.736.330
Other liquid assets (**)	-	2.114.535
	<b>34.238.000</b>	<b>22.348.803</b>

(\*)As of 31 December 2014, the maturity date of the USD time deposit is 12.01.2015 and the effective interest rate on USD time deposit is 2% (31.12.2013: 8 days, interest rate is 2,1%). As of 31 December 2013, the average term of the TL time deposit is 1 day and the effective interest rate on TL time deposit is 5,5%.

Included in demand and time deposits, as of 31 December 2014 there is an amount of TL 13.913.400 (USD 6.000.000) which is blocked as security for the financial liabilities of the Group (31.12.2013: TL 16.623.250 - USD 6.000.000 and EURO 1.300.000).

(\*\*) As of 31 December 2013, the amount consists of B type investment funds amounting to TL 2.114.535.

**5. Trade Receivables**

<b>Current trade receivables</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
Customers' current accounts (***)	30.847.712	76.263.343
Trade receivables from related parties (****)	57.747.459	61.397.851
Notes receivable	218.054	4.806.690
Unearned interest on trade receivable (-)	(123.271)	(154.521)
Doubtful trade receivables	2.588.425	2.588.425
Provision for doubtful receivables (-)	(2.588.425)	(2.588.425)
	<b>88.689.954</b>	<b>142.313.363</b>

(\*\*\*) As of 31 December 2014, TL 18.584.203 (31.12.2013: TL 20.264.680) of trade receivables is assignable. It consists of bills of receivables issued by the Group for TEİAŞ, assigned as collateral for loans to banks.

(\*\*\*\*) The amount is detailed in note 6.

16  
**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2014 AND 2013**  
**(Currency - Turkish Lira)**

As of 31 December 2014 and 31 December 2013, the movement of the allowance for doubtful trade receivables is as follows:

	<b>01.01.- 31.12.2014</b>	<b>01.01.- 31.12.2013</b>
Opening balances at 1 January	2.588.425	2.594.414
Reversal of provisions and collections received (note 22)	-	(5.989)
<b>Closing balance</b>	<b>2.588.425</b>	<b>2.588.425</b>
<b>Non - Current trade receivables</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
Notes receivable	-	1.296.126
	-	<b>1.296.126</b>

**6. Due from/to Related Parties and Shareholders, net**

On 01.03.2010, Kazancı Holding A.Ş. signed a protocol with Akxa Enerji which stated that the liability of Kazancı Holding A.Ş. (at an amount of TL 335.2 million as of 31.12.2009) to be paid within 2 years.

This time, on 08.03.2012 a new protocol has been signed which has extended the payment period for a further 3 years. The amount of total net receivables (trade and non trade) from Kazancı Holding A.Ş. and all related parties is TL 560.8 million as of 31.12.2011.

Akxa Enerji had receivables from Kazancı Holding A.Ş., Koni İnşaat A.Ş. and Akxa Jeneratör Sanayi A.Ş. and Akxa Jeneratör business valuation report has been prepared by an independent expert and signed on 24.02.2012. Kazancı Holding had pledged all of Akxa Jeneratör's shares as guarantee in relation to Kazancı Holding, Koni İnşaat and Akxa Jeneratör to Akxa Enerji . As of 25.12.2014, the debt has been substantially repaid and the pledge has been removed.



17  
**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2014 AND 2013**  
**(Currency - Turkish Lira)**

As of 31 December 2014 and 31 December 2013 the breakdown of the related parties balances are as follows:

<b>Due from related parties</b>	<b>31.12.2014</b>		<b>31.12.2013</b>	
	<b>Trade</b>	<b>Non-Trade</b>	<b>Trade</b>	<b>Non-Trade</b>
Aksa Elektrik Perakende Satış A.Ş.	-	17.857	-	772.433
Aksa Elektrik Toptan Satış A.Ş.	58.361.000	-	48.748.528	22
Aksa International Ltd.	-	1.565.818	-	1.565.818
Aksa Jeneratör Sanayi A.Ş.	-	646.655	-	4.084
Aksa Satış Ve Pazarlama A.Ş.	10.408	258.412	-	283.093
Aksa Servis Ve Yedek Parça A.Ş.	-	-	46.772	-
Çoruh Aksa Elektrik Hizmetleri A.Ş.	-	-	-	64.374
Çoruh Elektrik Dağıtım A.Ş.	-	6.880	-	1.504
Çoruh Elektrik Perakende Satış A.Ş.	10.850	-	1.340.441	-
Fatih Büyüktopçu	-	-	11.100.000	-
Fırat Elektrik Dağıtım A.Ş.	-	4.469	-	4.470
Kazancı Holding A.Ş.	-	2.169.498	-	-
Kazancı Teknik Cihazlar Yedek Parça A.Ş.	-	488.816	305.794	784
Koni İnşaat Sanayi A.Ş.	-	20.000	-	398.724
Onan Enerji Üretim A.Ş.	-	1.768.084	-	115.800
Rasa Endüstriyel Radyatörler San. A.Ş.	78.243	-	-	3.393.680
Siirt Akköy Enerji Üretim A.Ş.	-	-	-	3.959.541
Other	126.529	398.280	-	12.728
Unearned interest on trade receivables from related parties (-)	(839.571)	-	(143.684)	-
<b>Total</b>	<b>57.747.459</b>	<b>7.344.769</b>	<b>61.397.851</b>	<b>10.577.055</b>

18  
**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2014 AND 2013**  
**(Currency - Turkish Lira)**

Due to related parties	31.12.2014		31.12.2013	
	Trade	Non-Trade	Trade	Non-Trade
Aksa Elektrik Perakende Satış A.Ş.	-	1.006	-	72.345
Aksa Elektrik Toptan Satış A.Ş.	6.383.648	-	654.961	205
Aksa Far East PTE Ltd.	-	916.448	-	916.448
Aksa Havacılık A.Ş.	203.996	-	84.064	-
Aksa Jeneratör Sanayi A.Ş.	402.306	329.913	-	665.525
Aksa Satış Ve Pazarlama A.Ş.	-	7.057	44.550	2.137
Aksa Servis Ve Yedek Parça A.Ş.	63.243	-	6.628	-
Aksa Teknoloji A.Ş.	196.069	-	211.919	-
Çoruh Elektrik Dağıtım A.Ş.	6.689	43.381	-	128.821
Deriş İnşaat A.Ş.	56.119	-	271.017	-
Elektrik Altyapı Hizmetleri Ltd. Şti.	469.984	-	599.290	-
Fırat Elektrik Dağıtım A.Ş.	325	13.725	-	95.646
Aksa Şanlıurfa Doğalgaz Dağıtım Ltd. Şti.	19.645.500	-	11.260.306	572
Kazancı Holding A.Ş.	-	55.721	-	18.869.146
Kazancı Teknik Cihazlar Yedek Parça A.Ş.	66	339.673	583.108	-
Koni İnşaat Sanayi A.Ş.	951.750	-	14.058	32.176
Aksa Manisa Doğalgaz Dağıtım A.Ş.	17.151.435	-	9.995.820	-
Aksa Siirt Batman Doğalgaz Dağıtım A.Ş.	-	-	-	27.366
Rasa Endüstriyel Radyatör San. A.Ş.	90.006	-	-	17.210
Koni Tarım İşletmeleri A.Ş.	347.875	-	-	-
Koni Tarımsal Yatırımlar A.Ş.	250	1.263.031	-	-
Renk Transmisyon San. A.Ş.	-	-	95.189	-
Aksa Van Doğalgaz Dağıtım A.Ş.	19.320.221	-	10.239.185	-
Fırat Elektrik Perakende Satış A.Ş.	34.596	-	25.845	-
Unearned interest on trade payables from related parties (-)	(52.633)	-	(78.367)	-
Other	25.041	20.936	191	26.355
<b>Total</b>	<b>65.296.486</b>	<b>2.990.891</b>	<b>34.007.764</b>	<b>20.853.952</b>
<b>Due from / to related parties, net</b>	<b>(7.549.027)</b>	<b>4.353.878</b>	<b>27.390.087</b>	<b>(10.276.897)</b>

19  
**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2014 AND 2013**  
**(Currency - Turkish Lira)**

**7. Inventory**

	<b>31.12.2014</b>	<b>31.12.2013</b>
Raw materials <sup>(*)</sup>	146.140.500	145.629.041
Work in process	80.896.503	31.208.070
Other inventory	53.451.582	84.669.774
Finished goods	337.654	-
Merchandise	11.537	119.692
Provision for diminution in value of inventory (-)	(11.639.160)	(11.639.160)
	<b>269.198.616</b>	<b>249.987.417</b>

<sup>(\*)</sup> Raw materials are mainly comprised of spare parts and fuel oil required for the power plants.

**8. Other Current and Non-Current Assets**

<b>Other Current Assets</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
VAT carried forward	74.697.469	29.850.166
Advances given for inventories	21.701.518	17.110.833
Prepaid expenses	4.903.034	5.558.512
Advances given for business purposes	4.976.127	6.073.452
Prepaid taxes and funds	9.213.838	5.438.677
Other VAT	124.781	6.315.359
Receivables from tax office	2.943	5.763.204
Other doubtful receivables	4.155.354	498.451
Provision for other sundry receivables	(4.155.354)	(498.451)
Sundry debtors	997.703	1.270.998
	<b>116.617.413</b>	<b>77.381.201</b>

As of 31 December 2014 and 31 December 2013, the movement of the allowance for doubtful receivables is as follows:

	<b>01.01.- 31.12.2014</b>	<b>01.01.- 31.12.2013</b>
Opening balances at 1 January	498.451	553.382
Increase in provisions (note 21)	3.739.937	9.269
Reversal of provisions and collections received (note 22)	(83.034)	(64.200)
<b>Closing balance</b>	<b>4.155.354</b>	<b>498.451</b>

20  
**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2014 AND 2013**  
**(Currency - Turkish Lira)**

<b>Other Non Current Assets</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
Advances given <sup>(*)</sup>	79.436.173	109.929.425
Deposits given <sup>(**)</sup>	1.163.205	3.282.371
Prepaid expenses	15.753	17.281
	<b>80.615.131</b>	<b>113.229.077</b>

<sup>(\*)</sup> Advances given is mainly related to Aksa Göynük thermal power plant and other energy production power plants (note 1).

<sup>(\*\*)</sup>As of 31 December 2014, the amount of TL 537.934 (31 December 2013: TL 1.107.695) is related to collateral given to Takasbank in relation to receivables to be collected through TEİAŞ sales transactions.

**9. Investments**

	<b>Participation rate (%)</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
Rasa Radiator (Jiangyin) Co. Ltd.	100,00	1.512.300	1.512.300
Enerji Piyasaları İşletme A.Ş. <sup>(***)</sup>	0,67	412.408	-
		<b>1.924.708</b>	<b>1.512.300</b>

Rasa Radiator Co. Ltd. is established in Jiangyin, China. Rasa Radiator Co. Ltd. has been a dormant company with no financial results for the past few years.

<sup>(\*\*\*)</sup>As of 20.11.2014, Aksa Enerji Üretim A.Ş. participated in the shareholding structure of EPİAŞ as one of the Kazancı Holding Group Companies, by investing TL 412.408 cash in the paid in capital of EPİAŞ and became 0,67% shareholder EPİAŞ.

21  
**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2014 AND 2013**  
**(Currency - Turkish Lira)**

**10. Property, Plant and Equipment**

	01.01.2014	Additions	Disposals	Transfer	Acquisition of new companies (**)	31.12.2014
<b>Cost</b>						
Land, land improvements and buildings	63.790.643	246.335	(82.079)	-	152.865	64.107.764
Leasehold improvements	628.369	10.843	-	-	-	639.212
Machinery and equipment	2.239.766.121	25.816.211	(2.404.356)	134.051.367	67.784.462	2.465.013.805
Motor vehicles	2.201.591	51.878	(136.815)	-	-	2.116.654
Furniture, fixtures and office equipment	12.454.114	1.862.200	(56.346)	-	81.629	14.341.597
Construction in progress (*)	406.404.338	658.813.497	(9.292.117)	(134.051.367)	113.772	921.988.123
	2.725.245.176	686.800.964	(11.971.713)	-	68.132.728	3.468.207.155
<b>Accumulated Depreciation</b>						
Land improvements and buildings	1.664.574	347.348	-	-	1.099	2.013.021
Leasehold improvements	229.184	29.970	-	-	-	259.154
Machinery and equipment	603.873.574	119.582.419	(1.410.434)	-	3.084.462	725.130.021
Motor vehicles	1.454.502	181.129	(136.815)	-	-	1.498.816
Furniture, fixtures and office equipment	8.317.042	998.475	(52.751)	-	11.214	9.273.980
	615.538.876	121.139.341	(1.600.000)	-	3.096.775	738.174.992
<b>Net Book Value</b>	<b>2.109.706.300</b>					<b>2.730.032.163</b>

(\*\*) It is related to Siirt Akköy Enerji Üretim Üretim A.Ş.

**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2014 AND 2013**  
**(Currency - Turkish Lira)**

	01.01.2013	Additions	Disposals	Transfer	Acquisition of new companies	Division effect of Rasa Elektrik	Transfer to Inventory	31.12.2013
<b>Cost</b>								
Land, land improvements and buildings	63.250.216	196.316	-	-	344.111	-	-	63.790.643
Leasehold improvements	826.494	46.412	-	-	-	(244.537)	-	628.369
Machinery and equipment	1.974.813.926	84.189.193	(35.577.728)	103.288.788	117.234.894	(3.216.967)	(965.985)	2.239.766.121
Motor vehicles	3.116.942	189.308	(941.293)	-	53.528	(216.894)	-	2.201.591
Furniture, fixtures and office equipment	12.108.687	891.855	(127.063)	-	96.507	(515.872)	-	12.454.114
Construction in progress	88.362.497	339.105.601	(16.051)	(103.288.788)	82.241.079	-	-	406.404.338
	2.142.478.762	424.618.685	(36.662.135)	-	199.970.119	(4.194.270)	(965.985)	2.725.245.176
<b>Accumulated Depreciation</b>								
Land improvements and buildings	1.321.134	332.010	-	-	11.430	-	-	1.664.574
Leasehold improvements	352.872	30.849	-	-	-	(154.537)	-	229.184
Machinery and equipment	503.835.688	109.728.225	(8.165.874)	-	1.165.378	(2.689.843)	-	603.873.574
Motor vehicles	1.957.040	247.777	(637.557)	-	36.151	(148.909)	-	1.454.502
Furniture, fixtures and office equipment	7.726.705	992.737	(49.467)	-	76.883	(429.816)	-	8.317.042
	515.193.439	111.331.598	(8.852.898)	-	1.289.842	(3.423.105)	-	615.538.876
<b>Net Book Value</b>	<b>1.627.285.323</b>							<b>2.109.706.300</b>

23  
**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2014 AND 2013**  
**(Currency - Turkish Lira)**

During the year ended 31 December 2014, TL 44.773.138 (31 December 2013: TL 21.371.100) of interest expenses and foreign exchange losses have been capitalized in accordance with IAS 23.

(\*) As of 31 December 2014, the breakdown of construction in progress are as follows:

	<b>Technical Completion</b>	<b>Investment Expenditures</b>
Bolu Göynük thermal power plant	95%	735.027.703
Sebenoba – Wind PP	43%	52.297.055
Kozbükü Ordu – HPP	54%	82.633.993
Kıyıköy – Wind PP	86%	11.943.060
Cyprus Kalecik – Mobile PP	98%	4.891.058
Belen Atik - Wind PP	60%	7.605.598
Kapıdağ – Wind PP	69%	15.655.184
Sansa- HPP	11%	11.387.269
Other (*)		547.203
		<b>921.988.123</b>

(\*) Other projects are related to HPP and WPP Projects as explained in note 1 which are under license.

The allocation of current year depreciation and amortization expenses for the years ended 31 December 2014 and 2013 is as follows:

	<b>01.01.- 31.12.2014</b>	<b>01.01.- 31.12.2013</b>
Cost of sales	120.658.961	110.863.439
General administrative expenses (note 21)	837.116	920.207
Marketing and selling expenses (note 21)	1.185	155
	<b>121.497.262</b>	<b>111.783.801</b>

24  
**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2014 AND 2013**  
**(Currency - Turkish Lira)**

**11. Intangible Assets, net**

	01.01.2014	Additions	Acquisition of new companies	31.12.2014
<b>Cost</b>				
Rights	2.575.333	173.100	43.100	2.791.533
Other intangible assets	363.024	120.172	-	483.196
	2.938.357	293.272	43.100	3.274.729
<b>Accumulated Depreciation</b>				
Rights	968.142	198.629	1.570	1.168.341
Other intangible assets	55.599	159.292	-	214.891
	1.023.741	357.921	1.570	1.383.232
<b>Net Book Value</b>	<b>1.914.616</b>			<b>1.891.497</b>

	01.01.2013	Additions	Disposals	Acquisition of new companies	Division effect of Rasa Elektrik	31.12.2013
<b>Cost</b>						
Rights	2.336.643	191.514	(7.750)	57.556	(2.630)	2.575.333
Other intangible assets	149.539	321.874	-	11.086	(119.475)	363.024
	2.486.182	513.388	(7.750)	68.642	(122.105)	2.938.357
<b>Accumulated Depreciation</b>						
Rights	768.213	329.335	(272)	6.708	(135.842)	968.142
Other intangible assets	38.403	122.868	-	2.475	(108.147)	55.599
	806.616	452.203	(272)	9.183	(243.989)	1.023.741
<b>Net Book Value</b>	<b>1.679.566</b>					<b>1.914.616</b>



25  
**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2014 AND 2013**  
**(Currency - Turkish Lira)**

**12. Financial Liabilities**

	<b>31.12.2014</b>	<b>31.12.2013</b>
Short-term bank loans	26.380.674	26.482.120
Current portion of long-term bank loans	305.497.163	183.903.808
Factoring payables	44.423.270	-
Finance lease liabilities, net	33.480.723	42.920.733
Interest expense accruals	29.812.615	12.293.943
<b>Total short-term financial liabilities</b>	<b>439.594.445</b>	<b>265.600.604</b>
Long-term bank loans	1.171.373.770	969.617.722
Factoring payables	53.694.282	15.643.338
Finance lease liabilities, net	150.702.377	77.436.858
<b>Total long -term financial liabilities</b>	<b>1.375.770.429</b>	<b>1.062.697.918</b>
<b>Total financial liabilities</b>	<b>1.815.364.874</b>	<b>1.328.298.522</b>

As of 31 December 2014, the effective interest rate of the short term TL loans is between 12,67%-12,93% (31 December 2013: 6,95%-14,4%), USD loans is between 0,79%-7,48% (31 December 2013: 1,92%-8,81%) and EURO loans is between 3,88%-3,90% (31 December 2013: 2,40%-9,67%) .

As of 31 December 2014, TL loans is between 12,16%-16,15% (31 December 2013: 15,65%), USD loans is between 0,79%-7,48% (31 December 2013: 1,46%-8,64%) and EURO loans is between 1,96%-9,65% (31 December 2013: 1,99%-9,09%).

Bank loans are guaranteed by Kazancı Holding A.Ş., Aksa Jeneratör Sanayi A.Ş. (a related party), personal guarantee of the Group's shareholders, as well as several other securities.

As of 31 December 2014, total amounting of corporate guarantees provided by Kazancı Family members and Kazancı Holding companies for the Group's bank borrowings is TL 3.018.740.519 (31 December 2013: TL 3.159.136.410).

26  
**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2014 AND 2013**  
**(Currency - Turkish Lira)**

As of 31 December 2014, the repayment schedule of the short term and long term loans is as follows:

<b>Payment Year</b>	<b>EURO</b>	<b>USD</b>	<b>TL</b>	<b>Total TL Equivalent</b>
Payable in 1 year	24.984.125	53.698.226	136.884.303	331.877.837
Payable in 1-2 years	18.871.031	71.843.188	87.042.855	306.869.541
Payable in 2-3 years	17.006.165	61.363.007	42.089.616	232.353.583
Payable in 3-4 years	15.163.102	51.247.077	-	161.607.409
Payable in 4-5 years	12.102.683	44.934.570	-	138.336.812
Payable over 5 years	18.576.212	120.664.325	-	332.206.425
<b>Total</b>	<b>106.703.318</b>	<b>403.750.393</b>	<b>266.016.774</b>	<b>1.503.251.607</b>

**Factoring Payables**

As of 31 December 2014 and 31 December 2013, the breakdown of the factoring payables is as follows:

	<b>31.12.2014</b>	<b>31.12.2013</b>
Short-term:		
Yapı ve Kredi Faktoring A.Ş. (*)	44.423.270	-
<b>Total short term</b>	<b>44.423.270</b>	<b>-</b>
Long-term:		
Yapı ve Kredi Faktoring A.Ş. (*)	53.694.282	15.643.338
<b>Total long term</b>	<b>53.694.282</b>	<b>15.643.338</b>
<b>Total</b>	<b>98.117.552</b>	<b>15.643.338</b>

(\*)As of 31.12.2014, TL 97.455.761 (31.12.2013: TL 15.643.338) of total liabilities has occurred by the service purchase agreement signed via leasing between KIBTEK and the Group which is based on electricity receivable for the future periods by factoring. As of 31 December 2014, TL 43.761.479 (31.12.2013: TL 20.562.076) of KIBTEK receivables is netted off from assets and liabilities.

27  
**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2014 AND 2013**  
**(Currency - Turkish Lira)**

**Lease Payables**

The Group acquired machinery and equipment via financial leasing. As of 31 December 2014, the repayment schedule of leasing obligations is as follows:

<b>Payment Year</b>	<b>EURO</b>	<b>USD</b>	<b>Total TL Equivalent</b>
Payable in 1 year	5.512.080	7.733.321	33.480.723
Payable in 1-2 years	6.816.547	5.880.452	32.863.614
Payable in 2-3 years	4.864.181	2.663.265	19.896.240
Payable in 3-4 years	3.863.063	2.692.306	17.139.730
Payable in 4-5 years	2.892.745	2.862.524	14.797.472
Payable over 5 years	10.471.374	15.726.731	66.005.321
<b>Total</b>	<b>34.419.990</b>	<b>37.558.599</b>	<b>184.183.100</b>

**13. Trade Payables**

	<b>31.12.2014</b>	<b>31.12.2013</b>
Suppliers' current accounts (*)	367.119.528	292.624.349
Trade payables to related parties (**)	65.296.486	34.007.764
Unearned interest on trade payable (-)	(594.259)	(500.473)
	<b>431.821.755</b>	<b>326.131.640</b>

(\*) As of 31.12.2014 TL 166.420.610 (31.12.2013, TL 148.248.181) of the amount is related to letter of credits which are in relation to import of spare parts and small equipments for power plants.

(\*\*) The amount is detailed in note 6.

**14. Taxation Payable on Income**

The corporation tax rate in Turkey on the profits for the calendar year 2014 is 20% (2013: 20%). Taxable profits are calculated by modifying accounting income for certain exclusions and allowances for tax purposes from the profit disclosed in the statutory income. No other taxes are paid unless profits are distributed. In Turkey, no taxes are withheld from undistributed profits, profits added to share capital (bonus shares) and dividends paid to other resident companies. Other than those, profits distributed in dividends to individuals and non-resident companies are subject to withholding at the rate of 15%.

The Turkish Tax Procedural Law does not include a procedure for formally agreeing tax assessments. Tax returns must be filed within three and a half months of the year-end and may be subject to investigation, together with their underlying accounting records, by the tax authorities at any stage during the following five years.

28  
**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2014 AND 2013**  
**(Currency - Turkish Lira)**

The tax liabilities included in the accompanying financial statements comprised:

	<b>31.12.2014</b>	<b>31.12.2013</b>
<b>a) Included in the income statement:</b>		
Current tax charge	(9.552.718)	(9.788.414)
Deferred tax	22.377.148	32.556.787
	<b>31.12.2014</b>	<b>31.12.2013</b>
<b>b) Included in the balance sheet:</b>		
Taxation payable on income (current)	9.552.718	7.456.747
Deferred tax assets	56.162.669	36.665.998
Deferred tax liabilities	4.842.746	3.469.756

**Deferred taxes**

The Group recognizes deferred tax assets and liabilities based upon the temporary differences between financial statements as reported in accordance with IFRS and its tax base of statutory financial statements. These differences usually result in the recognition of revenue and expense items in different periods for IFRS and statutory tax purposes.

Turkish Tax Legislation does not permit a parent company, its subsidiaries and joint ventures to file a consolidated tax return, therefore, tax liabilities, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis. In this respect deferred tax assets and liabilities of consolidated entities in the accompanying consolidated financial statements are not offset.

**15. Other Payables and Accrued Liabilities**

<b>Current</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
Taxes and dues payable	10.096.782	5.935.444
Due to personnel	2.405.738	1.788.689
Deposits received	1.248.905	1.268.148
Social security premiums payable	876.237	603.135
Provision for lawsuits	592.178	423.900
Deferred rent income	143.739	361.151
Order advances received	5.697	4.027.100
Other	396.850	438.101
	<b>15.766.126</b>	<b>14.845.668</b>
<b>Non - Current</b>		
Order advances received	-	1.296.126
	<b>-</b>	<b>1.296.126</b>

29  
**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2014 AND 2013**  
**(Currency - Turkish Lira)**

**16. Retirement Pay Provision**

Under the Turkish Labour Law, the Group is required to pay employment termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). The provision is made in respect of all eligible employees, at a rate of 30 days gross pay for each year of service. The amount payable consists of one month's salary limited to a maximum of TL 3.438,22 for each year of service as of 31 December 2014 ( 31.12.2013 : TL 3.254,55)

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

The provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees.

Communiqué require actuarial valuation methods to be developed to estimate the enterprises' obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	<b>31.12.2014</b>	<b>31.12.2013</b>
Discount rate %	9,25	9,25
Inflation rate %	7,00	7,00

Movements of the provision for employee termination benefits during the period are as follows:

	<b>01.01.- 31.12.2014</b>	<b>01.01.- 31.12.2013</b>
Balance at 1 January	3.006.952	2.173.676
Service cost	2.155.235	1.247.002
Interest cost	67.262	72.397
Payments	(393.159)	(156.154)
Actuarial difference	169.803	93.156
Acquisition of new companies	202.578	4.136
Division effect of Rasa Elektrik	--	(427.258)
<b>Balance at the end of the year</b>	<b>5.208.671</b>	<b>3.006.953</b>

The allocation of the provision for employment termination benefits expenses in the income statement are as follows:

	<b>01.01.- 31.12.2014</b>	<b>01.01.- 31.12.2013</b>
Cost of Sales	1.690.388	981.045
General administrative expenses (note 21)	138.950	182.200
	<b>1.829.338</b>	<b>1.163.245</b>

30  
**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2014 AND 2013**  
**(Currency - Turkish Lira)**

**17. Share Capital**

The issued and paid up share capital of Akxa Enerji Üretim A.Ş. comprised 613.169.118 (31 December 2013: 613.169.118) shares of par value TL 1 each at 31 December 2014.

	<b>31.12.2014</b>	<b>%</b>	<b>31.12.2013</b>	<b>%</b>
Kazancı Holding A.Ş.	380.064.977	61,98	380.064.977	61,98
Goldman Sachs	101.911.765	16,62	101.911.765	16,62
Public Share	131.158.000	21,39	131.158.000	21,39
Other	34.376	(*)	34.376	(*)
Historic share capital	613.169.118	100,00	613.169.118	100,00
Inflation adjustment to share capital	1.987.932		1.987.932	
<b>Inflation adjusted share capital</b>	<b>615.157.050</b>		<b>615.157.050</b>	

(\*) Less than 0.01

Kazancı Holding A.Ş., being the Parent Company of Akxa Enerji, has secured 500 million USD long term credit facility arranged by Goldman Sachs, China Development Bank, Garanti Bankası and İş Bankası. 68,86% of issued capital of Akxa Enerji are pledged as security of the credit facility to Garanti Bankası acting as Security Agent.

**18. General Reserves**

General reserves comprise prior years' undistributed income and legal reserves.

The legal reserves are appropriated in accordance with the Turkish Commercial Code. 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 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. The legal reserves are not available for distribution unless they exceed 50% of the paid-in share capital but may be used to offset losses in the event that the general reserve is exhausted.

Undistributed retained earnings are available for distribution. However if this reserve is distributed as dividends, a further legal reserve is required to be provided equal to 10% of dividend declared.

31  
**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2014 AND 2013**  
**(Currency - Turkish Lira)**

**19. Net Sales**

	<b>01.01.-</b>	<b>01.01.-</b>
	<b>31.12.2014</b>	<b>31.12.2013</b>
<b>Total Sales – MWH / Unit</b>		
Energy sales – GWH <sup>(*)</sup>	9.814	9.108
Radiator sales – unit	-	8.039
Generator sales – unit	14	8
	<b>01.01.-</b>	<b>01.01.-</b>
	<b>31.12.2014</b>	<b>31.12.2013</b>
<b>Total Sales – Amount</b>		
Electricity Sales	1.951.237.135	1.764.294.823
Total Lignite Sales and Transportation Income	5.031.382	7.819.974
Radiator Sales	-	7.206.199
Natural Gas Equipments	540.536	61.045
Other	628.851	6.586.054
<b>Total Sales</b>	<b>1.957.437.904</b>	<b>1.785.968.095</b>

<sup>(\*)</sup> In 2014, the Group have produced 8.230 Gwh (2013: 7.804 Gwh) electricity , in addition to the generation, the Group have received from TEİAŞ's Load Rejection Order (YAT: Yük Atma Talimatı) of 1.286 Gwh (2013: 1.305 Gwh), imbalancing of 298 Gwh, and sold additional electricity of 1.584 Gwh. Thereby, the total amount of electricity sales reached to 9.814 Gwh (2013: 9.109 Gwh) and according to the calculation made by considering the weighted averages the average selling price is 198TL/mws (2013: 183 TL/mws) . The Group's average capacity utilization rate is 58,81 % (2013: 55,83%).

**20. Cost of Sales**

	<b>01.01.-</b>	<b>01.01.-</b>
	<b>31.12.2014</b>	<b>31.12.2013</b>
Cost of Energy Sales	1.707.712.702	1.554.559.510
Cost of Lignite Sales	2.437.428	10.280.434
Cost of Radiator Sales	-	5.816.099
Cost of Natural Gas Equipments Sales	422.567	59.214
Cost of Other Sales	263.935	(4.797.258)
<b>COST OF SALES</b>	<b>1.710.836.632</b>	<b>1.565.917.999</b>

32  
**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2014 AND 2013**  
**(Currency - Turkish Lira)**

**21. Marketing and Selling and General Administrative Expenses**

	<b>01.01.-</b> <b>31.12.2014</b>	<b>01.01.-</b> <b>31.12.2013</b>
Marketing, selling and distribution expenses	2.044.023	2.013.996
General administrative expenses	22.188.650	17.977.560
	<b>24.232.673</b>	<b>19.991.556</b>

Breakdown of operating expenses are as follows:

<b>Marketing, selling and distribution expenses</b>	<b>01.01.-</b> <b>31.12.2014</b>	<b>01.01.-</b> <b>31.12.2013</b>
Freight and freight insurance	1.840.557	1.591.664
Personnel salaries and bonus payments	29.676	109.889
Motor vehicle expenses	17.045	27.231
Advertising expenses	11.500	32.520
Depreciation and amortisation expense (note 10)	1.185	155
Other	144.060	252.337
	<b>2.044.023</b>	<b>2.013.996</b>

<b>General administrative expenses</b>	<b>01.01.-</b> <b>31.12.2014</b>	<b>01.01.-</b> <b>31.12.2013</b>
Personnel expenses	10.588.516	9.716.898
Doubtful debts provision expense (note 8)	3.739.937	9.269
Traveling expenses	1.908.276	1.565.670
Consultancy expenses	1.124.103	1.021.498
Depreciation and amortisation expenses (note 10)	837.116	920.207
Retirement pay provision expense (note 16)	138.950	182.200
Other	3.851.752	4.561.818
	<b>22.188.650</b>	<b>17.977.560</b>



33  
**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2014 AND 2013**  
**(Currency - Turkish Lira)**

**22. Other Operating Income and Other Operating Expenses**

<b>Other Income</b>	<b>01.01.- 31.12.2014</b>	<b>01.01.- 31.12.2013</b>
Income on insurance claims	1.857.780	2.442.307
Return of expropriation	391.973	433.215
Discount on trade payable	413.155	728.310
Doubtful debt provision released (note 5 and 8)	83.034	70.189
Return of Osmaneli OSB Land	-	457.198
Other income	1.044.176	884.518
	<b>3.790.118</b>	<b>5.015.737</b>

<b>Other Expenses</b>	<b>01.01.- 31.12.2014</b>	<b>01.01.- 31.12.2013</b>
Positive goodwill (note 2)	(2.747.958)	(50.000)
Compensation and penalty expenses	(138.029)	(855.246)
Donation and grants	(673.245)	(442.132)
Discount on trade receivable	(824.022)	(263.382)
Decrease in value of inventory (*)	-	(965.985)
Non-realised tender expenses and letter of guarantee payment	(5.496.888)	(5.078.425)
Other expense	(8.634.855)	(1.081.481)
	<b>(18.514.997)</b>	<b>(8.736.651)</b>

(\*)This amount is related to gas tribune which was sent to repair and maintenance for services in Antalya PP.

34  
**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2014 AND 2013**  
**(Currency - Turkish Lira)**

**23. Income From Investing Activities and Expenses From Investing Activities**

<b>Income from investing activities</b>	<b>01.01.- 31.12.2014</b>	<b>01.01.- 31.12.2013</b>
Profit on sale of fixed assets	1.432.105	310.831
	<b>1.432.105</b>	<b>310.831</b>

<b>Expenses from investing activities (-)</b>	<b>01.01.- 31.12.2014</b>	<b>01.01.- 31.12.2013</b>
Loss on sale of fixed assets	(249.847)	(1.147.427)
	<b>(249.847)</b>	<b>(1.147.427)</b>

**24. Financing Income and Financing Expenses**

<b>Financing income</b>	<b>01.01.- 31.12.2014</b>	<b>01.01.- 31.12.2013</b>
Foreign exchange gains	171.777.460	101.443.872
Interest income on time deposits at banks	8.382.962	12.139.323
Interest income on related parties	19.210.670	29.220.296
Financing income from derivative financial instruments	224.640	-
	<b>199.595.732</b>	<b>142.803.491</b>

<b>Financing expenses</b>	<b>01.01.- 31.12.2014</b>	<b>01.01.- 31.12.2013</b>
Foreign exchange losses	(247.317.242)	(388.884.437)
Interest expense on bank loans	(104.464.253)	(88.756.458)
Interest expense on related parties	(18.198.626)	(4.240.792)
Letters of guarantee and bank commission expenses	(11.828.875)	(12.402.842)
Other	-	(81.235)
	<b>(381.808.996)</b>	<b>(494.365.764)</b>

35  
**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2014 AND 2013**  
**(Currency - Turkish Lira)**

**25. Commitments and Contingencies**

**a) Letters of guarantee given to:**

<b>31.12.2014</b>	<b>TL</b>	<b>USD</b>	<b>EUR</b>	<b>TL Equivalent</b>
Botaş-Petroleum Pipeline Corporation	--	11.084.184	--	25.703.114
Banks	--	7.768.704	22.310.105	80.944.960
Electricity distribution companies	1.759.912	--	--	1.759.912
Energy Market Regulatory Authority (EMRA)	70.426.184	--	--	70.426.184
Enforcement offices	--	--	1.250.000	3.525.875
Special provincial administration	1.478.557	--	--	1.478.557
Electricity Authority of KKTC	--	3.000.000	--	6.956.700
Turkey Electricity Distribuiton Company (TEDAS)	26.862	--	--	26.862
Turkey Electricity Transmission Company (TEIAS)	11.336.252	2.676.518	--	17.542.830
Turkey Electricity Generation Company (EUAS)	--	718.601	--	1.666.364
Other	12.705.767	--	--	12.705.767
<b>Total</b>	<b>97.733.534</b>	<b>25.248.007</b>	<b>23.560.105</b>	<b>222.737.125</b>

<b>31.12.2013</b>	<b>TL</b>	<b>USD</b>	<b>EUR</b>	<b>TL Equivalent</b>
Botaş-Petroleum Pipeline Corporation	-	11.084.184	-	23.656.974
Banks	-	6.772.700	21.526.000	77.666.073
Ministry of environment and forestry	300.000	-	-	300.000
Electricity distribution companies	1.655.562	-	-	1.655.562
Energy Market Regulatory Authority (EMRA)	82.283.746	-	-	82.283.746
Ministry of Customs and Trade	-	-	1.250.000	3.670.625
Enforcement offices	775.400	-	-	775.400
Electricity Authority of KKTC	-	3.000.000	-	6.402.900
Special provincial administration	39.646	-	-	39.646
Turkey Electricity Distribuiton Company (TEDAS)	26.862	-	-	26.862
Turkey Electricity Transmission Company (TEIAS)	11.090.551	2.676.518	-	16.803.043
Turkey Electricity Generation Company (EUAS)	-	1.392.210	-	2.971.394
Other	4.236.760	-	-	4.236.760
<b>Total</b>	<b>100.408.527</b>	<b>24.925.612</b>	<b>22.776.000</b>	<b>220.488.985</b>

36  
**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2014 AND 2013**  
**(Currency - Turkish Lira)**

**b) Guarantees given for the Group's loans**

<b>Guarantee Types – 31.12.2014</b>	<b>Foreign Currency</b>	<b>Currency Amount</b>	<b>Total (TL)</b>
Pledge (***)	EUR	51.000.000	143.855.700
Commercial Enterprise Pledge (*)	USD	133.000.000	308.413.700
Machinery and Equipment Pledge (**)	EUR	24.914.673	70.276.818
Bank Deposit Blockage (Note 4)	USD	6.000.000	13.913.400
Surety Ship	TL	619.396.000	619.396.000
Surety Ship	USD	928.575.840	2.153.274.515
Surety Ship	EUR	87.237.212	246.070.004
Assignment of Claim	TL	313.700.000	313.700.000
Collateral Bond	EUR	428.428	1.208.467
Letters of guarantee	USD	7.768.704	18.014.847
Letters of guarantee	EUR	22.310.105	62.930.114
<b>Total</b>			<b>3.951.053.565</b>

(\*) The amount is related to Antalya power plant.

(\*\*) As of 31.12.2014, a collateral of TL 70.276.818 (EURO 24.914.673) (31.12.2013: TL 73.161.937 (EURO 24.914.673)) have been pledged on the machinery and equipment at the powerplant of Rasa Enerji Üretim A.Ş., a consolidated subsidiary.

(\*\*\*) As of 31.12.2014, a collateral of TL 143.855.700 (EURO 51.000.000) (31.12.2013: none) have been pledged on the powerplant estate of Kapıdağ Rüzgar Enerjisi Üretim Sanayi ve Ticaret A.Ş., a consolidated subsidiary.

In relation to two bank loans from Commerzbank AG (total of EURO 97.292.148) 51% of Baki Elektrik's shares have been pledged as security.

Kazancı Holding, being the Parent Company of Aksa Enerji, has secured 500 million USD long term credit facility arranged by Goldman Sachs, China Development Bank, Garanti Bankası and İş Bankası. 68.86% of issued capital of Aksa Enerji are pledged as security of the credit facility to Garanti Bankası acting as Security Agent.

The Group has signed a assignment agreement in relation to the current financial debts. As of 31.12.2014, open risk amounted of assignment agreements is TL 313.700.000 (31.12.2013: TL 227.400.000).

37  
**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2014 AND 2013**  
**(Currency - Turkish Lira)**

<b>Guarantee Types – 31.12.2013</b>	<b>Foreign Currency</b>	<b>Currency Amount</b>	<b>Total (TL)</b>
Commercial Enterprise Pledge <sup>(*)</sup>	USD	133.000.000	283.861.900
Machinery and Equipment Pledge <sup>(**)</sup>	EUR	24.914.673	73.161.937
Bank Deposit Blockage (Note 4)	EUR	1.300.000	3.817.450
Bank Deposit Blockage (Note 4)	USD	6.000.000	12.805.800
Surety Ship	TL	513.179.500	513.179.500
Surety Ship	USD	1.057.931.034	2.257.942.206
Surety Ship	EUR	115.394.212	338.855.104
Surety Ship	GBP	14.000.000	49.159.600
Assignment of Claim	TL	227.400.000	227.400.000
Collateral Bond	EUR	856.856	2.516.158
Letters of guarantee	USD	6.772.700	14.454.974
Letters of guarantee	EUR	21.526.000	63.211.098
<b>Total</b>			<b>3.840.365.727</b>

**c) Guarantees given to related parties**

As of 31 December 2014, the amount of corporate guarantees granted to Kazancı Group companies in relation to their bank loans is at TL 343.494.554 (31.12.2013: TL 1.402.259.559). However, based on the Group's management presentation, the exposure risk relating to the Group's financial liabilities amounted to TL 38.013.732 as of 31.12.2014 (31.12.2013: TL 498.862.905).

As of 31 December 2014, there are 8 lawsuits pending in favour of the Group at the amount of TL 5.165.725 and there are 30 lawsuits pending against the Group at the amount of TL 3.324.215.

As of the report date , the management does not expect negative outcomes in relation to ongoing lawsuits in the short run therefore there is no allowance reflected to financial statements regarding to those lawsuits.

38  
AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2014 AND 2013  
(Currency - Turkish Lira)

---

26. Derivative Financial Instruments

<b>Current derivative financial instruments asset</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
Cross currency swap (*)	2.739.513	-
Interest rate swap (**)	-	2.666.029
<b>Total</b>	<b>2.739.513</b>	<b>2.666.029</b>

(\*) As of 31 December 2014, the Group uses cross currency derivatives to manage its exposure to foreign currency exchange rates fluctuations on its bank borrowings amount of TL 56.859.428 (USD 24.520.000). As of 31.12.2014, mark to market amount is TL 2.739.513 and shown as short term derivative financial assets in the financial statements.

(\*\*) As of 31 December 2013, the Group uses interest rate derivatives to manage its exposure to interest rate fluctuations on its bank borrowings amount of TL 409.785.600 (USD 192.000.000). As of 31.12.2013, mark to market amount is TL 2.666.029 and shown as short term derivative financial assets in the financial statements.

<b>Current derivative financial instruments liabilities</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
Option (***)	58.505	-
Interest rate swap (****)	1.479.701	-
<b>Total</b>	<b>1.538.206</b>	<b>-</b>

(\*\*\*) As of 31 December 2014, the Group uses cross currency derivatives as put option for TL 71.074.285 (USD 30.650.000). As of 31.12.2014, mark to market amount is TL 58.505 and shown as short term derivative financial liabilities in the financial statements (31.12.2013: none).

(\*\*\*\*) As of 31 December 2014, the Group uses interest rate derivatives to manage its exposure to interest rate fluctuations on its bank borrowings amount of TL 447.426.765 (USD 192.947.848). As of 31.12.2014, mark to market amount is TL 1.479.701 and shown as short term derivative financial liabilities in the financial statements (31.12.2013: none).

39  
**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2014 AND 2013**  
**(Currency - Turkish Lira)**

**27. The Nature and Level of Risks Arising From Financial Instruments**

The table below summarizes the foreign monetary position risk of the Group as of 31 December 2014 and 31 December 2013, the recorded amounts of the foreign monetary assets are kept by the Group and those of the payables in terms of total amounts and foreign exchange are as follows:

<b>31.12.2014</b>	<b>USD</b>	<b>EUR</b>	<b>GBP</b>	<b>CHF</b>	<b>TL Equivalent</b>
Cash and cash equivalents	6.078.254	663.104	71	1.214	15.968.375
Trade receivables	18.855	28.333	-	-	123.642
Other non-current assets	2.409.120	12.242.067	-	-	40.117.707
<b>Total foreign currency assets</b>	<b>8.506.229</b>	<b>12.933.504</b>	<b>71</b>	<b>1.214</b>	<b>56.209.724</b>
Financial liabilities	441.308.992	141.123.308	-	-	1.421.417.935
Trade payables	72.984.204	21.880.246	12.923	-	231.007.151
<b>Total foreign currency liabilities</b>	<b>514.293.196</b>	<b>163.003.554</b>	<b>12.923</b>	<b>-</b>	<b>1.652.425.086</b>
<b>Net foreign currency position</b>	<b>(505.786.967)</b>	<b>(150.070.050)</b>	<b>(12.852)</b>	<b>1.214</b>	<b>(1.596.215.362)</b>

40  
AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2014 AND 2013  
(Currency - Turkish Lira)

---

<b>31.12.2013</b>	<b>USD</b>	<b>EUR</b>	<b>GBP</b>	<b>CHF</b>	<b>TL Equivalent</b>
Cash and cash equivalents	6.246.309	1.386.239	9.738	8.038	17.455.594
Trade receivables	1.758	-	-	-	3.754
Other non-current assets	3.569.829	24.281.075	-	-	78.920.463
<b>Total foreign currency assets</b>	<b>9.817.896</b>	<b>25.667.314</b>	<b>9.738</b>	<b>8.038</b>	<b>96.379.811</b>
Financial liabilities	400.949.637	151.333.432	-	-	1.300.137.433
Trade payables	68.873.395	6.596.628	24.722	-	166.454.292
<b>Total foreign currency liabilities</b>	<b>469.823.032</b>	<b>157.930.060</b>	<b>24.722</b>	<b>-</b>	<b>1.466.591.725</b>
<b>Net foreign currency position</b>	<b>(460.005.136)</b>	<b>(132.262.746)</b>	<b>(14.984)</b>	<b>8.038</b>	<b>(1.370.211.914)</b>



41  
**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2014 AND 2013**  
**(Currency - Turkish Lira)**

**Supplementary Disclosures on financial instruments**

(a) Capital Management Policies and Procedures

The risk related with each of the capital class and group capital cost is considered by the top management of the Group.

The primary objective of the Group's capital management objectives is to ensure that it maintains a healthy capital structure in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions.

To maintain or adjust the capital structure, the Group may obtain new loans, repay existing loans; make cash and non cash (bonus shares) dividend payments to shareholders, issue new shares based on Management's evaluation.

The Group manages the capital structure so as to ensure the Group's ability to continue as a going concern; and maximize its profitability by maintaining an adequate capital to overall financing structure ratio.

The Group monitors capital using a gearing ratio, which is net debt divided by total financing used. The Group includes within net financial debt, borrowings, less cash and cash equivalents. Financing used is the sum of total equity and net financial debt.

The following table sets out the gearing ratios as of 31 December 2014 and 31 December 2013:

	<b>31.12.2014</b>	<b>31.12.2013</b>
Total financial liabilities	1.815.364.874	1.328.298.522
Less: cash and cash equivalents	(34.238.000)	(22.348.803)
Net financial debt	1.781.126.874	1.305.949.719
Total equity	1.109.440.625	1.071.311.100
Total financing used	2.890.567.499	2.377.260.819
<b>Gearing ratio (net financial debt to overall financing used ratio)</b>	<b>62%</b>	<b>55%</b>

(b) Financial instruments and categories

<b>Financial assets</b>		
Cash and cash equivalents	34.238.000	22.348.803
Derivative Financial Instruments	2.739.513	2.666.029
Trade receivables	88.689.954	143.609.489
	125.667.467	168.624.321
<b>Financial liabilities</b>		
Financial payables	1.815.364.874	1.328.298.522
Derivative Financial Instruments	1.538.206	-
Trade payables	431.821.755	326.131.640
	2.248.724.835	1.654.430.162

42  
**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2014 AND 2013**  
**(Currency - Turkish Lira)**

---

(c) Market risk

The Group is exposed to financial risks arising from changes in currency rate (paragraph d), interest rate (paragraph e) and price risk (paragraph f) which arise directly from its operations.

The market risks that the Group is exposed to are measured on the basis of sensitivity analysis.

The Group's risk management policies and processes used to measure those risks have been similar to previous periods.

(d) Foreign currency risk

The Group does not have transactional currency exposure from foreign currency denominated transactions.

The Group is exposed to foreign currency risk arising from the translation of foreign currency denominated assets and liabilities to TL, the foreign currency denominated assets and liabilities mainly include bank deposits, bank borrowings and trade payables and trade receivables.

(e) Interest rate risk management

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. These exposures are managed by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities. Certain parts of the interest rates related to borrowings are based on market interest rates; therefore the Group is exposed to interest rate fluctuations on domestic and international markets. The Group's exposure to market risk for changes in interest rates relates primarily to the Group's debt obligations.

The majority of the Group's financial obligations consist of fixed and variable interest rate borrowings.

(f) Price risk

Sales invoices to TEİAŞ and EÜAŞ are issued in Turkish Lira and sales unit prices are fixed, the management of the Group is carefully monitoring the costs, when needed appropriate measures are taken.

**28. Subsequent Events**

13 MW extension to Hatay Sebenoba WPP has become operational as at 20 December 2014, taking this plant's capacity to 43MW, Aksa Enerji's total WPP installed capacity to 239MW and the Company's total installed capacity to 2,140MW. The remaining 17MW capacity as per our licence for this plant is expected to become operational at the beginning of 2015.

43  
AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2014 AND 2013  
(Currency - Turkish Lira)

---

**Appendix 1: Related Parties**

**a) Kazancı Holding A.Ş.'s direct subsidiaries and affiliates:**

---

1	Aksa Afyon Doğal Gaz Dağıtım A.Ş.	Naturalgas
2	Deriş İnşaat A.Ş.	Construction
3	Aksa Balıkesir Doğal Gaz Dağıtım A.Ş.	Naturalgas
4	Aksa Bandırma Doğal Gaz Dağıtım A.Ş.	Naturalgas
5	Aksa Bilecik, Bolu Doğal Gaz Dağıtım A.Ş.	Naturalgas
6	Aksa CNG Sıkıştırılmış Doğal Gaz Dağ. İletim ve Satış A.Ş.	Naturalgas
7	Aksa Çanakkale Doğal Gaz Dağıtım A.Ş.	Naturalgas
8	Aksa Doğal Gaz Toptan Satış A.Ş.	Naturalgas
9	Aksa Doğal Gaz Dağıtım A.Ş.	Naturalgas
10	Aksa Elazığ Doğal Gaz Dağıtım A.Ş.	Naturalgas
11	Aksa Elektrik Perakende Satış A.Ş.	Energy
12	Aksa Elektrik Toptan Satış A.Ş.	Energy
13	Aksa Gaz Dağıtım A.Ş.	Naturalgas
14	Aksa Gemlik Doğal Gaz Dağıtım A.Ş.	Naturalgas
15	Aksa Gümüşhane Bayburt Naturalgas A.Ş.	Naturalgas
16	Aksa Havacılık A.Ş.	Aviation
17	Aksa Jeneratör Sanayi A.Ş.	Generator
18	Aksa Karadeniz Doğal Gaz Dağıtım A.Ş.	Naturalgas
19	Aksa Makina Sanayi A.Ş.	Machine
20	Aksa Malatya Doğal Gaz Dağıtım A.Ş.	Naturalgas
21	Aksa Manisa Doğal Gaz Dağıtım A.Ş.	Naturalgas
22	Aksa Mustafa Kemal Paşa Susurluk Karacabey Doğalgaz Dağıtım A.Ş.	Naturalgas
23	Aksa Ordu Giresun Doğal Gaz Dağıtım A.Ş.	Naturalgas
24	Aksa Sivas Doğal Gaz Dağıtım A.Ş.	Naturalgas
25	Aksa Şanlıurfa Doğal Gaz Dağıtım Ltd. Şti.	Naturalgas
26	Aksa Televizyon Hizmetleri A.Ş.	Media
27	Aksa Tokat Amasya Doğal Gaz Dağıtım A.Ş.	Naturalgas
28	Aksa Trakya Doğal Gaz Dağıtım A.Ş.	Naturalgas
29	Aksa Turizm İşletmeleri A.Ş.	Tourism
30	Aksa Van Doğal Gaz Dağıtım A.Ş.	Naturalgas
31	Anadolu Doğal Gaz Dağıtım A.Ş.	Naturalgas
32	Anadolu Doğal Gaz Toptan Satış A.Ş.	Naturalgas
33	Atel Telekomünikasyon A.Ş.	Communication
34	Aksa Düzce Ereğli Doğal Gaz Dağıtım A.Ş.	Naturalgas
35	Kazancı Teknik Cihazlar Yedek Parça A.Ş.	Transportation

44  
**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2014 AND 2013**  
**(Currency - Turkish Lira)**

---

**b) Kazancı Holding A.Ş.'s direct subsidiaries and affiliates:**

---

1	Aksa Far East Pte Ltd.	Generator
2	Aksa International UK Ltd.	Generator
3	Aksa Power Generation (China) Co Ltd.	Generator
4	Aksa Power Generation Fze.	Generator
5	Aksa Servis ve Kiralama A.Ş.	Generator
6	Eurl Aksa Generateurs Algeria	Generator
7	Aksa Kazakhstan Ltd.	Generator
8	Aksa Middle East LLC (Dubai)	Generator
9	Aksa Power Generation (Changzhou) Co. Ltd.	Generator
10	Jiangyin AKSA Electrical & Mechanical Co.,Ltd.	Generator
11	OOO Aksa Russia	Generator
12	Aksa USA	Generator
13	Aksa Satış ve Pazarlama A.Ş.	Marketing
14	Aksa Teknoloji A.Ş.	Technology
15	Ceka Enerji Üretim A.Ş.	Energy
16	Çoruh Aksa Elektrik Hizmetleri A.Ş.	Energy
17	Çoruh Elektrik Dağıtım A.Ş.	Energy
18	Fırat Aksa Elektrik Hizmetleri A.Ş.	Energy
19	Fırat Elektrik Dağıtım A.Ş.	Energy
20	Aksa Ankara Makina Satış ve Servis A.Ş.	Machine
21	Vangözü Aksa Elektrik Hizmetleri A.Ş.	Electricity
22	Çoruh Elektrik Perakende Satış A.Ş.	Electricity
23	Fırat Elektrik Perakende Satış A.Ş.	Electricity
24	Renk Transmisyon San A.Ş.	Other
25	Real Makine İthalat İhracat Sanayi Tic. Ltd. Şti.	Other

**Related Parties through the key management and family members**

**c) without capital relationship**

---

1	Aksa Enerji Iraq	Energy
2	Onan Enerji Üretim A.Ş.	Energy
3	Normdata Bilişim Teknolojileri San. ve Tic. Ltd. Şti.	Energy
4	Doust Company (Irak)	Generator
5	Siirt Batman Doğalgaz Dağıtım A.Ş.	Naturalgas
6	Elektrik Altyapı Hizmetleri Ltd. Şti.	Other
7	Kazancı Makina ve Motor Ltd. Şti.	Machine
8	Koni İnşaat Sanayi A.Ş.	Construction-
9	Koni Tarım İşletmeleri A.Ş.	Tourism
10	Aksa Samsun Enerji Üretim A.Ş.	Agriculture
12	Rasa Endüstriyel Radyatörler San. A.Ş.	Energy
		Radiator

45  
AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2014 AND 2013  
(Currency - Turkish Lira)

---

**d) Other non-consolidate subsidiaries due to lack of control power or non-operation (Note 9)**

---

1 Rasa Radiator (Jiangyin) Co. Ltd.

Radiator