

**AKSA ENERJİ ÜRETİM A.Ş. AND
ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL
STATEMENTS
TOGETHER WITH INDEPENDENT
AUDITOR'S REPORT AS OF
30 SEPTEMBER 2015**



Grant Thornton

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**INDEPENDENT AUDITOR'S REPORT OF
AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

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

**Eren Bağımsız Denetim ve
Yeminli Mali Müşavirlik A.Ş.**
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Introduction

We have reviewed the accompanying consolidated interim balance sheet of Aksa Enerji Üretim A.Ş. and its subsidiaries (together referred to as the Group) as of 30 September 2015 and the related consolidated interim statements of income, changes in equity and cash flow for the nine-month period then ended. Management is responsible for the preparation and presentation of this consolidated interim financial information in accordance with International Financial Reporting Standards. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information is not prepared, in all material respects, 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, 05 November 2015

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS AS OF 30.09.2015 AND 31.12.2014
(Currency - Turkish Lira)

ASSETS	Note	30.09.2015	31.12.2014
Current Assets			
Cash and Cash Equivalents	4	84.806.097	34.238.000
Trade Receivables	5	80.057.755	88.689.954
Due from/to Related Parties and Shareholders, net	6	-	4.353.878
Inventory	7	425.958.124	269.198.616
Derivative Financial Instruments	26	2.938.140	2.739.513
Other Current Assets	8	188.204.330	116.617.413
		781.964.446	515.837.374
Non-Current Assets			
Investments	9	412.408	1.924.708
Property, Plant and Equipment	10	3.022.523.877	2.730.032.163
Goodwill	2	7.072.179	7.072.179
Intangible Assets	11	2.207.986	1.891.497
Other Non-Current Assets	8	71.849.232	80.615.131
Deferred Tax Asset	14	124.630.442	56.162.669
		3.228.696.124	2.877.698.347
TOTAL ASSETS		4.010.660.570	3.393.535.721

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 30.09.2015 AND 31.12.2014
(Currency - Turkish Lira)

LIABILITIES	Note	30.09.2015	31.12.2014
Short Term Liabilities			
Financial Liabilities	12	905.634.754	439.594.445
Trade Payables	13	457.642.326	431.821.755
Due to Related Parties and Shareholders	6	7.240.984	-
Derivative Financial Instruments	26	11.143.463	1.538.206
Taxation Payable on Income	14	3.425.300	9.552.718
Other Payables and Accrued Liabilities	15	9.813.573	15.766.126
		1.394.900.400	898.273.250
Long Term Liabilities			
Financial Liabilities	12	1.720.133.144	1.375.770.429
Retirement Pay Provision	16	6.854.560	5.208.671
Deferred Tax Liability	14	24.649.210	4.842.746
		1.751.636.914	1.385.821.846
Shareholders' Equity			
Share Capital	17	615.157.050	615.157.050
General Reserves	18	245.286.808	206.970.431
Actuarial Gain / (Loss)		(960.661)	(488.682)
Share Premium		247.403.635	247.403.635
Translation Difference		(155.319)	-
Cash Flow Hedge Reserve	26	(6.564.258)	961.047
Net Profit / (Loss) for the Period / Year		(236.043.999)	39.437.144
		864.123.256	1.109.440.625
Commitments and Contingencies	25		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		4.010.660.570	3.393.535.721

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 PERIODS ENDED 30.06.2015 AND 2014
(Currency - Turkish Lira)

INCOME STATEMENT	Note	01.01.- 30.09.2015	01.01.- 30.09.2014
Net Sales	19	1.607.580.443	1.509.789.395
Cost of Sales	20	(1.337.663.079)	(1.308.594.438)
Gross Profit		269.917.364	201.194.957
Research and Development Expenses	21	(5.854)	-
Marketing and Selling Expenses	21	(288.603)	(935.472)
General Administrative Expenses	21	(21.675.751)	(13.712.885)
Other operating income	22	4.205.893	2.810.863
Other operating expenses (-)	22	(5.878.147)	(6.174.820)
Basic Operating Profit		246.274.902	183.182.643
Income from investing activities	23	32.000.724	1.599.074
Expenses from investing activities (-)	23	(842.761)	(99.863)
Financing Income	24	178.802.325	164.784.620
Financing Expenses	24	(735.515.878)	(292.702.663)
Profit / (Loss) Before Tax For The Period		(279.280.688)	56.763.811
Taxation on Profit			
- Current	14	(3.425.300)	(8.819.669)
- Deferred	14	46.661.989	9.261.572
PROFIT / (LOSS) FOR THE PERIOD		(236.043.999)	57.205.714
Other Comprehensive Income:			
Items not to be reclassified to profit or loss in subsequent periods:			
Actuarial gain / (loss)		(589.974)	(169.803)
Tax effect of actuarial loss from employee benefits		117.995	33.961
Items to be reclassified to profit or loss			
Translation difference		(155.319)	-
Cumulative gains/losses on hedging		(9.406.630)	(238.365)
Tax effect of Cumulative gains/losses on hedging		1.881.326	47.673
Other Comprehensive Income / (loss) for the year (after tax)		(8.152.602)	(326.534)
TOTAL COMPREHENSIVE PROFIT / (LOSS) FOR THE PERIOD		(244.196.601)	56.879.180
Earnings before interest, tax, depreciation and amortization (EBITDA)	3	348.616.560	276.219.131

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 PERIODS ENDED 30.09.2015 AND 2014
(Currency - Turkish Lira)

SHAREHOLDERS' EQUITY	Share Capital	General Reserves	Actuarial Gain / (Loss)	Share Premium	Cash Flow Hedge Reserve	Translation Difference	Net Profit / (Loss) for the Period	Total
Balance, 01.01.2014	615.157.050	340.263.301	(352.840)	247.403.635	2.132.824	-	(133.292.870)	1.071.311.100
Transfer to reserves	-	(133.292.870)	-	-	-	-	133.292.870	-
Effective portion of changes in fair value of cash hedges	-	-	-	-	(190.692)	-	-	(190.692)
Actuarial gain / (loss)	-	-	(135.842)	-	-	-	-	(135.842)
Net profit for the period	-	-	-	-	-	-	57.205.714	57.205.714
Balance, 30.09.2014	615.157.050	206.970.431	(488.682)	247.403.635	1.942.132	-	57.205.714	1.128.190.280
Balance, 01.01.2015	615.157.050	206.970.431	(488.682)	247.403.635	961.047	-	39.437.144	1.109.440.625
Transfer to reserves	-	39.437.144	-	-	-	-	(39.437.144)	-
Actuarial gain / (loss)	-	-	(471.979)	-	-	-	-	(471.979)
Effective portion of changes in fair value of cash hedges	-	-	-	-	(7.525.305)	-	-	(7.525.305)
Acquisition of new companies	-	(1.086.933)	-	-	-	-	-	(1.086.933)
Translation difference	-	-	-	-	-	(155.319)	-	(155.319)
Dividend paid	-	(33.834)	-	-	-	-	-	(33.834)
Net loss for the period	-	-	-	-	-	-	(236.043.999)	(236.043.999)
Balance, 30.09.2015	615.157.050	245.286.808	(960.661)	247.403.635	(6.564.258)	(155.319)	(236.043.999)	864.123.256

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 PERIODS ENDED 30.09.2015 AND 2014
(Currency - Turkish Lira)

CASH FLOWS FROM OPERATING ACTIVITIES	Note	01.01.- 30.09.2015	01.01.- 30.09.2014
Net profit / (loss) before tax for the period		(279.280.688)	56.763.811
<u>Adjustment for:</u>			
Depreciation and amortization	10	100.669.404	89.672.531
Provision for employee termination benefits	16	1.055.915	1.751.211
Interest expense accruals on loans	12	(6.826.461)	(10.113.735)
Unrealised foreign exchange (gains) / losses on loans	12	397.067.239	51.213.379
Change in allowance for doubtful other receivables	8	5.101.031	(82.128)
Discount on receivables / (payables), net	5-13	441.152	278.620
Translation difference		(155.319)	-
Operating profit before working capital changes		218.072.273	189.483.689
Trade receivables	5	8.160.562	115.741.352
Inventory	7	(156.759.508)	(47.250.093)
Other current assets	8	(76.687.948)	(28.524.670)
Other non current assets	8	8.765.899	47.500.983
Trade payables	13	25.851.056	54.394.026
Other payables and accrued liabilities	15	(5.952.553)	6.364.949
Retirement Pay Provision	16	-	202.577
Taxes paid	14	(9.552.718)	(7.456.747)
Net Cash Flows Generated From / (Used in) Operating Activities		11.897.063	330.456.066
CASH FLOWS FROM INVESTING ACTIVITIES			
(Purchases) / Disposals of property, plant and equipment and intangible assets, net	10-11	(393.477.607)	(599.657.697)
Disposal of investment	9	1.512.300	-
Net Cash Flows Used In Investment Activities		(391.965.307)	(599.657.697)
CASH FLOWS FROM FINANCING ACTIVITIES			
Financial liabilities	12	420.162.246	337.603.174
Due from/to related parties and shareholders	6	11.594.862	(10.778.129)
Acquisition of new companies		(1.086.933)	-
Dividend paid	26	(33.834)	-
Effect of companies included in consolidation first time		-	(60.497.110)
Net Cash Flows Generated From Financing Activities		430.636.341	266.327.935
Net Increase / (Decrease) in Cash and Cash Equivalents		50.568.097	(2.873.696)
Cash and Cash Equivalents at Beginning of the Period		34.238.000	22.348.803
Cash and Cash Equivalents at the End of the Period		84.806.097	19.475.107

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

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AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2015 AND 31 DECEMBER 2014
(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 30 September 2015, the number of personnel employed by the Company is 267 (31.12.2014: 261) and the total number of personnel employed by the group is 767 (31.12.2014: 777).

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 30 SEPTEMBER 2015 AND 31 DECEMBER 2014
(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 30 September 2015 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
13. Aksa Aksen Enerji Ticareti A.Ş.	Electricity trading	Turkey	100,00
14. Aksa Energy Ghana Limited	Electricity production	Ghana	75,00

• **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 30 September 2015, the number of personnel employed by the Company is 267 (31.12.2014: 85).

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AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(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 Akxa 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, Akxa 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.

Akxa Enerji Üretim A.Ş. have been acquired the Company's 99,96 % shares. As of 30 September 2015, the number of personnel employed by the Company is 18 (31.12.2014: 17).

• **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, Akxa Enerji Üretim A.Ş. acquired 95% of the shares of the Company. On 13.08.2010, Akxa 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 3 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.

Wind energy power plant having 11 MW power in Karakurt/Manisa has become operational in June 2007. Wind energy power plant in Sebenoba/Hatay whose construction was ongoing in 2007 has become operational in April 2008. Deniz Elektrik Üretim Limited Şirketi is selling the produced energy to both TEİAŞ and contracted clients by bilateral agreement over Akxa Elektrik Toptan Satış A.Ş. which is a related party.

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 30 September 2015, the number of personnel employed by the Company is 31 (31.12.2014: 32).

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AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2015 AND 31 DECEMBER 2014
(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 30 September 2015, the number of personnel employed by the Company is 24 (31.12.2014: 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 30 September 2015, the number of personnel employed by the Company is 70 (31.12.2014: 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 30 September 2015, the number of personnel employed by the Company is 25 (31.12.2014:24).

- **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 30 September 2015, the number of personnel employed by the Company is 6 (31.12.2014: 6).

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
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- **Alenka Enerji Üretim ve Yatırım Ltd. Şti.:**

As of 17.08.2011, Akxa 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 30 September 2015, the number of personnel employed by the Company is 10 (31.12.2014: 11).

- **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 Akxa 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, Akxa 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 30 September 2015, the number of personnel employed by the Company is 180 (31.12.2014: 197).

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

As of 31.05.2013, Akxa 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 30 September 2015, the number of personnel employed by the Company is 10 (31.12.2014: 11).

- **Gesa Güç Sistemleri A.Ş.:**

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

As of 30 September 2015, 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 30 September 2015, the number of personnel employed by the Company is 26 (31.12.2014: 29).

Production licence of Siirt Akköy Thermic Plant which is fueled with fuel-oil and has 24 MW power was cancelled as a result of the application done by the Group to Energy Market Regulatory Authority (EMRA).

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AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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• **Aksa Aksen Enerji Ticareti A.Ş.:**

Aksa Aksen Enerji Ticareti A.Ş. was founded on 08.07.2015 by the Aksa Enerji who has the %100 shares of the company. The purpose of the company is to sell the electricity produced by group companies.

• **Aksa Energy Ghana Limited:**

Aksa Energy Ghana Limited was founded on 15.07.2015 by the Aksa Enerji who has the %75 shares of the company and Kazancı Holding who has the %25 shares of the company. It was founded as a result of the sale agreement signed with Ghana Republic Government to produce and sell electricity.

As of 30.09.2015, electricity production licences held by the Group are as follows:

Licence Owner	Area	Type of Facility	Date of Licence Started	Licence Duration	The capacity of the plant (MWe)	The capacity under operation (MWe)
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	135
Alenka	Kırklareli-Kıyıköy	WPP	04.04.2007	20 year	27	27
Ayres	Ayvacak	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	60
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	-
Total					3.754	2.271

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

(**) Aksa Energy has applied to Energy Market Regulatory Authority for cancellation of generation licence of Samsun CCGT plant, which has an installed capacity of 131 MW, since the power plant will be moved to Ghana as per BoD's decision to install a 370 MW HFO plant. The system usage agreement has been cancelled as per our request.

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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 Akxa Enerji Üretim A.Ş., Deniz Elektrik Üretim Limited Şirketi, Akxa 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., Akxa Göynük Enerji Üretim A.Ş., Kapıdağ Rüzgar Enerjisi Elektrik Üretim Sanayi ve Ticaret A.Ş., Gesa Güç Sistemleri A.Ş., Siirt Akköy Enerji Üretim A.Ş., Akxa Aksen Enerji Ticareti A.Ş. and Akxa Energy Ghana Limited. 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 30 September 2015 and 31 December 2014 are as follows:

Name of Consolidated Entity	Effective Rate of Ownership (%)	
	30.09.2015	31.12.2014
1. Akxa 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. Akxa 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	100,00
13. Akxa Aksen Enerji Ticareti A.Ş.	100,00	-
14. Akxa Energy Ghana Limited	75,00	-

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.

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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 30 September 2015 and 31 December 2014, 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)
Goodwill	223.983

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
Goodwill	3.349.356

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)
Goodwill	3.498.840

As of 18.04.2011, Akso 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.

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

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.

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.

Amendments in International Financial Reporting Standards

The Group has applied new standards, amendments and interpretations to existing IFRS standards published by IASB and IFRIC that are effective as at 1 January 2015 and are relevant to the Group's operations. There are no relevant amendments or interpretations for the Group which have been enforced as of 1 January 2015 and in interim periods to 30 September 2015.

a. The new standards, amendments and interpretations which are effective for the financial statements as of 30 September 2015:

– Amendment to IAS 19 regarding defined benefit plans, effective from annual periods beginning on or after 1 July 2014.

– Annual improvements 2010-2012; effective from annual periods beginning on or after 1 July 2014. These amendments include changes from the 2010-2012 cycle of the annual improvements project that affect 7 standards:

- IFRS 2, 'Share-based payment'
- IFRS 3, 'Business Combinations'
- IFRS 8, 'Operating segments'
- IFRS 13, 'Fair value measurement'
- IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets'
- Consequential amendments to IFRS 9, 'Financial instruments', IAS 37, 'Provisions, contingent liabilities and contingent assets',
- IAS 39, Financial instruments – Recognition and measurement

– Annual improvements 2011 - 2013; effective from annual periods beginning on or after 1 July 2014. These amendments include changes from the 2011-2012-2013 cycle of the annual improvements project that affect 4 standards:

- IFRS 1, 'First time adoption'
- IFRS 3, 'Business combinations'
- IFRS 13, 'Fair value measurement'
- IAS 40, 'Investment property'

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b. New IFRS standards, amendments and IFRICs effective after 30 September 2015:

- Amendment to IFRS 11, 'Joint arrangements'
- Amendments to IAS 16 'Property, plant and equipment', and IAS 41, 'Agriculture',
- Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets',
- IFRS 14 'Regulatory deferral accounts',
- Amendments to IAS 27, 'Separate financial'
- Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures',
- Annual improvements 2014, effective from annual periods beginning on or after 1 January 2016. These set of amendments impacts 4 standards:
 - IFRS 5, 'Non-current assets held for sale and discontinued operations' regarding methods of disposal
 - IFRS 7, 'Financial instruments: Disclosures', (with consequential amendments to IFRS 1) regarding servicing contracts
 - IAS 19, 'Employee benefits' regarding discount rates
 - IAS 34, 'Interim financial reporting' regarding disclosure of information.
- IAS 1 "Presentation of Financial Statements"; effective from annual periods beginning on or after 1 January 2016. These amendments address to improve the presentation and disclosure of financial statements.
- IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"; effective from annual periods beginning on or after 1 January 2016. These amendments clarify to address issues that have arisen in the context of applying the consolidation exception for investment entities.
- IFRS 15 'Revenue from contracts with customers', effective from annual periods beginning on or after 1 January 2018. IFRS 15, 'Revenue from contracts with customers' is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.
- IFRS 9 'Financial instruments', effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

The Group will evaluate the effect of the aforementioned changes within its operations and apply changes starting from effective date. It is expected that the application of the standards and the interpretations except for the ones the impacts of which were disclosed above will not have a significant effect on the consolidated financial statements of the Group.

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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.

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.

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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
Hidroelectric Power Plants	40

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 30 September 2015, TL 34.278.440 (USD 7.761.078, EURO 3.115.618) and 31 December 2014, TL 34.161.382 (USD 10.156.043, EURO 3.761.666) 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 30 September 2015, TL 3.003.147 (USD 986.806) and 31 December 2014, TL 3.259.089 (USD 1.405.446) 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 30 September 2015, TL 32.922.786 (USD 8.389.612 and EURO 2.160.262) and 31 December 2014, TL 28.648.060 (USD 9.588.129 and EURO 2.273.960) of export credit premium is netted off from assets and liabilities.

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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 30 September 2015, TL 5.743.655 (EURO 1.678.842) and 31 December 2014, TL 6.816.448 (EURO 2.416.580) 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.

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.

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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 period / year end rates used for USD, EURO and GBP are shown below:

Currency	30.09.2015	31.12.2014
USD	3,0433	2,3189
EURO	3,4212	2,8207
GBP	4,6109	3,5961

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.

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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.

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4. Cash and Cash Equivalents

	30.09.2015	31.12.2014
Cash on hand	279.041	108.138
Cash at banks		
- Demand account	18.470.757	7.278.613
- Time deposits and repurchase agreements (*)	66.056.299	26.851.249
	84.806.097	34.238.000

(*) As of 30 September 2015, the maturity date of the USD time deposit is 15.10.2015 and the effective interest rate on USD time deposit is 2% (31.12.2014: 12 days, interest rate is 2,0%) and the average term of the TL time deposit is 01.10.2015 and the effective interest rate on TL time deposit is between 10,75%-11,50% (31.12.2014: 2 days, interest rate is 11,05%).

Included in demand and time deposits, as of 30 September 2015 there is an amount of TL 18.261.120 (USD 6.000.000 and TL 1.320) which is blocked as security for the financial liabilities of the Group (31.12.2014: TL 13.913.400 - USD 6.000.000).

5. Trade Receivables

Current trade receivables	30.09.2015	31.12.2014
Customers' current accounts (**)	58.055.027	30.847.712
Trade receivables from related parties (***)	22.597.636	57.747.459
Notes receivable	-	218.054
Unearned interest on trade receivable (-)	(594.908)	(123.271)
Doubtful trade receivables	2.588.425	2.588.425
Provision for doubtful receivables (-)	(2.588.425)	(2.588.425)
	80.057.755	88.689.954

(**) As of 30 September 2015, TL 29.370.692 (31.12.2014: TL 18.584.203) 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.

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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.

As of 30 September 2015 and 31 December 2014 the breakdown of the related parties balances are as follows:

Due from related parties	30.09.2015		31.12.2014	
	Trade	Non-Trade	Trade	Non-Trade
Akxa Elektrik Perakende Satış A.Ş.	36.400	-	-	17.857
Akxa Elektrik Satış A.Ş.	22.408.282	-	58.361.000	-
Akxa International Ltd.	-	2.617.996	-	1.565.818
Akxa Jeneratör Sanayi A.Ş.	221.442	138.081	-	646.655
Akxa Satış Ve Pazarlama A.Ş.	11.446	278.568	10.408	258.412
Çoruh Elektrik Dağıtım A.Ş.	-	-	-	6.880
Çoruh Elektrik Perakende Satış A.Ş.	-	-	10.850	-
Fırat Elektrik Dağıtım A.Ş.	-	-	-	4.469
Kazancı Holding A.Ş.	-	217.575	-	2.169.498
Kazancı Teknik Cihazlar Yedek Parça A.Ş.	-	50.368	-	488.816
Koni İnşaat Sanayi A.Ş.	-	-	-	20.000
Onan Enerji Üretim A.Ş.	-	7.345.285	-	1.768.084
Rasa Endüstriyel Radyatörler San. A.Ş.	7.023	-	78.243	-
Other	1.386	306.581	126.529	398.280
Unearned interest on trade receivables from related parties (-)	(88.343)	-	(839.571)	-
Total	22.597.636	10.954.454	57.747.459	7.344.769

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Due to related parties	30.09.2015		31.12.2014	
	Trade	Non-Trade	Trade	Non-Trade
Aksa Elektrik Perakende Satış A.Ş.	-	108.011	-	1.006
Aksa Elektrik Toptan Satış A.Ş.	11.703.361	-	6.383.648	-
Aksa Far East PTE Ltd.	-	1.543.885	-	916.448
Aksa Havacılık A.Ş.	319.642	-	203.996	-
Aksa Jeneratör Sanayi A.Ş.	1.715.530	299.202	402.306	329.913
Aksa Satış Ve Pazarlama A.Ş.	66.125	-	-	7.057
Aksa Servis Ve Yedek Parça A.Ş.	3.846	-	63.243	-
Aksa Teknoloji A.Ş.	219.161	-	196.069	-
Çoruh Elektrik Dağıtım A.Ş.	-	37.065	6.689	43.381
Deriş İnşaat A.Ş.	101.861	-	56.119	-
Elektrik Altyapı Hizmetleri Ltd. Şti.	602.148	-	469.984	-
Fırat Elektrik Dağıtım A.Ş.	-	50.995	325	13.725
Aksa Şanlıurfa Doğalgaz Dağıtım Ltd. Şti.	23.919.293	-	19.645.500	-
Kazancı Holding A.Ş.	-	12.715.674	-	55.721
Kazancı Teknik Cihazlar Yedek Parça A.Ş.	6.514	-	66	339.673
Koni İnşaat Sanayi A.Ş.	1.386.386	445.707	951.750	-
Aksa Manisa Doğalgaz Dağıtım A.Ş.	11.427.517	-	17.151.435	-
Onan Enerji Üretim A.Ş.	-	307.832	-	-
Rasa Endüstriyel Radyatör San. A.Ş.	7.078	-	90.006	-
Koni Tarım İşletmeleri A.Ş.	210.375	-	347.875	-
Aksa Samsun Enerji Üretim A.Ş. (Koni Tarımsal Yatırımlar A.Ş.)	1.137.097	-	250	1.263.031
Datça Rüzgar Enerjisi Elektrik Üretimi A.Ş.	-	2.660.282	-	-
Aksa Van Doğalgaz Dağıtım A.Ş.	2.723.174	-	19.320.221	-
Çoruh Elektrik Perakende Satış A.Ş.	31.309.366	463	-	-
Fırat Elektrik Perakende Satış A.Ş.	47.579.011	202	34.596	-
Unearned interest on trade payables from related parties (-)	(470.172)	-	(52.633)	-
Other	442.034	26.120	25.041	20.936
Total	134.409.347	18.195.438	65.296.486	2.990.891
Due from / to related parties, net	(111.811.711)	(7.240.984)	(7.549.027)	4.353.878

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7. Inventory

	30.09.2015	31.12.2014
Raw materials ^(*)	213.772.143	146.140.500
Work in process	124.313.224	80.896.503
Other inventory	98.641.453	53.451.582
Finished goods	825.274	337.654
Merchandise	45.190	11.537
Provision for diminution in value of inventory (-)	(11.639.160)	(11.639.160)
	425.958.124	269.198.616

^(*) Raw materials are mainly comprised of spare parts and fuel oil required for the power plants.

8. Other Current and Non-Current Assets

Other Current Assets	30.09.2015	31.12.2014
VAT carried forward	133.567.142	74.697.469
Advances given for inventories	39.352.875	21.701.518
Prepaid expenses	8.062.448	4.903.034
Advances given for business purposes	4.388.976	4.976.127
Prepaid taxes and funds	1.500.477	9.213.838
Other doubtful receivables	9.215.713	4.155.354
Provision for other sundry receivables	(9.215.713)	(4.155.354)
Sundry debtors	1.332.412	1.125.427
	188.204.330	116.617.413

As of 30 September 2015 and 31 December 2014, the movement of the allowance for doubtful receivables is as follows:

	01.01.- 30.09.2015	01.01.- 31.12.2014
Opening balances at 1 January	4.155.354	498.451
Increase in provisions (note 21)	5.101.031	3.739.937
Reversal of provisions and collections received (note 22)	(40.672)	(83.034)
Closing balance	9.215.713	4.155.354

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Other Non Current Assets	30.09.2015	31.12.2014
Advances given (*)	70.414.306	79.436.173
Deposits given (**)	1.420.441	1.163.205
Prepaid expenses	14.485	15.753
	71.849.232	80.615.131

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

(**) As of 30 September 2015, the amount of TL 640.716 (31 December 2014: TL 537.934) is related to collateral given to Takasbank in relation to receivables to be collected through TEİAŞ sales transactions.

9. Investments

	Participation rate (%)	30.09.2015	31.12.2014
Rasa Radiator (Jiangyin) Co. Ltd.	100,00	-	1.512.300
Enerji Piyasaları İşletme A.Ş. (***)	0,67	412.408	412.408
		412.408	1.924.708

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

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10. Property, Plant and Equipment

	01.01.2015	Additions	Disposals	Transfer	30.09.2015
Cost					
Land, land improvements and buildings	64.107.764	593.165	(3.107.034)	8.454.595	70.048.490
Leasehold improvements	639.212	15.854	(1.001)	-	654.065
Machinery and equipment	2.465.013.805	31.813.493	(4.585.897)	501.698.016	2.993.939.417
Motor vehicles	2.116.654	370.092	(772.444)	-	1.714.302
Furniture, fixtures and office equipment	14.341.597	639.617	(94.299)	-	14.886.915
Construction in progress ^(*)	921.988.123	365.644.401	-	(510.152.611)	777.479.913
	3.468.207.155	399.076.622	(8.560.675)	-	3.858.723.102
Accumulated Depreciation					
Land improvements and buildings	2.013.021	298.359	(1.237)	-	2.310.143
Leasehold improvements	259.154	23.976	(895)	-	282.235
Machinery and equipment	725.130.021	99.104.471	(1.577.899)	-	822.656.593
Motor vehicles	1.498.816	159.133	(772.444)	-	885.505
Furniture, fixtures and office equipment	9.273.980	823.230	(32.461)	-	10.064.749
	738.174.992	100.409.169	(2.384.936)	-	836.199.225
Net Book Value	2.730.032.163				3.022.523.877

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	01.01.2014	Additions	Disposals	Transfer	Acquisition of new companies (1)	31.12.2014
Cost						
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
Accumulated Depreciation						
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
Net Book Value	2.109.706.300					2.730.032.163

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

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During the period ended 30 September 2015, TL 63.832.186 (31 December 2014: TL 44.773.138) of interest expenses and foreign exchange losses have been capitalized in accordance with IAS 23.

(*) As of 30 September 2015, the breakdown of construction in progress are as follows:

	Technical Completion	Investment Expenditures
Bolu Göynük thermal power plant	100,00	429.396.064
Kozbükü Ordu – HPP	85,00	192.340.708
Sansa- HPP	11,00	77.231.106
Belen Atik - Wind PP	68,80	32.676.619
Cyprus Kalecik – Mobile PP	100,00	8.711.573
Sebenoba – Wind PP	100,00	229.968
Other (**)		36.893.875
		777.479.913

(**) 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 periods ended 30 September 2015 and 2014 is as follows:

	01.01.- 30.09.2015	01.01.- 30.09.2014
Cost of sales	100.235.294	89.038.820
General administrative expenses (note 21)	434.110	633.316
Marketing and selling expenses (note 21)	-	395
	100.669.404	89.672.531

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11. Intangible Assets, net

	01.01.2015	Additions	Disposals	30.09.2015
Cost				
Rights	2.791.533	592.639	(36.250)	3.347.922
Other intangible assets	483.196	14.980	-	498.176
	<u>3.274.729</u>	<u>607.619</u>	<u>(36.250)</u>	<u>3.846.098</u>
Accumulated Depreciation				
Rights	1.168.341	128.028	(5.355)	1.291.014
Other intangible assets	214.891	132.207	-	347.098
	<u>1.383.232</u>	<u>260.235</u>	<u>(5.355)</u>	<u>1.638.112</u>
Net Book Value	<u>1.891.497</u>			<u>2.207.986</u>

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

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12. Financial Liabilities

	30.09.2015	31.12.2014
Short-term bank loans	216.532.241	26.380.674
Current portion of long-term bank loans	573.823.856	305.497.163
Factoring payables	47.487.211	44.423.270
Finance lease liabilities, net	44.805.292	33.480.723
Interest expense accruals	22.986.154	29.812.615
Total short-term financial liabilities	905.634.754	439.594.445
Long-term bank loans	1.516.208.544	1.171.373.770
Factoring payables	52.221.565	53.694.282
Finance lease liabilities, net	151.703.035	150.702.377
Total long -term financial liabilities	1.720.133.144	1.375.770.429
Total financial liabilities	2.625.767.898	1.815.364.874

As of 30 September 2015, the effective interest rate of the short term TL loans is between 12,67%-12,93% (31 December 2014: 12,67%-12,93%), USD loans is between 0,62%-4,60% (31 December 2014: 0,79%-7,48%).

As of 30 September 2015, TL loans is between 12,99%-16,49% (31 December 2014: 12,16%-16,15%), USD loans is between 0,62%-4,60% (31 December 2014: 0,79%-7,48%) and EURO loans is between 2,21%-7,41% (31 December 2014: 1,96%-9,65%).

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 30 September 2015, total amounting of corporate guarantees provided by Kazancı Family members and Kazancı Holding companies for the Group's bank borrowings is TL 5.380.011.815 (31 December 2014: TL 3.018.740.519).

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As of 30 September 2015, the repayment schedule of the short term and long term loans is as follows:

Payment Year	EURO	USD	TL	Total TL Equivalent
Payable in 1 year	20.996.899	78.038.194	481.027.870	790.356.097
Payable in 1-2 years	18.700.651	72.258.130	184.799.564	468.681.398
Payable in 2-3 years	17.762.733	58.428.828	73.767.231	312.353.545
Payable in 3-4 years	16.272.139	51.633.430	-	212.806.260
Payable in 4-5 years	6.729.557	39.189.598	-	142.288.864
Payable over 5 years	13.982.319	109.171.678	-	380.078.477
Total	94.444.298	408.719.858	739.594.665	2.306.564.641

Factoring Payables

As of 30 September 2015 and 31 December 2014, the breakdown of the factoring payables is as follows:

	30.09.2015	31.12.2014
Short-term:		
Yapı ve Kredi Faktoring A.Ş. (*)	47.487.211	44.423.270
Total short term	47.487.211	44.423.270
Long-term:		
Yapı ve Kredi Faktoring A.Ş. (*)	52.221.565	53.694.282
Total long term	52.221.565	53.694.282
Total	99.708.776	98.117.552

(*)As of 30.09.2015, TL 99.708.776 (31.12.2014: TL 97.455.761) 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 30 September 2015, TL 16.880.368 (31.12.2014: TL 15.932.758) of KIBTEK receivables is netted off from assets and liabilities.

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Lease Payables

The Group acquired machinery and equipment via financial leasing. As of 30 September 2015, the repayment schedule of leasing obligations is as follows:

Payment Year	EURO	USD	Total TL Equivalent
Payable in 1 year	6.911.404	6.952.978	44.805.292
Payable in 1-2 years	5.026.040	687	17.197.179
Payable in 2-3 years	4.117.647	2.172.424	20.698.632
Payable in 3-4 years	3.087.506	2.693.958	18.761.498
Payable in 4-5 years	2.867.471	2.862.524	18.521.710
Payable over 5 years	8.378.013	15.726.731	76.524.016
Total	30.388.081	30.409.302	196.508.327

13. Trade Payables

	30.09.2015	31.12.2014
Suppliers' current accounts (*)	323.857.723	367.119.528
Trade payables to related parties (**)	134.409.347	65.296.486
Unearned interest on trade payable (-)	(624.744)	(594.259)
	457.642.326	431.821.755

(*) As of 30.09.2015 TL 120.209.875 (31.12.2014, TL 166.420.610) 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 2015 is 20% (2014: 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.

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The tax liabilities included in the accompanying financial statements comprised:

	30.09.2015	30.09.2014
<u>a) Included in the income statement:</u>		
Current tax charge	(3.425.300)	(8.819.669)
Deferred tax	46.661.989	9.261.572
	30.09.2015	31.12.2014
<u>b) Included in the balance sheet:</u>		
Taxation payable on income (current)	3.425.300	9.552.718
Deferred tax assets	124.630.442	56.162.669
Deferred tax liabilities	24.649.210	4.842.746

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

Current	30.09.2015	31.12.2014
Taxes and dues payable	3.527.851	10.096.783
Due to personnel	2.925.786	2.405.738
Deposits received	1.326.603	1.248.905
Social security premiums payable	1.020.331	876.236
Order advances received	318.390	5.697
Provision for lawsuits	592.178	592.178
Deferred rent income	-	143.739
Other	102.434	396.850
	9.813.573	15.766.126

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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 3.828,37 for each year of service as of 30 September 2015 (31.12.2014 : TL 3.438,22)

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:

	30.09.2015	31.12.2014
Discount rate %	8,15	9,25
Inflation rate %	6,00	7,00

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

	01.01.- 30.09.2015	01.01.- 31.12.2014
Balance at 1 January	5.208.672	3.006.952
Service cost	1.056.129	2.155.235
Interest cost	106.728	67.262
Payments	(106.942)	(393.159)
Actuarial difference	589.973	169.803
Acquisition of new companies	-	202.578
Balance at the end of the period / year	6.854.560	5.208.671

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

	01.01.- 30.09.2015	01.01.- 30.09.2014
Cost of Sales	998.030	1.530.246
General administrative expenses (note 21)	57.885	220.965
	1.055.915	1.751.211

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17. Share Capital

The issued and paid up share capital of Akxa Enerji Üretim A.Ş. comprised 613.169.118 (31 December 2014: 613.169.118) shares of par value TL 1 each at 30 September 2015.

	30.09.2015	%	31.12.2014	%
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	
Inflation adjusted share capital	615.157.050		615.157.050	

(*) 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.

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19. Net Sales

	01.01.-	01.01.-
	30.09.2015	30.09.2014
Total Sales – MWH / Unit		
Energy sales – GWH ^(*)	9.925	7.590
Radiator	-	14
	01.01.-	01.01.-
	30.09.2015	30.09.2014
Total Sales – Amount		
Electricity Sales	1.595.597.111	1.505.707.870
Total Lignite Sales and Transportation Income	11.679.817	2.557.539
Natural Gas Equipments and other	303.515	1.523.986
Total Sales	1.607.580.443	1.509.789.395

(*)In 3Q 2015, the Group generated total 3.884 GWh of electricity (3.565 GWh generation, 319 GWh imbalancing). Additionally received 1.133 GWh of TEIAS load rejection order (YAT) and together with the trading activities amounting to 4.908 GWh (out of which 1.219 GWh is sold through OTC market), total sales volume reached to 9.925 GWh. The average selling price is 179,5 TL/MWh. The Group's average capacity utilization ratio is 38,69% . The adjusted average capacity utilization ratio of trading activities is 76,54 %.

20. Cost of Sales

	01.01.-	01.01.-
	30.09.2015	30.09.2014
Cost of Energy Sales	1.326.093.888	1.306.198.807
Cost of Lignite Sales	10.963.820	913.259
Cost of Natural Gas Equipments Sales and other	605.371	1.482.372
COST OF SALES	1.337.663.079	1.308.594.438

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21. Marketing and Selling and General Administrative Expenses

	01.01.- 30.09.2015	01.01.- 30.09.2014
Research and development expenses	5.854	-
Marketing, selling and distribution expenses	288.603	935.472
General administrative expenses	21.675.751	13.712.885
	21.970.208	14.648.357

Breakdown of operating expenses are as follows:

	01.01.- 30.09.2015	01.01.- 30.09.2014
Marketing, selling and distribution expenses		
Rent expenses	71.760	48.080
Freight and freight insurance	94.105	808.728
Advertising expenses	56.500	-
Other	66.238	78.664
	288.603	935.472

	01.01.- 30.09.2015	01.01.- 30.09.2014
General administrative expenses		
Personnel expenses	9.050.444	7.614.695
Doubtful debts provision expense (note 8)	5.101.031	-
Consultancy expenses	1.705.810	876.767
Traveling expenses	1.567.062	1.478.686
Depreciation and amortisation expenses (note 10)	434.110	633.316
Retirement pay provision expense (note 16)	57.885	220.965
Rent expenses	1.052.705	492.983
Other	2.706.704	2.395.473
	21.675.751	13.712.885

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22. Other Operating Income and Other Operating Expenses

Other Income	01.01.- 30.09.2015	01.01.- 30.09.2014
Income on insurance claims	1.626.794	1.853.973
Discount on trade payable	1.152.010	371.478
Doubtful debt provision released (note 8)	40.672	82.128
Other income	1.386.417	503.284
	4.205.893	2.810.863

Other Expenses	01.01.- 30.09.2015	01.01.- 30.09.2014
Discount on trade receivable	735.552	633.208
Donation and grants	770.080	454.697
Positive goodwill	-	2.747.958
Other expense	4.372.515	2.338.957
	5.878.147	6.174.820

23. Income From Investing Activities and Expenses From Investing Activities

Income from investing activities	01.01.- 30.09.2015	01.01.- 30.09.2014
Profit on sale of fixed assets ^(*)	32.000.724	1.599.074
	32.000.724	1.599.074

^(*) The amount is related to profit on sale of Samsun power plant land.

Expenses from investing activities (-)	01.01.- 30.09.2015	01.01.- 30.09.2014
Loss on sale of fixed assets	842.761	99.863
	842.761	99.863

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24. Financing Income and Financing Expenses

Financing income	01.01.- 30.09.2015	01.01.- 30.09.2014
Foreign exchange gains	159.664.247	140.469.246
Interest income on related parties	16.366.171	15.724.738
Interest income on time deposits at banks	2.771.907	8.590.636
	178.802.325	164.784.620
Financing expenses (-)	01.01.- 30.09.2015	01.01.- 30.09.2014
Foreign exchange losses (*)	583.908.599	167.179.391
Interest expense on bank loans	126.637.023	106.498.029
Interest expense on related parties	23.802.409	13.536.166
Letters of guarantee and bank commission expenses	1.152.026	5.262.937
Other	15.821	226.140
	735.515.878	292.702.663

(*) As of 30.09.2015, the amount of TL 203.207.229 is related to Göynük power plant Project.

25. Commitments and Contingencies

a) Letters of guarantee given to:

30.09.2015	TL	USD	EUR	TL Equivalent
Botaş–Petroleum Pipeline Corporation	-	11.084.184	-	33.732.497
Banks	-	6.693.163	22.310.105	96.696.635
Electricity distribution companies	1.751.607	-	-	1.751.607
Energy Market Regulatory Authority (EMRA)	76.829.800	-	-	76.829.800
Ministry of Custom and Trade	-	-	1.250.000	4.276.500
Enforcement offices	280.037	-	-	280.037
Special provincial administration	39.646	-	-	39.646
Electricity Authority of KKTC	-	3.000.000	-	9.129.900
Turkey Electricity Distribution Company (TEDAS)	26.862	-	-	26.862
Turkey Electricity Transmission Company (TEIAS)	12.464.127	2.676.518	-	20.609.575
Turkey Electricity Generation Company (EUAS)	-	718.601	-	2.186.919
Other	14.170.044	-	-	14.170.044
Total	105.562.124	24.172.466	23.560.105	259.730.022

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31.12.2014	TL	USD	EUR	TL Equivalent
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
Total	97.733.534	25.248.007	23.560.105	222.737.125

b) Guarantees given for the Group's loans

Guarantee Types – 30.09.2015	Foreign Currency	Currency Amount	Total (TL)
Pledge (***)	EUR	51.000.000	174.481.200
Commercial Enterprise Pledge (*)	USD	133.000.000	404.758.900
Machinery and Equipment Pledge (**)	EUR	24.914.673	85.238.079
Bank Deposit Blockage (Note 4)	USD	6.000.000	18.259.800
Bank Deposit Blockage (Note 4)	TL	1.320	1.320
Surety Ship	TL	644.236.000	644.236.000
Surety Ship	USD	1.270.366.187	3.866.105.416
Surety Ship	EUR	254.200.397	869.670.399
Assignment of Claim	TL	694.300.000	694.300.000
Letters of guantee	USD	6.693.163	20.369.303
Letters of guantee	EUR	22.310.105	76.327.332
Total			6.853.747.749

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Guarantee Types – 31.12.2014	Foreign Currency	Currency Amount	Total (TL)
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
Total			3.951.053.565

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

(**) As of 30.09.2015, a collateral of TL 85.238.079 (EURO 24.914.673) (31.12.2014: TL 70.276.818 (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 30.09.2015, a collateral of TL 174.481.200 (EURO 51.000.000) (31.12.2014: 143.855.700) 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 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.

The Group has signed a assignment agreement in relation to the current financial debts. As of 30.09.2015, open risk amounted of assignment agreements is TL 694.300.000 (31.12.2014: TL 313.700.000).

Guarantees given to related parties

As of 30 September 2015, the Group has no corporate guarantees granted to Kazancı Group companies in relation to their bank loans (31.12.2014: TL 343.494.554).

As of 30 September 2015, there are 8 lawsuits pending in favour of the Group at the amount of TL 6.069.943 and there are 29 lawsuits pending against the Group at the amount of TL 6.588.763.

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.

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26. Derivative Financial Instruments

Current derivative financial instruments asset	30.09.2015	31.12.2014
Cross currency swap	2.938.140	2.739.513
Total	2.938.140	2.739.513

As of 30 September 2015, the Group uses cross currency derivatives to manage its exposure to foreign currency exchange rates fluctuations on its bank borrowings amount of TL 35.058.816 (USD 11.520.000). As of 30.09.2015, mark to market amount is TL 2.938.140 and shown as short term derivative financial assets in the financial statements.

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.

Current derivative financial instruments liabilities	30.09.2015	31.12.2014
Option	11.143.463	58.505
Interest rate swap	-	1.479.701
Total	11.143.463	1.538.206

As of 30 September 2015, the Group uses cross currency derivatives as put option for TL 43.823.520 (USD 14.400.000) and TL 584.313.600 (USD 192.000.000). As of 30.09.2015, mark to market amount is TL 11.143.463 and shown as short term derivative financial liabilities in the financial statements.

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.

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.

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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 30 September 2015 and 31 December 2014, 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:

30.09.2015	USD	EUR	GBP	CHF	TL Equivalent
Cash and cash equivalents	8.004.305	439.896	81	-	25.864.846
Trade receivables	-	4.160	-	-	14.232
Other non-current assets	505.268	3.298.857	-	-	12.823.732
Total foreign currency assets	8.509.573	3.742.913	81	-	38.702.810
Financial liabilities	439.129.160	124.832.379	-	-	1.763.478.308
Trade payables	50.789.858	12.865.299	472	232.309	199.311.678
Total foreign currency liabilities	489.919.018	137.697.678	472	232.309	1.962.789.986
Net foreign currency position	(481.409.445)	(133.954.765)	(391)	(232.309)	(1.924.087.176)

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31.12.2014	USD	EUR	GBP	CHF	TL Equivalent
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
Total foreign currency assets	8.506.229	12.933.504	71	1.214	56.209.724
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
Total foreign currency liabilities	514.293.196	163.003.554	12.923	-	1.652.425.086
Net foreign currency position	(505.786.967)	(150.070.050)	(12.852)	1.214	(1.596.215.362)

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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 30 September 2015 and 31 December 2014:

	30.09.2015	31.12.2014
Total financial liabilities	2.625.767.898	1.815.364.874
Less: cash and cash equivalents	(84.806.097)	(34.238.000)
Net financial debt	2.540.961.801	1.781.126.874
Total equity	864.123.256	1.109.440.625
Total financing used	3.405.085.057	2.890.567.499

Gearing ratio (net financial debt to overall financing used ratio)	75%	62%
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(b) Financial instruments and categories

Financial assets

Cash and cash equivalents	84.806.097	34.238.000
Derivative Financial Instruments	2.938.140	2.739.513
Trade receivables	80.057.755	88.689.954
	167.801.992	125.667.467

Financial liabilities

Financial payables	2.625.767.898	1.815.364.874
Derivative Financial Instruments	11.143.463	1.538.206
Trade payables	457.642.326	431.821.755
	3.094.553.687	2.248.724.835

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(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.

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28. Subsequent Events

- a) As announced on 15.10.2015, within the context of Akxa Enerji issuance certificate application that was approved on 28.07.2015 and numbered 19/944 by the Capital Markets Board (CMB), the domestic sale of corporate bonds to qualified investors without public offering with intermediation of Ünlü Securities, announced in our material disclosure dated 07.10.2015 with the planned issuance to take place on 19.10.2015, has been postponed due to changes in market conditions.
- b) As announced on 15.10.2015, Akxa Enerji application to Energy Market Regulatory Authority for the amendment of the licence of our Kozbükü Hydroelectric Power Plant (HEPP) has been accepted and the installed capacity of our HEPP has been increased from 62MW to 81MW. Kozbükü HEPP is expected to become operational in 1H2016.
- c) As announced on 15.10.2015, Turkrating which is a credit rating foundation has assigned TR A+ and TR A2 to Akxa Enerji by defining it in the level of high credit quality and strong solvency.
- d) As announced on 23.10.2015, Borsa Istanbul (BIST) has completed the process to determine the list of companies that will make up BIST Sustainability Index during November 2015-October 2016 period, comprised of publicly traded companies which have the highest standards of corporate sustainability. Akxa Enerji Uretim A.S. (Akxa Energy) is amongst the 29 companies in the Sustainability Index, which will start trading on 2 November.

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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	Aksa Düzce Ereğli Doğal Gaz Dağıtım A.Ş.	Naturalgas
34	Kazancı Teknik Cihazlar Yedek Parça A.Ş.	Transportation

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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	Çoruh Elektrik Perakende Satış A.Ş.	Electricity
22	Fırat Elektrik Perakende Satış A.Ş.	Electricity
23	Renk Transmisyon San A.Ş.	Other

c) Related Parties through the key management and family members 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	Aksa 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
11	Rasa Endüstriyel Radyatörler San. A.Ş.	Energy
12	Datça Rüzgar Enerjisi Elektrik Üretimi A.Ş.	Radiator
		Energy