

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



Grant Thornton

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**INDEPENDENT AUDITOR'S REPORT OF
AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
FOR THE YEAR ENDED 31 DECEMBER 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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1. We have audited the accompanying consolidated financial statements of Aksa Enerji Üretim A.Ş. and its subsidiaries (together referred to as the Group) listed under Note 1 to the financial statements comprise the consolidated balance sheets as at 31 December 2015, and the consolidated statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinion

5. In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Aksa Enerji Üretim A.Ş. and its subsidiaries as of 31 December 2015 and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

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


Nazım Hikmet
Partner

Istanbul, 29 February 2016

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS AS OF 31.12.2015 AND 2014
(Currency - Turkish Lira)

ASSETS	Note	31.12.2015	31.12.2014
Current Assets			
Cash and Cash Equivalents	4	48.452.416	34.238.000
Trade Receivables	5	182.621.158	88.689.954
Due from/to Related Parties and Shareholders, net	6	-	4.353.878
Inventory	7	415.357.154	269.198.616
Derivative Financial Instruments	26	-	2.739.513
Other Current Assets	8	180.293.012	116.617.413
		826.723.740	515.837.374
Non-Current Assets			
Investments	9	412.408	1.924.708
Property, Plant and Equipment	10	3.077.400.302	2.730.032.163
Goodwill	2	7.072.179	7.072.179
Intangible Assets	11	2.658.546	1.891.497
Other Non-Current Assets	8	47.500.849	80.615.131
Deferred Tax Asset	14	100.491.830	56.162.669
		3.235.536.114	2.877.698.347
TOTAL ASSETS		4.062.259.854	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 31.12.2015 AND 2014
(Currency - Turkish Lira)

LIABILITIES	Note	31.12.2015	31.12.2014
Short Term Liabilities			
Financial Liabilities	12	789.043.264	439.594.445
Trade Payables	13	533.169.258	431.821.755
Due to Related Parties and Shareholders	6	1.001.462	-
Derivative Financial Instruments	26	7.207.234	1.538.206
Taxation Payable on Income	14	6.801.785	9.552.718
Other Payables and Accrued Liabilities	15	12.910.158	15.766.126
		1.350.133.161	898.273.250
Long Term Liabilities			
Financial Liabilities	12	1.797.657.115	1.375.770.429
Retirement Pay Provision	16	4.385.783	5.208.671
Deferred Tax Liability	14	34.956.268	4.842.746
		1.836.999.166	1.385.821.846
Shareholders' Equity			
Share Capital	17	615.157.050	615.157.050
General Reserves	18	245.439.431	206.970.431
Actuarial Gain / (Loss)		1.377.489	(488.682)
Share Premium		247.403.635	247.403.635
Translation Difference		(64.522)	-
Cash Flow Hedge Reserve	26	(5.765.787)	961.047
Net Profit / (Loss) for the Year		(228.419.769)	39.437.144
		875.127.527	1.109.440.625
Commitments and Contingencies	25		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		4.062.259.854	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 YEARS ENDED 31.12.2015 AND 2014
(Currency - Turkish Lira)

INCOME STATEMENT	Note	01.01.- 31.12.2015	01.01.- 31.12.2014
Net Sales	19	2.319.960.775	1.957.437.904
Cost of Sales	20	(2.001.614.188)	(1.710.836.632)
Gross Profit		318.346.587	246.601.272
Research and Development Expenses	21	(5.816)	-
Marketing and Selling Expenses	21	(560.356)	(2.044.023)
General Administrative Expenses	21	(26.762.398)	(22.188.650)
Other operating income	22	3.404.762	3.790.118
Other operating expenses (-)	22	(6.606.071)	(18.514.997)
Basic Operating Profit		287.816.708	207.643.720
Income from investing activities	23	29.153.783	1.432.105
Expenses from investing activities (-)	23	(552.742)	(249.847)
Financing Income	24	218.961.870	199.595.732
Financing Expenses	24	(770.007.259)	(381.808.996)
Profit / (Loss) Before Tax For The Year		(234.627.640)	26.612.714
Taxation on Profit			
- Current	14	(6.801.785)	(9.552.718)
- Deferred	14	13.009.656	22.377.148
PROFIT / (LOSS) FOR THE YEAR		(228.419.769)	39.437.144
Other Comprehensive Income:			
Items not to be reclassified to profit or loss in subsequent periods:			
Actuarial gain / (loss)		2.341.896	(169.803)
Tax effect of actuarial loss from employee benefits		(475.725)	33.961
Items to be reclassified to profit or loss			
Translation difference		(64.522)	-
Cumulative gains/losses on hedging		(8.408.541)	(1.464.721)
Tax effect of Cumulative gains/losses on hedging		1.681.708	292.944
Other Comprehensive Income / (loss) for the year (after tax)		(4.925.184)	(1.307.619)
TOTAL COMPREHENSIVE PROFIT / (LOSS) FOR THE YEAR		(233.344.953)	38.129.525
Earnings before interest, tax, depreciation and amortization (EBITDA)	3	436.221.583	343.865.861

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED 31.12.2015 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	-	-	-	-	(1.171.777)	-	-	(1.171.777)
Actuarial gain / (loss)	-	-	(135.842)	-	-	-	-	(135.842)
Net profit for the year	-	-	-	-	-	-	39.437.144	39.437.144
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)	-	-	1.866.171	-	-	-	-	1.866.171
Effective portion of changes in fair value of cash hedges	-	-	-	-	(6.726.834)	-	-	(6.726.834)
Net effect of changes in investment shareholdings of consolidated entities (note 1)	-	(934.300)	-	-	-	-	-	(934.300)
Translation difference	-	-	-	-	-	(64.522)	-	(64.522)
Dividend paid	-	(33.844)	-	-	-	-	-	(33.844)
Net loss for the year	-	-	-	-	-	-	(228.419.769)	(228.419.769)
Balance, 31.12.2015	615.157.050	245.439.431	1.377.489	247.403.635	(5.765.787)	(64.522)	(228.419.769)	875.127.527

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE YEARS ENDED 31.12.2015 AND 2014
(Currency - Turkish Lira)

CASH FLOWS FROM OPERATING ACTIVITIES	Note	01.01.- 31.12.2015	01.01.- 31.12.2014
Net profit / (loss) before tax for the year		(234.627.640)	26.612.714
<u>Adjustment for:</u>			
Depreciation and amortization	10	145.203.566	121.497.262
Provision for employee termination benefits	16	1.519.007	1.829.338
Interest expense accruals on loans	12	(1.878.139)	17.518.672
Unrealised foreign exchange (gains) / losses on loans	12	310.165.512	59.160.621
Decrease in value of inventory	7	750.000	-
Change in allowance for doubtful trade receivables	5	13.333	-
Change in allowance for doubtful other receivables	8	4.018.501	3.656.903
Discount on receivables / (payables), net	5-13	1.400.115	(125.036)
Translation difference		(64.522)	-
Operating profit before working capital changes		226.499.733	230.150.474
Trade receivables	5	(95.238.450)	54.950.785
Inventory	7	(146.908.538)	(19.211.199)
Other current assets	8	(67.694.100)	(42.893.115)
Other non current assets	8	33.114.282	32.613.946
Trade payables	13	101.241.301	105.783.901
Other payables and accrued liabilities	15	(2.855.968)	(375.668)
Retirement Pay Provision	16	-	202.577
Taxes paid	14	(9.552.718)	(7.456.747)
Net Cash Flows Generated From Operating Activities		38.605.542	353.764.954
CASH FLOWS FROM INVESTING ACTIVITIES			
(Purchases) / Disposals of property, plant and equipment and intangible assets, net	10-11	(493.338.754)	(676.722.523)
Disposal of investment	9	-	(412.408)
Net Cash Flows Used In Investment Activities		(493.338.754)	(677.134.931)
CASH FLOWS FROM FINANCING ACTIVITIES			
Financial liabilities	12	463.048.132	410.387.059
Due from/to related parties and shareholders	6	5.355.340	(14.630.775)
Dividend paid	18	(33.844)	-
Effect of companies included in consolidation first time		-	(60.497.110)
Net effect of changes in investment shareholdings of consolidated entities (note 1)	18	578.000	-
Net Cash Flows Generated From Financing Activities		468.947.628	335.259.174
Net Increase / (Decrease) in Cash and Cash Equivalents		14.214.416	11.889.197
Cash and Cash Equivalents at Beginning of the Year		34.238.000	22.348.803
Cash and Cash Equivalents at the End of the Year		48.452.416	34.238.000

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

1
AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2015 AND 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 31 December 2015, the number of personnel employed by the Company is 257 (31.12.2014: 261) and the total number of personnel employed by the group is 779 (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 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.

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

• **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.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2015 AND 2014
(Currency - Turkish Lira)

• **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.

• **Mardin Power Plant**

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

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

The subsidiaries included in the consolidation As of 31 December 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.	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

3
AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2015 AND 2014
(Currency - Turkish Lira)

- **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.

In accordance with the capacity increase works of Northern Cyprus Kalecik Power Plant, the installed capacity has been increased by 33 MW by the instalment of two units with the same engine specifications from the power plants whose licences were cancelled. The installed capacity of our Northern Cyprus Kalecik Power Plant has increased to 153 MW, thus its percentage of availability has also grown by the increase in spare capacity.

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

As of 31 December 2015, the number of personnel employed by the Company is 98 (31.12.2014: 85).

- **Rasa Elektrik Üretim A.Ş.:**

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

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

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

Aksa Enerji Üretim A.Ş. have been acquired the Company's 99,96 % shares. As of 31 December 2015, the number of personnel employed by the Company is 14 (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, Aksa Enerji Üretim A.Ş. acquired 95% of the shares of the Company. On 13.08.2010, Aksa Enerji Üretim A.Ş. has made the purchase of new shares participate in Deniz Elektrik Üretim Ltd. Şti. and raised its shares to 99,99%.

The Company established to produce electricity from wind energy. In 2004, the Company awarded two wind farm licences located in Sebenova/Hatay and Karakurt/Manisa, the production capacities of which are 30 MW and 10.8 MW respectively. Within the capacity expansion of Sebenova/Hatay wind power plant, total installed capacity of 13 MW which has 2 of 2 MW and 3 of 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 completed in 2015 which is 17 MW and the total operational installed capacity of Hatay Sebenova wind power plant will increase to 60 MW.

4
AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2015 AND 2014
(Currency - Turkish Lira)

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

- **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, Aksa 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 TEİAŞ and Aksa Elektrik Satış A.Ş. (related Company).

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

As of 31 December 2015, the number of personnel employed by the Company is 23 (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 Aksa Enerji Üretim A.Ş. on 05.03.2010 from one of the related parties of Koni İnşaat Sanayi A.Ş.

The Company had 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.

As per the application to Energy Market Regulatory Authority, generation licence of Van Natural Gas Combined Cycle Power Plant, which had an installed capacity of 115 MW, has been cancelled. The power plant, which has a decreasing chance of generation in free market conditions within Turkey, is expected to be used abroad on a US Dollar based contract with higher margins.

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.

In accordance with the capacity increase works of Şanlıurfa Natural Gas Power Plant, 18 MW capacity has been accepted by the Ministry of Energy and Natural Resources and commissioned on 18.11.2015. Thus, the installed capacity of Şanlıurfa Natural Gas Power Plant is increased to 147 MW.

As of 31 December 2015, the number of personnel employed by the Company is 57 (31.12.2014: 81).

5
AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2015 AND 2014
(Currency - Turkish Lira)

- **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 Aksa Enerji Üretim A.Ş. at 05.03.2010 from Koni İnşaat Sanayi A.Ş..

As of 31 December 2015, the number of personnel employed by the Company is 26 (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 Aksa Enerji Üretim A.Ş. at 18.04.2011 from one of the related parties of Kazancı Holding.

As of 31 December 2015, the number of personnel employed by the Company is 8 (31.12.2014: 6).

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

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

As of 31 December 2015, the number of personnel employed by the Company is 8 (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 Aksa Enerji Üretim A.Ş. has licence about the process of this coal in its power plant with 270 MW capacity.

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

The first phase of PP which was 135 MW has become operational as of 30.09.2015 and the second phase of PP has become operational as of 29.01.2016.

As of 31 December 2015, the number of personnel employed by the Company is 220 (31.12.2014: 197).

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

As of 31.05.2013, Aksa Enerji Üretim A.Ş. has purchased the 94% stake of from Kazancı Holding A.Ş. which has 24 MW and 3 MW additional capacity is on progress of wind power plant in Balıkesir.

As of 31 December 2015, the number of personnel employed by the Company is 12 (31.12.2014: 11).

6
AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2015 AND 2014
(Currency - Turkish Lira)

- **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 31 December 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 31 December 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).

- **Akxa Aksen Enerji Ticareti A.Ş.:**

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

- **Akxa Energy Ghana Limited:**

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2015 AND 2014
(Currency - Turkish Lira)

As of 31.12.2015, 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			153	153
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	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	Ayvacık	WPP	01.11.2007	25 year	5	5
Baki Elektrik	Merkez-Şanlı-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	81	-
Rasa Enerji	Şanlıurfa	Natural Gas	12.05.2011	49 year	270	147
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
Total					3.536	2.076

(*)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.

As per the application to Energy Market Regulatory Authority, generation licence of Van Natural Gas Combined Cycle Power Plant, which had an installed capacity of 115 MW, has been cancelled. The power plant, which has a decreasing chance of generation in free market conditions within Turkey, is expected to be used abroad on a US Dollar based contract with higher margins.

As per the application to Energy Market Regulatory Authority, generation licence of Siirt Akköy HFO plant, which had an installed capacity of 24 MW, has been cancelled. The power plant, which has a decreasing chance of generation in free market conditions within Turkey, is expected to be used abroad on a US Dollar based contract with higher margins.

8
AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2015 AND 2014
(Currency - Turkish Lira)

2. Basis of Presentation of the Financial Statements

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

Basis of Consolidation

The consolidated financial statements included the financial statements of Aksa Enerji Üretim A.Ş., Deniz Elektrik Üretim Limited Şirketi, 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 31 December 2015 and 31 December 2014 are as follows:

Name of Consolidated Entity	Effective Rate of Ownership (%)	
	31.12.2015	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.

Reporting currency

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2015 AND 2014
(Currency - Turkish Lira)

Goodwill

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

As of 31 December 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, Akxa Enerji has acquired 99,00% of the shares of Ayres Ayvacık Rüzgar Enerjisinden Elektrik Üretim Ltd.Sti. According to the valuation report prepared by a qualified institution as of 14.02.2011 and the balance sheet tests of the Company, TL 3.498.840 positive goodwill arose.

10
AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2015 AND 2014
(Currency - Turkish Lira)

<u>Cost (Kapıdağ)</u>	
Payment (31.05.2013)	126.588.793
(-)Positive /(Negative) Fair value of the asset acquired	9.369.391
<hr/>	
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 years to 31 December 2015.

The new standards, amendments and interpretations which are effective for the financial statements as of 31 December 2015:

- IFRS 9 Financial Instruments – Classification and measurement
- Clarification of acceptable methods of depreciation and amortisation (Amendments to IAS 16 and IAS 38)
- Accounting for acquisition of interests in joint operations (Amendments to IFRS 11)
- IFRS 14 Regulatory Deferral Accounts
- Disclosure Initiative (Amendments to IAS 1)
- Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28)
- Equity method in separate financial statements (Amendments to IAS 27)
- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)

Annual Improvements to TFRS 2012–2014 Cycle

- IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”
- IFRS 7 “Financial Instruments: Disclosures”
- IAS 19 “Employee Benefits”
- IAS 34 “Interim Financial Reporting”

11
AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2015 AND 2014
(Currency - Turkish Lira)

The new standards, amendments and interpretations that are issued by IASB but not issued by POA

IFRS 9 Financial Instruments – Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39 - (2013)

IFRS 9 Financial Instruments (2014)

IFRS 15 Revenue from Contracts with customers

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.

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.

12
AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2015 AND 2014
(Currency - Turkish Lira)

Inventory

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

Investments

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

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

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

	<u>Year</u>
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;

	<u>Year</u>
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 31 December 2015, TL 31.747.901 (USD 7.761.078, EURO 2.889.537) 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 31 December 2015, TL 2.651.856 (USD 912.042) and 31 December 2014, TL 3.259.089 (USD 1.405.446) of export credit premium is netted off from assets and liabilities.

13
AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2015 AND 2014
(Currency - Turkish Lira)

Baki Elektrik Üretim Ltd. Şti. has an export credit premium payable in connection with its long term loans used to finance the wind electricity plant. In statutory financial statements, the Company recorded these both at assets (Other current and non current assets – Note 8) and liabilities (Financial liabilities – Note 12) until the time of payment. As of 31 December 2015, TL 30.896.798 (USD 8.389.612 and EURO 2.046.564) 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.

Rasa Enerji Üretim A.Ş. has an export credit premium payable in connection with its long term loans used to finance the wind electricity plant. In statutory financial statements, the Company recorded these both at assets (Other current and non current assets – Note 8) and liabilities (Financial liabilities – Note 12) until the time of payment. As of 31 December 2015, TL 5.334.688 (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.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2015 AND 2014
(Currency - Turkish Lira)

Revenue recognition

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

Research and development costs

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

Segment reporting

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

Offsetting

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

Foreign currency transactions and translation

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

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

Currency	31.12.2015	31.12.2014
USD	2,9076	2,3189
EURO	3,1776	2,8207
GBP	4,3007	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.

15
AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2015 AND 2014
(Currency - Turkish Lira)

Use of estimates

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

Significant management judgment in applying accounting policies

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

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

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

EBITDA

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

16
AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2015 AND 2014
(Currency - Turkish Lira)

4. Cash and Cash Equivalents

	31.12.2015	31.12.2014
Cash on hand	63.861	108.138
Cash at banks		
- Demand account	10.423.577	7.278.613
- Time deposits and repurchase agreements (*)	37.964.978	26.851.249
	48.452.416	34.238.000

(*) As of 31 December 2015, the maturity date of the USD time deposit is 04.01.2016 – 15.01.2016 and the effective interest rate on USD time deposit is 0,25-2,0% (31.12.2014: 12 days, interest rate is 2,0%).

Included in demand and time deposits, as of 31 December 2015 there is an amount of TL 17.447.920 (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	31.12.2015	31.12.2014
Customers' current accounts (**)	120.598.307	30.847.712
Trade receivables from related parties (***)	63.440.035	57.747.459
Notes receivable	-	218.054
Unearned interest on trade receivable (-)	(1.417.184)	(123.271)
Doubtful trade receivables	2.601.758	2.588.425
Provision for doubtful trade receivables (-)	(2.601.758)	(2.588.425)
	182.621.158	88.689.954

(**) As of 31 December 2015, TL 22.186.903 (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.

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

	01.01.- 31.12.2015	01.01.- 31.12.2014
Opening balances at 1 January	2.588.425	2.588.425
Increase in provisions (note 21)	13.333	-
Closing balance	2.601.758	2.588.425

17
AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2015 AND 2014
(Currency - Turkish Lira)

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

Due from related parties	31.12.2015		31.12.2014	
	Trade	Non-Trade	Trade	Non-Trade
Akxa Elektrik Perakende Satış A.Ş.	-	37.587	-	17.857
Akxa Elektrik Satış A.Ş.	63.436.380	-	58.361.000	-
Akxa International Ltd.	-	2.501.261	-	1.565.818
Akxa Jeneratör Sanayi A.Ş.	-	7.622	-	646.655
Akxa Satış Ve Pazarlama A.Ş.	11.813	211.867	10.408	258.412
Çoruh Elektrik Dağıtım A.Ş.	-	250	-	6.880
Çoruh Elektrik Perakende Satış A.Ş.	-	-	10.850	-
Fırat Elektrik Dağıtım A.Ş.	-	159	-	4.469
Kazancı Holding A.Ş.	-	743.063	-	2.169.498
Kazancı Teknik Cihazlar Yedek Parça A.Ş.	-	58.286	-	488.816
Koni İnşaat Sanayi A.Ş.	-	-	-	20.000
Onan Enerji Üretim A.Ş.	-	-	-	1.768.084
Rasa Endüstriyel Radyatörler San. A.Ş.	-	-	78.243	-
Other	71	345.374	126.529	398.280
Unearned interest on trade receivables from related parties (-)	(8.229)	-	(839.571)	-
Total	63.440.035	3.905.469	57.747.459	7.344.769

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2015 AND 2014
(Currency - Turkish Lira)

Due to related parties	31.12.2015		31.12.2014	
	Trade	Non-Trade	Trade	Non-Trade
Aksa Elektrik Perakende Satış A.Ş.	-	-	-	1.006
Aksa Elektrik Satış A.Ş.	7.321.048	-	6.383.648	-
Aksa Far East PTE Ltd.	-	1.475.043	-	916.448
Aksa Havacılık A.Ş.	554.444	-	203.996	-
Aksa Jeneratör Sanayi A.Ş.	16.013.388	311.391	402.306	329.913
Aksa Satış Ve Pazarlama A.Ş.	3.871	-	-	7.057
Aksa Servis Ve Yedek Parça A.Ş.	1.975	-	63.243	-
Aksa Teknoloji A.Ş.	161.990	-	196.069	-
Çoruh Elektrik Dağıtım A.Ş.	-	-	6.689	43.381
Deriş İnşaat A.Ş.	113.137	-	56.119	-
Elektrik Altyapı Hizmetleri Ltd. Şti.	445.579	-	469.984	-
Fırat Elektrik Dağıtım A.Ş.	1.875	-	325	13.725
Aksa Şanlıurfa Doğalgaz Dağıtım Ltd. Şti.	10.035.801	-	19.645.500	-
Kazancı Holding A.Ş.	-	67.881	-	55.721
Kazancı Teknik Cihazlar Yedek Parça A.Ş.	-	-	66	339.673
Koni İnşaat Sanayi A.Ş.	978.111	297.095	951.750	-
Aksa Manisa Doğalgaz Dağıtım A.Ş.	7.121.505	-	17.151.435	-
Rasa Endüstriyel Radyatör San. A.Ş.	-	-	90.006	-
Koni Tarım İşletmeleri A.Ş.	210.375	-	347.875	-
Aksa Samsun Enerji Üretim A.Ş. (Koni Tarımsal Yatırımlar A.Ş.)	-	-	250	1.263.031
Datça Rüzgar Enerjisi Elektrik Üretimi A.Ş.	-	2.724.132	-	-
Aksa Van Doğalgaz Dağıtım A.Ş.	-	-	19.320.221	-
Çoruh Elektrik Perakende Satış A.Ş.	50.871.470	-	-	-
Fırat Elektrik Perakende Satış A.Ş.	34.354.986	-	34.596	-
Unearned interest on trade payables from related parties (-)	(769.623)	-	(52.633)	-
Other	428.656	31.389	25.041	20.936
Total	127.848.588	4.906.931	65.296.486	2.990.891
Due from / to related parties, net	(64.408.553)	(1.001.462)	(7.549.027)	4.353.878

19
AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2015 AND 2014
(Currency - Turkish Lira)

7. Inventory

	31.12.2015	31.12.2014
Raw materials ^(*)	186.122.671	146.140.500
Work in process	125.699.522	80.896.503
Other inventory	115.063.779	53.451.582
Finished goods	775.517	337.654
Merchandise	84.825	11.537
Provision for diminution in value of inventory (-)	(12.389.160)	(11.639.160)
	415.357.154	269.198.616

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

As of 31 December 2015 and 31 December 2014, the movement of the provision for diminution value of inventory is as follows:

	01.01.- 31.12.2015	01.01.- 31.12.2014
Opening balances at 1 January	11.639.160	11.639.160
Increase in provisions	750.000	-
Closing balance	12.389.160	11.639.160

8. Other Current and Non-Current Assets

Other Current Assets	31.12.2015	31.12.2014
VAT carried forward	134.329.234	74.697.469
Advances given for inventories	30.299.920	21.701.518
Prepaid expenses	5.148.108	4.903.034
Prepaid taxes and funds	5.005.241	9.213.838
Advances given for business purposes	4.206.606	4.976.127
Other doubtful receivables	8.173.855	4.155.354
Provision for other sundry receivables	(8.173.855)	(4.155.354)
Sundry debtors	1.303.903	1.125.427
	180.293.012	116.617.413

20
AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2015 AND 2014
(Currency - Turkish Lira)

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

	01.01.- 31.12.2015	01.01.- 31.12.2014
Opening balances at 1 January	4.155.354	498.451
Increase in provisions (note 21)	4.139.243	3.739.937
Reversal of provisions and collections received (note 22)	(120.742)	(83.034)
Closing balance	8.173.855	4.155.354

Other Non Current Assets	31.12.2015	31.12.2014
Advances given ^(*)	44.992.503	79.436.173
Deposits given ^(**)	2.484.450	1.163.205
Prepaid expenses	23.896	15.753
	47.500.849	80.615.131

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

^(**) As of 31 December 2015, the amount of TL 641.362 (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 (%)	31.12.2015	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 EPİAŞ as one of the Kazancı Holding Group Companies, by investing TL 412.408 cash in the paid in capital of EPİAŞ and became 0,67% shareholder EPİAŞ.

21
AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2015 AND 2014
(Currency - Turkish Lira)

10. Property, Plant and Equipment

	01.01.2015	Additions	Disposals	Transfer	Foreign Currency Translation Differences	31.12.2015
Cost						
Land, land improvements and buildings	64.107.764	1.302.945	(3.107.034)	40.411.240	(11.905)	102.703.010
Leasehold improvements	639.212	17.252	(1.001)	-	-	655.463
Machinery and equipment	2.465.013.805	62.420.425	(4.490.120)	855.031.995	(714)	3.377.975.391
Motor vehicles	2.116.654	388.772	(789.495)	-	(17.376)	1.698.555
Furniture, fixtures and office equipment	14.341.597	1.407.683	(94.782)	-	(705)	15.653.793
Construction in progress ^(*)	921.988.123	433.257.594	(256.704)	(895.443.235)	(106.943)	459.438.835
	3.468.207.155	498.794.671	(8.739.136)	-	(137.643)	3.958.125.047
Accumulated Depreciation						
Land improvements and buildings	2.013.021	656.100	(1.237)	-	-	2.667.884
Leasehold improvements	259.154	31.682	(976)	-	-	289.860
Machinery and equipment	725.130.021	142.796.143	(1.453.649)	-	-	866.472.515
Motor vehicles	1.498.816	227.209	(789.495)	-	-	936.530
Furniture, fixtures and office equipment	9.273.980	1.109.454	(25.478)	-	-	10.357.956
	738.174.992	144.820.588	(2.270.835)	-	-	880.724.745
Net Book Value	2.730.032.163					3.077.400.302

22
AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2015 AND 2014
(Currency - Turkish Lira)

	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..

23
AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2015 AND 2014
(Currency - Turkish Lira)

During the period ended 31 December 2015, TL 62.165.274 (31 December 2014: TL 44.773.138) of interest expenses and foreign exchange losses have been capitalized in accordance with IAS 23.

(*) As of 31 December 2015, the breakdown of construction in progress are as follows:

	Technical Completion	Investment Expenditures
Kozbükü Ordu – HPP	97,00	205.467.608
Bolu Göynük thermal power plant	100,00	122.709.875
Ghana PP project	28,00	97.991.669
Cyprus Kalecik – Mobile PP	99,00	6.781.525
Other ^(**)		26.488.158
		459.438.835

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

The allocation of current year depreciation and amortization expenses for the years ended 31 December 2015 and 2014 is as follows:

	01.01.- 31.12.2015	01.01.- 31.12.2014
Cost of sales	144.428.908	120.658.961
General administrative expenses (note 21)	774.658	837.116
Marketing and selling expenses	-	1.185
	145.203.566	121.497.262

24
AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2015 AND 2014
(Currency - Turkish Lira)

11. Intangible Assets, net

	01.01.2015	Additions	Disposals	31.12.2015
Cost				
Rights	2.791.533	887.187	(36.250)	3.642.470
Other intangible assets	483.196	293.735	-	776.931
	3.274.729	1.180.922	(36.250)	4.419.401
Accumulated Depreciation				
Rights	1.168.341	185.063	(5.355)	1.348.049
Other intangible assets	214.891	197.915	-	412.806
	1.383.232	382.978	(5.355)	1.760.855
Net Book Value	1.891.497			2.658.546

	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
	2.938.357	293.272	43.100	3.274.729
Accumulated Depreciation				
Rights	968.142	198.629	1.570	1.168.341
Other intangible assets	55.599	159.292	-	214.891
	1.023.741	357.921	1.570	1.383.232
Net Book Value	1.914.616			1.891.497

(*) Siirt Akköy Enerji Üretim A.Ş..

25
AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2015 AND 2014
(Currency - Turkish Lira)

12. Financial Liabilities

	31.12.2015	31.12.2014
Short-term bank loans	140.733.970	26.380.674
Current portion of long-term bank loans	537.039.609	305.497.163
Factoring payables	53.220.162	44.423.270
Finance lease liabilities, net	30.115.047	33.480.723
Interest expense accruals	27.934.476	29.812.615
Total short-term financial liabilities	789.043.264	439.594.445
Long-term bank loans	1.470.351.264	1.171.373.770
Factoring payables	50.990.043	53.694.282
Bond issuance	137.129.101	-
Finance lease liabilities, net	139.186.707	150.702.377
Total long -term financial liabilities	1.797.657.115	1.375.770.429
Total financial liabilities	2.586.700.379	1.815.364.874

As of 31 December 2015, the effective interest rate of the short term TL loans is between 12,99%-16,49% (31 December 2014: 12,67%-12,93%), USD loans is between 0,62%-4,60% (31 December 2014: 0,79%-7,48%).

As of 31 December 2015, TL loans is between 12,99%-16,49% (31 December 2014: 12,16%-16,15%), USD loans is between 0,64%-8,28% (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 31 December 2015, total amounting of corporate guarantees provided by Kazancı Family members and Kazancı Holding companies for the Group's bank borrowings is TL 5.280.807.031 (31 December 2014: TL 3.018.740.519).

26
AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2015 AND 2014
(Currency - Turkish Lira)

As of 31 December 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	20.773.659	72.168.082	401.927.285	677.773.579
Payable in 1-2 years	19.003.450	74.203.141	194.700.041	470.838.457
Payable in 2-3 years	16.975.942	60.529.602	59.673.053	289.611.677
Payable in 3-4 years	13.125.405	53.502.076	-	197.269.923
Payable in 4-5 years	6.579.733	40.753.441	-	139.402.465
Payable over 5 years	12.362.004	114.853.225	-	373.228.742
Total	88.820.193	416.009.567	656.300.379	2.148.124.843

Factoring Payables

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

	31.12.2015	31.12.2014
Short-term:		
Yapı ve Kredi Faktoring A.Ş. (*)	53.220.162	44.423.270
Total short term	53.220.162	44.423.270
Long-term:		
Yapı ve Kredi Faktoring A.Ş. (*)	50.990.043	53.694.282
Total long term	50.990.043	53.694.282
Total	104.210.205	98.117.552

(*)As of 31.12.2015, TL 104.210.205 (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 31 December 2015, TL 14.115.674 (31.12.2014: TL 15.932.758) of KIBTEK receivables is netted off from assets and liabilities.

27
AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2015 AND 2014
(Currency - Turkish Lira)

Lease Payables

The Group acquired machinery and equipment via financial leasing. As of 31 December 2015, the repayment schedule of leasing obligations is as follows:

Payment Year	EURO	USD	Total TL Equivalent
Payable in 1 year	6.461.971	3.295.326	30.115.047
Payable in 1-2 years	4.783.235	-	15.199.208
Payable in 2-3 years	4.025.175	2.231.869	19.279.778
Payable in 3-4 years	3.046.939	5.118.040	24.563.166
Payable in 4-5 years	2.852.896	3.073.464	18.001.765
Payable over 5 years	7.668.152	12.992.320	62.142.790
Total	28.838.368	26.711.019	169.301.754

13. Trade Payables

	31.12.2015	31.12.2014
Suppliers' current accounts (*)	405.808.727	367.119.528
Trade payables to related parties (**)	127.848.588	65.296.486
Unearned interest on trade payable (-)	(488.057)	(594.259)
	533.169.258	431.821.755

(*) As of 31.12.2015 TL 133.025.154 (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.

28
AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2015 AND 2014
(Currency - Turkish Lira)

The tax liabilities included in the accompanying financial statements comprised:

	31.12.2015	31.12.2014
a) Included in the income statement:		
Current tax charge	(6.801.785)	(9.552.718)
Deferred tax	13.009.656	22.377.148
	31.12.2015	31.12.2014
b) Included in the balance sheet:		
Taxation payable on income (current)	6.801.785	9.552.718
Deferred tax assets	100.491.830	56.162.669
Deferred tax liabilities	34.956.268	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	31.12.2015	31.12.2014
Taxes and dues payable	5.937.049	10.096.783
Due to personnel	2.754.961	2.405.738
Deposits received	2.212.244	1.248.905
Social security premiums payable	1.010.473	876.236
Provision for lawsuits	592.178	592.178
Order advances received	4.867	5.697
Other	398.386	540.589
	12.910.158	15.766.126

29
AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2015 AND 2014
(Currency - Turkish Lira)

16. Retirement Pay Provision

Under the Turkish Labour Law, the Group is required to pay employment termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). The provision is made in respect of all eligible employees, at a rate of 30 days gross pay for each year of service. The amount payable consists of one month's salary limited to a maximum of TL 3.828,37 for each year of service as of 31 December 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:

	31.12.2015	31.12.2014
Discount rate %	10,50	9,25
Inflation rate %	6,50	7,00

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

	01.01.- 31.12.2015	01.01.- 31.12.2014
Balance at 1 January	5.208.671	3.006.952
Service cost	1.764.419	2.155.235
Interest cost	122.314	67.262
Payments	(367.726)	(393.159)
Actuarial difference	(2.341.895)	169.803
Acquisition of new companies	--	202.578
Balance at the end of the year	4.385.783	5.208.671

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

	01.01.- 31.12.2015	01.01.- 31.12.2014
Cost of Sales	1.345.354	1.690.388
General administrative expenses (note 21)	173.653	138.950
	1.519.007	1.829.338

30
AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2015 AND 2014
(Currency - Turkish Lira)

17. Share Capital

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

	31.12.2015	%	31.12.2014	%
Kazancı Holding A.Ş.	380.064.978	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	34.375	(*)	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.

31
AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2015 AND 2014
(Currency - Turkish Lira)

19. Net Sales

	01.01.- 31.12.2015	01.01.- 31.12.2014
Total Sales – MWH / Unit		
Energy sales – GWH (*)	14.018	9.814
Generator sales – unit	-	14
	01.01.- 31.12.2015	01.01.- 31.12.2014
Total Sales – Amount		
Electricity Sales (*)	2.307.704.694	1.951.237.135
Total Lignite Sales and Transportation Income	12.320.031	5.031.382
Natural Gas Equipments sales	1.096.314	540.536
Generator sales	--	786.803
Other	166.979	592.919
Discount on sales (-)	(1.327.243)	(750.871)
Total Sales	2.319.960.775	1.957.437.904

(*) In 2015, the Group generated total 5.686 GWh of electricity (5.222 GWh generation, 464 GWh imbalancing). Additionally received 1.664 GWh of TEIAS load rejection order (YAT) and together with the trading activities amounting to 6.668 GWh (out of which 2.300 GWh is sold through OTC market), total sales volume reached to 14.018 GWh. The average selling price is 177,6 TL/MWh. The Group's average capacity utilization ratio is 41,41% . The adjusted average capacity utilization ratio of trading activities is 79,68 % (01.01.-31.12.2014: 58,81 %).

20. Cost of Sales

	01.01.- 31.12.2015	01.01.- 31.12.2014
Cost of Energy Sales	1.992.055.134	1.707.712.702
Cost of Lignite Sales	9.677.088	2.437.428
Cost of Natural Gas Equipments Sales	806.286	422.567
Other	(924.320)	263.935
COST OF SALES	2.001.614.188	1.710.836.632

32
AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2015 AND 2014
(Currency - Turkish Lira)

21. Marketing and Selling and General Administrative Expenses

	01.01.-	01.01.-
	31.12.2015	31.12.2014
Research and development expenses	5.816	-
Marketing, selling and distribution expenses	560.356	2.044.023
General administrative expenses	26.762.398	22.188.650
	27.328.570	24.232.673

Breakdown of operating expenses are as follows:

	01.01.-	01.01.-
	31.12.2015	31.12.2014
Marketing, selling and distribution expenses		
Rent expenses	96.651	99.252
Freight and freight insurance	132.525	1.840.557
Advertising expenses	220.500	11.500
Other	110.680	92.714
	560.356	2.044.023

	01.01.-	01.01.-
	31.12.2015	31.12.2014
General administrative expenses		
Personnel expenses	12.183.419	10.588.516
Doubtful debts provision expense (note 5- 8)	4.152.576	3.739.937
Consultancy expenses	2.771.825	1.124.103
Traveling expenses	2.317.955	1.908.276
Depreciation and amortisation expenses (note 10)	774.658	837.116
Retirement pay provision expense (note 16)	173.653	138.950
Rent expenses	1.358.750	790.678
Other	3.029.562	3.061.074
	26.762.398	22.188.650

33
AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2015 AND 2014
(Currency - Turkish Lira)

22. Other Operating Income and Other Operating Expenses

Other Income	01.01.- 31.12.2015	01.01.- 31.12.2014
Income on insurance claims	1.689.660	1.857.780
Discount on trade payable	1.183.235	413.155
Doubtful debt provision released (note 8)	120.742	83.034
Other income	411.125	1.436.149
	3.404.762	3.790.118

Other Expenses	01.01.- 31.12.2015	01.01.- 31.12.2014
Discount on trade receivable	878.749	824.022
Donation and grants	1.053.746	673.245
Uncollectible receivables	1.625.208	-
Positive goodwill	-	2.747.958
Other expense	3.048.368	14.269.772
	6.606.071	18.514.997

23. Income From Investing Activities and Expenses From Investing Activities

Income from investing activities	01.01.- 31.12.2015	01.01.- 31.12.2014
Profit on sale of fixed assets (*)	29.153.783	1.432.105
	29.153.783	1.432.105

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

Expenses from investing activities (-)	01.01.- 31.12.2015	01.01.- 31.12.2014
Loss on sale of fixed assets	552.742	249.847
	552.742	249.847

34
AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2015 AND 2014
(Currency - Turkish Lira)

24. Financing Income and Financing Expenses

Financing income	01.01.- 31.12.2015	01.01.- 31.12.2014
Foreign exchange gains	193.035.541	171.777.460
Interest income on related parties	22.670.269	19.210.670
Interest income on time deposits at banks	3.256.060	8.382.962
Financing income from derivative financial instruments	-	224.640
	218.961.870	199.595.732
Financing expenses (-)	01.01.- 31.12.2015	01.01.- 31.12.2014
Foreign exchange losses (*)	585.398.208	247.317.242
Interest expense on bank loans	151.810.022	104.464.253
Interest expense on related parties	31.722.061	18.198.626
Letters of guarantee and bank commission expenses	1.060.886	11.828.875
Other	16.082	-
	770.007.259	381.808.996

(*) As of 31.12.2015, the amount of TL 203.264.569 is related to Göynük power plant Project.

25. Commitments and Contingencies

a) Letters of guarantee given to:

31.12.2015	TL	USD	EUR	TL Equivalent
Botaş–Petroleum Pipeline Corporation	--	8.443.184	--	24.549.402
Banks	--	6.693.163	21.149.444	86.665.515
Electricity distribution companies	1.682.487	--	--	1.682.487
Energy Market Regulatory Authority (EMRA)	85.229.800	--	--	85.229.800
Ministry of Custom and Trade	--	--	1.250.000	3.972.000
Enforcement offices	796.029	--	--	796.029
Special provincial administration	39.646	--	--	39.646
Electricity Authority of KKTC	--	3.000.000	--	8.722.800
Turkey Electricity Distribution Company (TEDAS)	26.862	--	--	26.862
Turkey Electricity Transmission Company (TEIAS)	12.920.187	2.676.518	40.000	20.829.535
Turkey Electricity Generation Company (EUAS)	--	718.601	--	2.089.405
Other	31.168.525	--	--	31.168.525
Total	131.863.537	21.531.466	22.439.444	265.772.006

35
AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2015 AND 2014
(Currency - Turkish Lira)

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 Distribuion 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 – 31.12.2015	Foreign Currency	Currency Amount	Total (TL)
Pledge (***)	EUR	51.000.000	162.057.600
Commercial Enterprise Pledge (*)	USD	133.000.000	386.710.800
Machinery and Equipment Pledge (**)	EUR	24.914.673	79.168.865
Bank Deposit Blockage (Note 4)	USD	6.000.000	17.445.600
Bank Deposit Blockage (Note 4)	TL	1.320	1.320
Surety Ship	TL	618.686.000	618.686.000
Surety Ship	USD	1.275.716.810	3.709.274.196
Surety Ship	EUR	299.863.682	952.846.835
Assignment of Claim	TL	731.377.778	731.377.778
Letters of guantee	USD	6.693.163	19.461.041
Letters of guantee	EUR	21.149.444	67.204.474
Total			6.744.234.509

36
AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2015 AND 2014
(Currency - Turkish Lira)

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 31.12.2015, a collateral of TL 79.168.865 (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 31.12.2015, a collateral of TL 162.057.600 (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 31.12.2015, open risk amounted of assignment agreements is TL 731.377.778 (31.12.2014: TL 313.700.000).

Guarantees given to related parties

As of 31 December 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 31 December 2015, there are 13 lawsuits pending in favour of the Group at the amount of TL 5.995.688 and there are 54 lawsuits pending against the Group at the amount of TL 5.072.160.

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.

37
AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2015 AND 2014
(Currency - Turkish Lira)

26. **Derivative Financial Instruments**

Current derivative financial instruments asset	31.12.2015	31.12.2014
Cross currency swap	-	2.739.513
Total	-	2.739.513

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	31.12.2015	31.12.2014
Option	-	58.505
Interest rate swap	7.207.204	1.479.701
Total	7.207.204	1.538.206

As of 31 December 2015, the Group uses interest rate derivatives to manage its exposure to interest rate fluctuations on its bank borrowings amount of TL 558.259.200 (USD 192.000.000). As of 31.12.2015, mark to market amount is TL 7.207.204 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.

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.

38
AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2015 AND 2014
(Currency - Turkish Lira)

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

The table below summarizes the foreign monetary position risk of the Group as of 31 December 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:

31.12.2015	USD	EUR	GBP	CHF	TL Equivalent
Cash and cash equivalents	6.308.579	110.558	81	-	18.694.472
Trade receivables	50.741	4.160	-	-	160.753
Other non-current assets	13.310.658	2.208.069	-	-	45.718.430
Total foreign currency assets	19.669.978	2.322.787	81	-	64.573.655
Financial liabilities	442.720.586	117.658.561	-	-	1.661.126.219
Trade payables	51.088.149	10.891.891	1.867	16.905	183.211.499
Total foreign currency liabilities	493.808.735	128.550.452	1.867	16.905	1.844.337.718
Net foreign currency position	(474.138.757)	(126.227.665)	(1.786)	(16.905)	(1.779.764.063)

39
AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2015 AND 2014
(Currency - Turkish Lira)

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)

40
AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2015 AND 2014
(Currency - Turkish Lira)

Supplementary Disclosures on financial instruments

(a) Capital Management Policies and Procedures

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

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

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

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

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

The following table sets out the gearing ratios as of 31 December 2015 and 31 December 2014:

	31.12.2015	31.12.2014
Total financial liabilities	2.586.700.379	1.815.364.874
Less: cash and cash equivalents	(48.452.416)	(34.238.000)
Net financial debt	2.538.247.963	1.781.126.874
Total equity	875.127.527	1.109.440.625
Total financing used	3.413.375.490	2.890.567.499

Gearing ratio (net financial debt to overall financing used ratio)	74%	62%
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(b) Financial instruments and categories

Financial assets

Cash and cash equivalents	48.452.416	34.238.000
Derivative Financial Instruments	-	2.739.513
Trade receivables	182.621.158	88.689.954
	231.073.574	125.667.467

Financial liabilities

Financial payables	2.586.700.379	1.815.364.874
Derivative Financial Instruments	7.207.234	1.538.206
Trade payables	533.169.258	431.821.755
	3.127.076.871	2.248.724.835

41
AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2015 AND 2014
(Currency - Turkish Lira)

(c) Market risk

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

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

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

(d) Foreign currency risk

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

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

(e) Interest rate risk management

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

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

(f) Price risk

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

42
AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2015 AND 2014
(Currency - Turkish Lira)

28. Subsequent Events

- a) As announced on 29.01.2016, Bolu Goynuk Lignite Fired Power Plant's second phase (135 MW) has been commissioned today by Ministry of Energy and Natural Resources. 390 million USD has been invested for this power plant, which is one of Turkey's two private plants using local coal. The plant will produce 2 billion kWh of energy per annum with an installed capacity of 270MW and will provide electricity for 150,000 residential units or in other words 600,000 people. The plant is environmentally friendly with its flue gas treatment system, which is a first in Turkey. As an indication of the importance put on public health and environment, the flue gas treatment system installed meets legal emission restrictions of European Union that is required to be met in 2018 since the commissioning of its first phase in July 2015. Bolu Goynuk Lignite Fired Power Plant, which helps with Turkey's struggle against current account deficit and decreases our cost of production due to the use of local lignite as a resource, constitutes 12% of our 2,211MW installed capacity.

43
AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2015 AND 2014
(Currency - Turkish Lira)

Appendix 1: Related Parties

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

1	Aksa Afyon Doğal Gaz Dağıtım A.Ş.	Naturalgas
2	Deriş İnşaat A.Ş.	Construction
3	Aksa Balıkesir Doğal Gaz Dağıtım A.Ş.	Naturalgas
4	Aksa Bandırma Doğal Gaz Dağıtım A.Ş.	Naturalgas
5	Aksa Bilecik, Bolu Doğal Gaz Dağıtım A.Ş.	Naturalgas
6	Aksa CNG Sıkıştırılmış Doğal Gaz Dağ. İletim ve Satış A.Ş.	Naturalgas
7	Aksa Çanakkale Doğal Gaz Dağıtım A.Ş.	Naturalgas
8	Aksa Doğal Gaz Toptan Satış A.Ş.	Naturalgas
9	Aksa Doğal Gaz Dağıtım A.Ş.	Naturalgas
10	Aksa Elazığ Doğal Gaz Dağıtım A.Ş.	Naturalgas
11	Aksa Elektrik Perakende Satış A.Ş.	Energy
12	Aksa Elektrik 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

44
AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2015 AND 2014
(Currency - Turkish Lira)

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

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

Related Parties through the key management and family members without capital relationship

c)

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