Aksa Enerji Üretim A.Ş. and
its Subsidiaries

Consolidated Interim Financial Statements
As at and for the three-month period
ended 31 March 2016 with
Independent Auditor’s Reviews Report Thereon

10 May 2016

This report contains the “Independent Auditors’ Report on Review of Consolidated Interim Financial Statements ” comprising 2 pages and “Consolidated Interim Financial Statements and their explanatory notes” comprising 70 pages.

Aksa Enerji Üretim A.Ş. and its Subsidiaries

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KPMG

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Independent Auditors' Report on Review of Consolidated Interim Financial Statements

To the Board of Directors of
Aksa Enerji Üretim A.Ş.

Introduction

We have reviewed the accompanying consolidated interim statement of financial position of Aksa Enerji Üretim A.Ş. and its subsidiaries ("the Group") as at 31 March 2016, the consolidated interim statements of comprehensive income, changes in equity and cash flows for the three-month period then ended, and notes, comprising a summary of significant accounting policies and other explanatory information ("the consolidated interim financial statements"). Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with IAS 34 *"Interim Financial Reporting"*. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review.

Scope of Review

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

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material respects, the financial position of the entity as at 31 March 2016, and its financial performance and its cash flows for the [number of months] month period then ended in accordance with IAS 34, 'Interim Financial Reporting'.

Other Matter

The audit of consolidated financial statements of the Company as at and for the year ended 31 December 2015 were performed by another independent auditor who expressed an unqualified opinion on those statements dated 29 February 2016. The review of the consolidated interim financial statements of the Company as at and for the three month period ended 31 March 2015 were reviewed by this auditor, and in their report on interim financial statements as at and for the three month period ended dated 7 May 2015, nothing come to their attention that caused them to believe that the consolidated interim financial statements 31 March 2015 was not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member of KPMG International Cooperative

Şirin Soysal, SMMM
Partner

10 May 2016
Istanbul, Turkey

Aksa Enerji Üretim A.Ş. and its Subsidiaries
Consolidated Interim Statement of Financial Position
As at 31 March 2016

(Amounts expressed in Turkish Lira unless otherwise stated.)

	Notes	31 March 2016	Restated (*) Audited except the restatement effects 31 December 2015
ASSETS			
Other receivables	18	13,987,077	2,484,450
Financial investments	14	412,408	412,408
Tangible assets	12	3,159,334,575	3,121,295,623
Intangible assets	13	3,589,472	3,790,356
Goodwill		6,848,196	6,848,196
Prepaid expenses	19	34,054,571	99,707,107
Other non-current assets		24,081,541	23,926,651
Deferred tax asset	16	89,140,965	66,271,812
Total non-current assets		**3,331,448,805**	**3,324,736,603**
Cash and cash equivalents	21	252,752,439	48,452,416
Trade receivables	20	297,823,748	182,621,158
Other receivables	18	3,156,868	4,506,745
Inventories	17	322,356,204	319,346,159
Prepaid expenses	19	9,136,370	51,376,180
Current tax assets		346,865	5,005,240
Other current assets	18	129,660,402	138,687,819
Total current assets		**1,013,652,921**	**749,995,717**
TOTAL ASSETS		**4,345,101,725**	**4,074,732,320**

(*) See Note 3(r).

The notes on pages 7 to 70 are an integral part of these consolidated interim financial statements.

(Amounts expressed in thousands of Turkish Lira unless otherwise stated.)

	Notes	31 March 2016	Restated (*) Audited except the restatement effects 31 December 2015
EQUITY			
Share capital	22	613,169,118	613,169,118
Legal reserves	22	39,142,521	42,114,653
Cash flow hedge reserves		(6,136,243)	(5,765,383)
Actuarial gain/loss		1,220,668	1,414,819
Translation difference		(496,714)	(69,413)
Share premium		247,403,635	247,403,635
Accumulated losses / (Retained earnings)		(91,330,677)	133,131,632
Net loss for the year		7,821,811	(227,434,441)
Total equity attributable to equity holders of the Company		**810,794,119**	**803,964,620**
Non-controlling interests	22	**(1,760,680)**	**(2,644,607)**
Total equity		**809,033,439**	**801,320,013**
LIABILITIES			
Loans and borrowings	24	1,518,791,819	1,664,241,052
Other financial liabilities	25	199,977,464	188,119,144
Reserve for employee severance indemnity	26	4,627,458	4,385,783
Deferred tax liabilities	16	64,452,245	48,914,772
Total non-current liabilities		**1,787,848,986**	**1,905,660,751**
Loans and borrowings	24	891,488,127	884,776,408
Other financial liabilities	25	81,814,525	53,220,162
Trade payables	20	271,105,303	272,295,516
Due to/from related parties	33	470,540,564	127,848,588
Reserve for employee severance indemnity		4,988,009	3,765,434
Derivative financial instruments	29	6,169,078	7,207,234
Taxation payable on income	14	2,547,934	7,111,617
Other liabilities		15,884,319	10,531,414
Provisions	28	2,695,873	990,316
Other current liabilities	27	985,568	4,867
Total current liabilities		**1,748,219,300**	**1,367,751,556**
Total liabilities		**3,536,068,286**	**3,273,412,307**
TOTAL EQUITY AND LIABILITIES		**4,345,101,725**	**4,074,732,320**

(*) See Note 3(r)

Aksa Enerji Üretim A.Ş. and its Subsidiaries
Consolidated Statement of Comprehensive Income
For the three-month period ended 31 March 2016

(Amounts expressed in Turkish Lira unless otherwise stated.)

	Notes	1 January-31 March 2016	Restated (*) Audited except the restatement effects 1 January-31 March 2015
Revenue	6	726,008,987	353,440,532
Cost of sales	6	(654,768,389)	(294,761,575)
Gross profit		**71,240,598**	**58.678.957**
Marketing and selling expenses	9	(84,092)	(73,598)
Administrative expenses	8	(7,813,879)	(4,009,350)
Other operating expenses	7	(1,666,663)	(2,296,373)
Other operating income	7	6,803,011	1,906,836
Operating profit		**68,478,975**	**54,206,472**
Finance income		56,461,427	67,275,061
Finance costs		(117,887,521)	(233,924,545)
Net finance costs	10	**(64,426,094)**	**(166,649,484)**
Profit / (loss) before tax		**7,052,881**	**(112,443,012)**
Tax income	11	**768,931**	**16,404,517**
Profit / (loss) for the period		**7,821,811**	**(96,038,495)**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurements of the defined benefit liability		(242,689)	(155,183)
Tax on items that never be reclassified to profit or loss		48,538	31,037
Total items that will not be reclassified to profit or loss:		**(194,151)**	**(124,146)**
Items that are or may be reclassified subsequently to profit or loss:			
Effective portion of changes in fair value of cash flow hedges		(370,860)	(937,467)
Foreign currency translation differences for foreign operations		(496,714)	(48,391)
Tax on items that are or may be reclassified subsequently to profit or loss		--	187,494
Total items that are or may be reclassified subsequently to profit or loss:		**(1,061,725)**	**(922,512)**
Other comprehensive income for the period, net of tax		--	--
Total comprehensive income for the period		**6,760,086**	**(96,844,731)**
EBITDA		**115,762,028**	**86,055,270**

(*) See Note 3(r).

The notes on pages 7 to 70 are an integral part of these consolidated interim financial statements.

Aksa Enerji Üretim A.Ş. and its Subsidiaries
Consolidated Statement of Changes in Equity
For the three-month period ended 31 March 2016
(Amounts expressed in Turkish Lira unless otherwise stated.)

		Attributable to owners of the Company										
	Notes	Share capital	Share Premium	General Reserves	Actuarial Gain/(Loss)	Cash flow hedge reserve	Translation difference	Retained earnings	Net Profit / (Loss)	Total	Non-controlling interests	Total equity
Balance at 1 January 2015 as restated		**613,169,118**	**247,403,635**	--	**(471,790)**	**961,047**	**16,131**	**404,068,219**	**40,422,472**	**1,305,568,652**	**(2,644,607)**	**1,302,924,045**
Transfer to reserves		--	--	--	--	--	--	40,422,472	(40,422,472)	--	--	--
Actuarial gain / (loss)		--	--	--	(124,146)	--	--	--	--	(124,146)	--	(124,146)
Translation difference	12	--	--	--	--	--	--	--	--	--	--	
Effective portion of changes in fair value of cash hedges	14	--	--	--	--	(749,975)	--	--	--	(749,975)	--	(749,975)
Net loss for the period	12	--	--	--	--	--	--	--	(96,621,748)	(96,621,748)	--	(96,621,748)
Balance at 31 March 2015		**613,169,118**	**247,403,635**	--	**(596,116)**	**211,072**	**16,131**	**444,490,691**	**(96,621,748)**	**1,208,072,783**	(2,644,607)	**1,205,428,176**
Balance at 1 January 2016 as restated		**613,169,118**	**247,403,635**	**42,114,653**	**1,414,819**	**(5,765,383)**	**(69,413)**	**133,131,632**	**(227,434,441)**	**803,964,620**	**(2,644,607)**	**801,320,013**
Total comprehensive income for the period												
Transfer to reserves		--	--	(2,972,132)	--	--	--	(224,462,309)	227,434,441	--	--	--
Actuarial gain / (loss)		--	--	--	(194,151)	--	--	--	--	(194,151)	--	(173,533)
Translation difference	12	--	--	--	--	--	(427,301)	--	--	(427,301)	--	(448,323)
Effective portion of changes in fair value of cash hedges	14	--	--	--	--	(370,860)	--	--	--	(370,860)	--	(370,456)
Net profit for the period	12	--	--	--	--	--	--	--	7,821,811	7,821,811	883,927	8,705,738
Balance at 31 March 2016		**613,169,118**	**247,403,635**	**39,142,521**	**1,220,668**	**(6,136,243)**	**(496,714)**	**(91,330,677)**	**7,821,811**	**810,794,119**	**(1,760,680)**	**809,033,439**

The notes on pages 7 to 70 are an integral part of these consolidated interim financial statements.

Aksa Enerji Üretim A.Ş. and its Subsidiaries
Consolidated Statement of Cash Flows
For the three-month period ended 31 March 2016
(Amounts expressed in Turkish Lira unless otherwise stated.)

	Notes	1 January-31 March 2016	Restated (*) Audited except the restatement effects 1 January-31 March 2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit / (loss) for the period		7,821,811	(105,907,978)
Adjustments for:			
Impact of error		(7,852,430)	--
Depreciation and amortisation	*12,13*	47,283,053	31,732,522
Provision for employee severance indemnity	*26*	3,424,029	234,251
Interest expense accruals on loans	*24*	61,462,392	(12,464,851)
Unrealised foreign exchange (gains) / losses on loans		--	129,937,224
Change in allowance for doubtful other receivables	*20*	--	5,817
Discount on receivables / (payables), net		--	(26,822)
Adjustment for tax income/(expense)	*11*	972,316	--
Adjustment for provisions	*28*	(254,222)	--
Operating profit before working capital changes		**112,856,949**	**43,510,163**
Change in trade receivables	*20*	(178,642,625)	65,408,321
Change in inventories	*17*	(3,010,045)	(23,519,288)
Change in other current assets		(1,768,378)	(33,635,843)
Change in other non- current assets	*18*	42,239,810	(1,719,562)
Change in other receivables	*18*	53,174,292	--
Change in trade payables	*20*	4,472,276	115,971,783
Change in due to related parties	*33*	339,739,434	--
Change in due from related parties	*33*	70,055,416	--
Change in other payables		8,313,511	2,170,685
Change in increase/decrease in value of working capital		4,041,586	--
Change in taxes paid	*11*	(1,916,968)	(9,552,721)
Cash used in from operations		**449,555,258**	**158,633,538**
(Purchases) / Disposals of property, plant and equipment and intangible assets, net		(84,469,858)	(145,071,314)
Purchases of derivative financial instruments		2,060,248	--
Net cash used in from operating activities		**(82,409,610)**	**(145,071,314)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Financial liabilities		(162,845,626)	19,808,647
Due from/to related parties and shareholders		--	11,454,618
Net cash provided / (used in) investing activities		**(162,845,626)**	**31,263,265**
NET INCREASE IN CASH AND CASH EQUIVALENTS		204,300,023	44,825,489
CASH AND CASH EQUIVALENTS AT 1 JANUARY	*21*	**48,452,416**	**34,238,000**
CASH AND CASH EQUIVALENTS AT 31 MARCH		**252,752,439**	**79,063,489**

Notes to the interim consolidated financial statements

(Amounts expressed in Turkish Lira unless otherwise stated.)

1. REPORTING ENTITY

Aksa Enerji Üretim A.Ş. ("Aksa Enerji" or "the Company") is engaged in production and sale of electricity and was established on 12 March 1997. Company's registered office address is Rüzgarlıbahçe Mahallesi, Selvi Çıkmazı, No:10, Kavacık-Beykoz, İstanbul / Turkey.

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 main shareholder of the Company as at 31 March 2016 is Kazancı Holding A.Ş. ("Kazancı Holding").

The Company, its subsidiaries and its jointly controlled entities are collectively referred to as "the Group" in this report.

			31 March 2016	
Name of subsidiary	**Principal activity**	**Place of operation**	**Ownership interest %**	**Voting power held %**
Aksa Enerji Üretim A.Ş.-Y.Ş. ("Aksa Enerji – Y.Ş.")	Electricity production	Turkey	100,00	100,00
Rasa Elektrik Üretim A.Ş. ("Rasa Elektrik")	Electricity production	Turkey	99,96	99,96
Deniz Elektrik Üretim Limited Şirketi ("Deniz Elektrik")	Electricity production	Turkey	99,99	99,99
Baki Elektrik Üretim Limited Şirketi ("Baki Elektrik")	Electricity production	Turkey	95,00	95,00
Rasa Enerji Üretim A.Ş. ("Rasa Enerji")	Electricity production	Turkey	99,99	99,99
İdil İki Enerji Sanayi ve Ticaret A.Ş. ("İdil İki Enerji")	Electricity production	Turkey	99,99	99,99
Ayres Ayvacık Rüzgar Enerjisinden Elektrik Üretim Santrali Ltd. Şti. ("Ayres Ayvacık Rüzgar")	Electricity production	Turkey	99,00	99,00
Alenka Enerji Üretim ve Yatırım Ltd. Şti. ("Alenka Enerji")	Electricity production	Turkey	90,45	90,45
Aksa Göynük Enerji Üretim A.Ş. ("Aksa Göynük Enerji")	Electricity production	Turkey	99,99	99,99
Kapıdağ Rüzgar Enerjisi Elektrik Üretim Sanayi ve Ticaret A.Ş. ("Kapıdağ Rüzgar Enerjisi")	Electricity production	Turkey	94,00	94,00
Gesa Güç Sistemleri A.Ş. ("Gesa Güç Sistemleri")	Electricity production	Turkey	99,99	99,99
Siirt Akköy Enerji Üretim A.Ş. ("Siirt Akköy Enerji")	Electricity production	Turkey	100,00	100,00
Aksa Aksen Enerji Ticareti A.Ş. ("Aksa Aksen Enerji")	Electricity production	Turkey	100,00	100,00
Aksa Energy Ghana Limited ("Aksa Energy Ghana")	Electricity production	Ghana	75,00	75,00

At 31 March 2016, the Company and its subsidiaries employ 752 employees (31 December 2015: 779).

1. REPORTING ENTITY (continued)

Aksa Enerji - Y.Ş.:

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 licenses 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.

Aksa Enerji-Y.Ş.'s factory land was leased from a third party for 10 years on 12 February 2010 by Kazancı Holding. Aksa Enerji-Y.Ş. subleases from Kazancı Holding for 10 years.

Rasa Elektrik:

Rasa Elektrik 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").

The land over which the power plant is located in Mardin, has been leased from Koni İnşaat A.Ş. ("Koni İnşaat") in 2002, to be renewed annually. The factory which Rasa Elektrik manufacture of radiators has been leased from Koni İnşaat A.Ş. until 31 December 2012, the factory land is the property of Aksa Enerji Üretim.

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. Aksa Enerji does not have any partnership in the company.

Deniz Elektrik:

Deniz Elektrik 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 acquired 95% of the shares of the Company. On 13 August 2010, Aksa Enerji has made the purchase of new shares participate in Deniz Elektrik and raised its shares to 99.99%.

Deniz Elektrik established to produce electricity from wind energy. In 2004, the Company awarded two wind farm licenses 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 December 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 increased to 60 MW.

Wind energy power plant having 11 MW power in Karakurt/Manisa has become operational in June 2007. Wind energy power plant in Sebenoba/Hatay whose construction was ongoing in 2007 has become operational in April 2008.

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

1. REPORTING ENTITY (continued)

Baki Elektrik:

Baki Elektrik was established on 4 July 2003 in Ankara for the production and sale of wind power electricity. In March 2004, Aksa Enerji acquired 95% of the shares of Baki Elektrik.

The capacity of the plant is 114 MW. The Company's power generation plant is located in Şamlı/Balıkesir are the property of Baki Elektrik's own land.

Rasa Enerji:

Rasa Enerji was established on 12.09.2000 for production and distribution of electricity. Rasa'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.

Rasa Enerji 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 November 2015. Thus, the installed capacity of Şanlıurfa Natural Gas Power Plant is increased to 147 MW.

İdil İki:

İdil İki Enerji was established in 2001. İdil İki 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. İdil İki's 99,99% shares have been acquired by Aksa Enerji at 5 March 2010 from Koni İnşaat.

Ayres Ayvacık:

Ayres Ayvacık has a wind power plant in Çanakkale Ayvacık with a capacity of 5 MW. Ayres Ayvacık's 99,00% shares have been acquired by Aksa Enerji Üretim at 18 April 2011 from one of the related parties of Kazancı Holding.

Alenka:

As of 17 August 2011, Aksa Enerji Üretim 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%.

Aksa Göynük:

Aksa Göynük 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 has licence about the process of this coal in its power plant with 270 MW capacity.

1. REPORTING ENTITY (continued)

Aksa Göynük (continued):

As of 28 October 2011, Aksa Enerji purchased the 99,99% of the shares of the Company from Kazancı Holding. The Company is established to install, operate, taken over and hire electric energy 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 September 2015 and the second phase of PP has become operational as of 29 January 2016.

Kapıdağ Rüzgar:

As of 31 May 2013, Aksa Enerji Üretim has purchased the 94% stake of from Kazancı Holding which has 24 MW and 3 MW additional capacity is on progress of wind power plant in Balıkesir.

Gesa Güç Sistemleri:

As of 2 April 2013, Aksa Enerji Üretim A.Ş. has purchased the 99,99% stake of from Kazancı Holding.

Siirt Akköy:

As of 31 August 2014, Rasa Elektrik Üretim 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. 24 MW power plant was cancelled as a result of the application done by the Group to Energy Market Regulatory Authority (EMRA).

Aksa Aksen Enerji:

Aksa Aksen Enerji was founded on 8 July 2015 by the Aksa Enerji who has the 100% shares of the company. The purpose of the company is to sell the electricity produced by group companies.

Aksa Energy Ghana

Aksa Energy Ghana Limited was founded on 15 July 2015 by the Aksa 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.

(Amounts expressed in Turkish Lira unless otherwise stated.)

1. REPORTING ENTITY (continued)

As of 31 March 2016, 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	270
Alenka	Kırklareli-Kıyıköy	WPP	04.04.2007	20 year	27	27
Ayres	Ayvacık	WPP	01.11.2007	25 year	5	5
Baki Elektrik	Merkez-Şamlı-Balıkesir	WPP	06.04.2004	49 year	127	114
Deniz Elektrik	Sebenoba-Gözene-Yayladağı-Samandağ-Hatay	WPP	04.06.2004	49 year	60	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**	**2.211**

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

2. BASIS OF PREPARATION

a) Statement of compliance

The consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”).

The consolidated interim financial statements as at and for the three-month period ended 31 March 2016 were approved by the Board of Directors on 10 May 2016.

b) Basis of measurement

The consolidated interim financial statements have been prepared on the historical cost basis, except for derivative financial instruments are measured at fair value.

The financial statements of subsidiaries that report in the currency of an economy formerly accepted as hyperinflationary (Turkey) are restated in terms of the measuring unit current at the reporting dates until 31 December 2005. Turkey came off highly inflationary status for the period beginning after 15 December 2005, therefore restatement for IAS 29 (“Financial Reporting in Hyperinflationary Economies”) has not been applied since 1 January 2006.

The methods used to measure fair values are discussed further in Note 4.

2. BASIS OF PREPARATION (continued)

c) Functional and presentation currency

The Company and its subsidiaries operating in Turkey maintain their books of account and prepare their statutory financial statements in Turkish Lira ("TL") in accordance with the accounting principles as promulgated by the Turkish Commercial Code and Tax Procedure Law. The foreign subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered.

The accompanying consolidated financial statements expressed in TL. All financial information presented in TL has been rounded to the nearest TL amounts, except when otherwise indicated.

The table below summarises functional currencies of the Group entities.

Company	Functional currency
Aksa Enerji – Y.Ş.	TL
Rasa Elektrik	TL
Deniz Elektrik	TL
Baki Elektrik	TL
Rasa Enerji	TL
İdil İki Enerji	TL
Ayres Ayvacık Rüzgar	TL
Alenka Enerji	TL
Aksa Göynük Enerji	TL
Kapıdağ Rüzgar Enerjisi	TL
Gesa Güç Sistemleri	TL
Siirt Akköy Enerji	TL
Aksa Aksen Enerji	TL
Aksa Energy Ghana	Ghana Cedi ("Ghs")

d) Basis of consolidation

i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from involvement with the entity and has the ability to affect those returns through it power over the entity. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss.

2. BASIS OF PREPARATION (continued)

d) Basis of consolidation (continued)

ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated interim financial statements from the date that control commences until the date that control ceases.

Each entity is consolidated based on the following methods:

- Aksa Enerji – Y.Ş. Siirt Akköy Enerji, Aksa Aksen Enerji are fully consolidated without non-controlling interest's ownership.

- Rasa Elektrik, Deniz Elektrik, Baki Elektrik, Rasa Enerji, İdil İki Enerji, Ayres Ayvacık Rüzgar, Alenka Enerji, Aksa Göynük Enerji, Kapıdağ Rüzgar Enerjisi, Gesa Güç Sistemleri and Aksa Energy Gana are fully consolidated with the non-controlling interest's ownership reflected as a non-controlling interest.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by the Group entities.

iii) Non-controlling interests

Non-controlling interests ("NCI") are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners.

iv) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any NCI and other components of equity related to the subsidiary. Any resulting gain or loss arising on the loss of control is recognised in profit or loss. Any interest retained in the former subsidiary, then such interest is measured at fair value at the date when control is lost.

v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated interim financial statements.

(Amounts expressed in Turkish Lira unless otherwise stated.)

2. BASIS OF PREPARATION (continued)

e) Foreign currency

i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign currency differences arising on retranslation are recognised in profit or loss.

ii) Foreign operations

The assets and liabilities of Aksa Energy Ghana arising on acquisition, are translated to TL at exchange rates at the reporting date. The income and expenses of foreign operations are translated to TL at monthly average exchange rates. Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve (“translation reserve”) in equity.

The EUR/TL and USD/TL and GHS/TL as at 31 March 2016 and 31 December 2015 are as follows:

	31 March 2016	31 December 2015
EUR/TL	3,2081	3,1776
USD/TL	2,8334	2,9076
GHS/TL	0,7338	0,7578

f) Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is included in the following notes:

Note 20 – Net of trade receivable receivables from KIBTEK and factoring liabilities: as the factoring agreements are irrevocable factoring liabilities and trade receivable are presented in gross in the consolidated financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 December 2015 is included in the following notes:

Note 16 – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
Note 3 – impairment test: key assumptions underlying recoverable amounts, including the recoverability of development costs.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Financial instruments

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held to maturity financial assets, loans and receivables and available for sale assets.

The Group classifies non-derivative financial liabilities into other financial liabilities category.

i) Non-derivative financial assets and financial liabilities - Recognition and derecognition

The Group initially recognises loans and receivables and bank deposits on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date, which is the date that the Group, becomes a party to the contractual provisions of the instrument

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a trading transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

ii) Non-derivative financial assets – Measurement

Held-to-maturity financial assets

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, bank deposits and short-term highly liquid investments with maturities of three months or less from acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short term commitments.

iii) Non-derivative financial liabilities – Measurement

A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognised in profit or loss.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Financial instruments (continued)

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

iv) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if certain criteria are met.

Derivatives are initially measured at fair value; any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged item is non-financial asset, the amount accumulated in equity is included in the carrying amount of the asset when the asset is recognised. In other cases, the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, the hedging instrument expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

Other non-trading derivatives

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss.

b) Impairment

i) Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss, are assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired includes default or delinquency by a debtor; restructuring of an amount due to the Group on terms that the Group would not consider otherwise; indications that a debtor or issuer will enter bankruptcy; adverse changes in the payment status of borrowers or issuers; the disappearance of an active market for a security because of financial difficulties; or observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Impairment (continued)

i) Non-derivative financial assets (continued)

Financial assets measured at amortised cost

The Group considers evidence of impairment for loans and receivables at a specific asset. All individually significant receivables are assessed for specific impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

ii) Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets other than inventories and deferred tax assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

c) Inventories

Inventories are measured at the lower of cost and net realisable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

The cost of inventories includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. The cost of inventories is calculated using the weighted average method.

d) Related parties

For the purposes of the financial statements, the shareholders, key management personnel and member of the Board of the Directors, in each case together with companies controlled by or affiliated with them are considered and referred to as related parties (Note 33).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Related parties (continued)

Parties are considered related to the Company if;

(a) A person or a close member of that person's family is related to a reporting entity if that person:

(i) has control or joint control over the reporting entity;
(ii) has significant influence over the reporting entity; or
(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
(vi) The entity is controlled or jointly controlled by a person identified in (a).
(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

e) Property and equipment

i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of certain items of property and equipment at 1 January 2005, the Group's date of transition to IFRS, was determined with reference to its fair value at that date.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the net proceeds from disposal with the carrying amount of property and equipment, and are recognised net within "Other operating income / (expense)" in profit or loss.

During the production phase of the mine, the material removed when stripping in the production phase, often it will be a combination of ore and waste. Removal of material with a low ratio of ore to waste may produce some usable material, which can be used to produce inventory. This removal might also provide access to deeper levels of material that have a higher ratio of ore to waste that will be mined in future periods. The Group, recognize stripping activity asset when it is probable that the future economic benefit associated with the stripping activity will flow to the Group, identify the component of the ore body for which access has been improved; and the costs relating to the stripping activity associated with that component can be measured reliably. The Group shall allocate the production stripping costs between the inventory produced and the stripping activity asset by using an allocation basis that is based on mineral content of the ore extracted compared with expected mineral content to be extracted, for a given quantity of ore produced.

Since some incidental operations may take place at the same time as the production stripping activity, but which are not necessary for the production stripping activity to continue as planned, these incidental operations are not be included in the cost of the stripping activity asset.

(Amounts expressed in Turkish Lira unless otherwise stated.)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Property and equipment (continued)

ii) Subsequent costs

The cost of replacing a part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

iii) Depreciation

Items of property, plant and equipment are depreciated from the date that they are available for use, or in respect of self-constructed assets, from the date that the asset is completed and ready for use.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

After initial recognition, the stripping activity asset is initially measured at its cost less depreciation and less impairment losses. Stripping activity asset is depreciated on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	10 - 50 years
Machinery and equipment	10-40 years
Furniture and fixtures	5-8 years
Vehicles	5-15 years
Leasehold improvements	5 years

The Group depreciates its power generation plants in different useful lives in accordance to their different useful lives.

Wind electricity powerhouse	20 years
Fuel oil power plants	15 years
Natural gas power plants	20 years
Hydroelectric power plants	40 years
Coal plants	15 years

The pipeline related with Antalya power plant which was constructed by the Group and will be transferred to BOTAŞ free of charge, is used by the Group during the life of pipeline licence. The Group amortises pipeline at the cost of 24,912,599 during the life of the pipeline licence.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Intangible assets

Other intangible assets

Other intangible assets that are acquired by the Group which have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

i) Subsequent measurement

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

ii) Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives of licences for the current and comparative periods are between 2 and 49 years. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

g) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money where appropriate, and the risks specific to the liability.

h) Employee benefits

i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii) Other long-term employee benefits

In accordance with the existing labour law in Turkey, the Group entities in Turkey are required to make lump-sum payments to employees who have completed one year of service and whose employment is terminated without cause or who retire, are called up for military service or die. Such payments are calculated on the basis of 30 days' pay maximum TL 4,039 as at 31 March 2016 (31 December 2015: TL 3,828) per year of employment at the of pay applicable at the date of retirement or termination. Reserve for retirement pay is computed and reflected in the financial statements on a current basis. The management of the Group used some assumptions (detailed in Note 26) in the calculation of the retirement pay provision. The calculation was based upon the retirement pay ceiling announced by the Government.

Remeasurements arising from retirement pay comprise actuarial gains and losses. The Group recognises actuarial differences in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

i) Contingent assets and liabilities

Possible assets or obligations that arise from past events and for which their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not entirely within the control of the Group are treated as contingent assets or liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Contingent assets and liabilities (continued)

A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. If the possibility of transfer of assets is probable, contingent liability is recognized in the financial statements.

A contingent asset is disclosed, when the possibility of an inflow of economic benefits to the entity is probable. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs.

j) Revenue

i) Electricity sales

Electricity sales revenue are recorded at invoiced amounts by the delivery of electricity power to customers on an accrual basis.

k) Leases

i) Determining whether an agreement contains a lease

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group’s incremental borrowing rate.

ii) Leased assets

Leases of property and equipment that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Group’s statement of financial position.

iii) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

l) Finance income and finance costs

The Group’s finance income and finance costs include interest income, interest expense, the foreign currency gain or loss on financial assets and financial liabilities, bank commission expense and discount expense the net gain or loss on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Tax

Tax expense comprises current and deferred tax. Tax expense is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

i) Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

iii) Tax exposures

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

n) Earnings per share

The Group, presents basic and diluted earnings per share (“EPS”) data for its ordinary shares. Basic and diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. There are no dilutive potential shares.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

o) 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.

p) Standards issued but not yet effective and not early adopted

IFRS 9 Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 “Financial Instruments: Recognition and Measurement”. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group is in the process of assessing the impact of the standard on the consolidated financial position or performance of the Group.

IFRS 15 Revenue from Contracts with customers

The standard replaces existing IFRS and US GAAP guidance and introduces a new control-based revenue recognition model for contracts with customers. In the new standard, total consideration measured will be the amount to which the Company expects to be entitled, rather than fair value and new guidance have been introduced on separating goods and services in a contract and recognising revenue over time. The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted under IFRS. The Group is in the process of assessing the impact of the standard on the consolidated financial position or performance of the Group.

Clarification of acceptable methods of depreciation and amortisation (Amendments to IAS 16 and IAS 38)

The amendments to IAS 16 “Property, Plant and Equipment” explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The amendments to IAS 38 “Intangible Assets” introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. The amendments are effective for annual periods beginning on after 1 January 2016, and are to be applied prospectively. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

Accounting for acquisition of interests in joint operations (Amendments to IFRS 11)

The amendments clarify whether IFRS 3 “Business Combinations” applies when an entity acquires an interest in a joint operation that meets that standard’s definition of a business. The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

IFRS 14 Regulatory Deferral Accounts

IASB has started a comprehensive project for Rate Regulated Activities in 2012. As part of the project, IASB published an interim standard to ease the transition to IFRS for rate regulated entities. The standard permits first time adopters of IFRS to continue using previous GAAP to account for regulatory deferral account balances. The interim standard is effective for financial reporting periods beginning on or after 1 January 2016, although early adoption is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

p) Standards issued but not yet effective and not early adopted (continued)

Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28)

The amendments address the conflict between the existing guidance on consolidation and equity accounting. The amendments require the full gain to be recognised when the assets transferred meet the definition of a "business" under IFRS 3 "Business Combinations". The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

Equity method in separate financial statements (Amendments to IAS 27)

The amendments allow the use of the equity method in separate financial statements, and apply to the accounting not only for associates and joint ventures, but also for subsidiaries. The amendments apply retrospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

Disclosure Initiative (Amendments to IAS 1)

The narrow-focus amendments to IAS 1 "Presentation of Financial Statements" clarify, rather than significantly change, existing IAS 1 requirements. In most cases the amendments respond to overly prescriptive interpretations of the wording in IAS 1. The amendments relate to the following: Materiality, order of the notes, subtotals, accounting policies and disaggregation. The amendments apply for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)

Due to difficulties associated with the fair value measurement of bearer plants that are no longer undergoing biological transformation bearer plants are now in the scope of IAS 16 "Property, Plant and Equipment" for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 "Agriculture". The amendments are effective for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)

Before the amendment, it was unclear how to account for an investment entity subsidiary that provides investment-related services. As a result of the amendment, intermediate investment entities are not permitted to be consolidated. So where an investment entity's internal structure uses intermediates, the financial statements will provide less granular information about investment performance – i.e. less granular fair values of, and cash flows from, the investments making up the underlying investment portfolio.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

Improvements to IFRSs

The IASB issued Annual Improvements to IFRSs - 2012–2014 Cycle. The amendments are effective as of 1 January 2016. Earlier application is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

p) Standards issued but not yet effective and not early adopted

Annual Improvements to IFRSs – 2012–2014 Cycle

IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations"

The amendments clarify the requirements of IFRS 5 when an entity changes the method of disposal of an asset (or disposal group) and no longer meets the criteria to be classified as held-for-distribution.

IFRS 7 "Financial Instruments: Disclosures"

IFRS 7 is amended to clarify when servicing arrangement are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognised in their entirety. IFRS 7 is also amended to clarify that the additional disclosures required by "Disclosures: Offsetting Financial Assets and Financial Liabilities" (Amendments to IFRS 7).

IAS 19 "Employee Benefits"

IAS 19 has been amended to clarify that high-quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.
IAS 34 "Interim Financial Reporting"

IAS 34 has been amended to clarify that certain disclosure, if they are not included in the notes to interim financial statements, may be disclosed "elsewhere in the interim financial report" – i.e. incorporated by cross-reference from the interim financial statements to another part of the interim financial report (e.g. management commentary or risk report).

r) Correction of error

The Group corrected the consolidated financial statements in accordance with *IFRIC 20 Stripping Costs In The Production Phase Of A Surface Mine*. As a result of correction of this error in the Group's restated consolidated statement of financial position as at 31 December 2015 for the following accounts: an increase in stripping cost assets and development assets by TL 65,483,738 (1 January 2015: increase by TL 43,328,692) and TL 5,245,440 (1 January 2015: increase by TL 4,395,086), respectively under *Property Plant and Equipment*, a decrease in the *Inventory* account by TL 84,555,274 (1 January 2015: increase by TL 43,616,136 TL), an increase in *Retained Loss* by TL 13,826,096 (1 January 2015:decrease by TL 4,107,642, 31 March 2015: increase by TL 3,456,524TL) has been recognised in the restated consolidated financial statements. As a result of correction of this error in the Group's restated consolidated statement of profit or loss and other comprehensive income as at 31 December 2015 for the following accounts: an increase in depreciation expense under *Cost of Sales* by TL 1,650,963 (31 March 2015: TL 412,740 increase) cost of goods sold excluding the effect of depreciation by TL 16,282,775 (31 March 2015: TL 4,070,693 increase) have been recognised in the restated consolidated financial statements.

Impairment loss recognised in the consolidated financial statements before 1 January 2015 reversed by TL 16,410,537 in accordance with the revaluation report obtained in October 2015. As a result of correction of error, an increase in *Property, Plant and Equipment* account by TL 16,410,537, a decrease in *Retained Loss* account by TL 16,410,537 have been recognised as at 31 December 2015 in the restated consolidated financial statements. This error does not affect consolidated profit or loss and other comprehensive income as at 31 March 2015. An increase in other income by TL 16,410,537 have been recognised as of 31 December 2015.

The Group determined that there is an inconsistency in useful lives of similar assets under *Property, Plant and Equipment* account and corrected its consolidated financial statements. As a result of correction of this error in the Group's restated consolidated financial statement for the following accounts: an increase in *Property Plant and Equipment* account by TL 16,442,370 TL (1 January 2015: decrease by TL 16,442,370), an increased in *Intangible Assets* by TL 1,131,810 (1 January 2015: none) and a decrease in *Retained Losses* by TL 15,310,560 have been recognised in the restated consolidated financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

r) Correction of error

As a result of overall effect of above correction of errors, *Deferred Tax Liabilities* increase by TL 13,958,504, *Deferred Tax Liability* decreased by TL34,220,018, *Retained Losses* increased by TL 7,882.405, and as at 31 December 2015, *Deferred Tax Expense* decreased by TL 299,646 (31 March 2015: TL 74,912).

As at 31 December 2015, as a result of other various correction of errors in the Group's consolidated financial statements, an increase in *Other Long-Term Assets* by TL 23,926,651, an increase in *Other Liabilities* by TL 2,525,060, goodwill decrease by TL 223,983, due to related parties decreased by TL 1,001,462, a decrease in *Retained Losses* by TL 85,505,775 together with above adjustments, a decrease in *Cost Of Sales* by TL 23,926,651 (31 March 2015: decrease by TL 5,981,663) have been recognised in the restated consolidated financial statements.

Reclassifications
The Group presented factoring liabilities in amount of TL 133,025,154 in Trade Payable account to the Other Financial Liabilities TL 53,220,162 TL and TL 79,804,992 to Long Term Other Financial Liabilities and net-off prepaid commission expenses which was presented under Other Current Assets with financial liabilities in amount of TL 19,282,972 and transfer Legal Reserves TL 42,114,653 from Retained Earnings in order to reflect better the nature of financial information. There are some other reclassification due to the change in detail of presentation in the face of the consolidated financial statements.

4. DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

i) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows discounted at the market rate of interest at the reporting date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. These fair values are determined for disclosure purposes.

ii) Derivatives

The fair value of interest rate swaps are based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group when appropriate.

iii) Non-derivative financial liabilities

Other non-derivative financial liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

5. FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Group considers its risks in respect of financial risks (credit, market, geographical, foreign exchange, liquidity and interest rate), operational and legal risks. The Group's risk management policies are established to identify and analyse the risk faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

All directors act to ensure an effective internal control process, providing assurance in relation to control, governance and the risk management process.

Internal audit plans are based on risk assessments as well as the issues highlighted by the Audit Committee of Aksa Enerji management. Risk assessment is conducted on a continuous basis so as to identify not only existing risks but also emerging risks. Formally, risk assessment is made annually but more often if necessary.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and bank balances.

The Group's principal financial assets are cash and cash equivalents, restricted bank balances, trade and other receivables. Credit risk on liquid funds and bank balances is limited because the counterparties are banks with high credit ratings.

The Group has procedures in place to ensure that services are provided to customers with an appropriate credit history. The carrying amount of trade or other receivables, net of provision for impairment of receivables, and the total of cash and cash equivalents, and restricted bank balances represent the maximum amount exposed to credit risk. The main customers are Aksa Elektrik, and TEİAŞ. Based on past history with these customers, the Group management believes there is no significant credit risk.

5. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group buys derivatives, and also incur financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by lenders and executives of the Group. The Group applies hedge accounting in order to manage volatility in interest rates.

i) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group has exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. As at 31 March 2016, the Group had balances that are denominated in a currency other than the respective functional currencies of Group entities, primarily TL, but also GHS which are disclosed within the relevant notes to these consolidated interim financial statements. The currencies in which these transactions primarily denominated are USD and EUR. The Group manages this currency risk by maintaining foreign currency cash balances and using some financial instruments as mentioned in Note 30.

ii) Interest rate risk

Group, exposes interest rate risk due to repricing of variable interest rate borrowing risk of bank loans and financial lease liabilities. The aim of risk management is to optimize net interest gains and market interest rate in accordance with company policies The Group signed interest rate swap related with some variable rate borrowings.

Capital management

The main objective of the Company's capital management is to maintain a strong capital ratio in order to support its future development of the business and maintain an optimal capital structure to reduce cost of capital.

The Company manages its capital structure and makes adjustments on it according to its growth and economic conditions and competition at the market. In order to maintain or adjust the capital structure, the shareholders may make a direct cash contribution of the needed working capital to the Company.

There were no changes in the Group's approach to capital management during the period.

(Amounts expressed in Turkish Lira unless otherwise stated.)

6. REVENUE

An analysis of the Group's revenue, for the three-month periods ended 31 March is as follows:

	1 January-31 March 2016	**1 January-31 March 2015**
Domestic sales	688,839,802	276,060,173
Foreign sales	37,155,185	77,092,480
Other sales	14,000	287,879
Sales income (net)	726,008,987	353,440,532
Cost of sales (-)	(654,768,389)	(294,761,575)
Gross profit	**71,240,598**	**58,678,957**

	1 January-31 March 2016	**1 January-31 March 2015**
Total sales – Unit		
Electricity – Mws	4,178	3,013
Revenue – Amount		
Electricity	725,802,201	343,151,924
Natural gas materials and other income	89,601	105,767
Lignite sales and shipping costs	117,185	10,182,841
Total	**726,008,987**	**353,440,532**

	1 January-31 March 2016	**1 January-31 March 2015**
Gross margin – Amount		
Natural gas materials and other income	(7,253,801)	236,370
Electricity	78,533,161	54,785,504
Lignite sales and shipping costs	(38,762)	3,657,083
Total	**71,240,598**	**58,678,957**

In 1Q 2016, the Group generated 804 GWh (1Q 2015: 1.284 GWh) electricity. Additionally, the Group received TEIAŞ's Load Rejection Order (YAT: Yük Atma Talimatı) amounting to 168 GWh (1 Q2015: 282 GWh), purchased 2.312 GWh from PMUM(SAM) and 893.5 GWh via bilateral agreements to reach an aggregate supply of 4.1 TWh enegry.3.1 TWh was sold to OTC market and end users.The average selling price is 173.7 TL/MWh (1Q 2015: 181 TL/MWh) .The Group's average capacity utilization ratio is 36%(1Q 2015: 39,29%). The adjusted average capacity utilization ratio, including trading activities, is 60%.

(Amounts expressed in Turkish Lira unless otherwise stated.)

7. OTHER OPERATING INCOME AND EXPENSES

An analysis of the Group's other operating income, for the three-month periods ended 31 March is as follows:

	1 January-31 March 2016	1 January-31 March 2015
Financial income from credit sales	3,524,652	1,143,256
Insurance income	2,013,242	3,807
Gain on disposal of property,plant and equipment	257,824	--
Provisions no longer required	573	34
Other	1,006,720	759,739
Total operating income	**6,803,011**	**1,906,836**

An analysis of the Group's other operating expenses, for the three-month periods ended 31 March is as follows:

	1 January-31 March 2016	1 January-31 March 2015
Financial expenses from credit sales	1,352,607	664,074
Donations and grants	77,300	199,650
Loss on disposal of property, plant and equipment	--	51,055
Cost of cancelled investment project	--	68,644
Cleaning costs related with Cyprus powerplant	--	400,000
Other	236,756	912,950
Total operating expenses	**1,666,663**	**2,296,373**

(Amounts expressed in Turkish Lira unless otherwise stated.)

8. ADMINISTRATIVE EXPENSES

An analysis of the Group's administrative expenses, for the three-month periods ended 31 March is as follows:

	1 January-31 March 2016	1 January-31 March 2015
Personnel expenses	4,807,146	2,803,099
Travelling, vehicle and transportation expenses	659,868	302,653
Consultancy expenses	359,589	305,628
Bad debt provision	331,229	5,817
Rent expenses	326,318	18,278
Company establishment costs	222,549	--
Depreciation and amortization expenses	126,496	198,445
Representation expenses	118,405	7,864
Electricity, gas and water expenses	106,697	87,480
Provision for lawsuits	75,322	--
Provision for severance payments	65,839	25,823
Legal expenses	32,009	68,295
Telecommunication expenses	29,552	26,683
Other	552,860	159,285
Total administrative expenses	**7,813,879**	**4,009,350**

9. MARKETING AND SELLING EXPENSES

An analysis of the Group's marketing and selling expenses, for the three-month periods ended 31 March is as follows:

	1 January-31 March 2016	1 January-31 March 2015
Advertisement expenses	10,000	15,000
Freight and export expenses	9,697	20,145
Other	64,395	38,413
Total marketing and selling expenses	**84,092**	**73,598**

(Amounts expressed in Turkish Lira unless otherwise stated.)

10. FINANCIAL INCOME AND FINANCIAL EXPENSES

An analysis of the Group's financial income and expenses, for the three-month periods ended 31 March is as follows:

	1 January- 31 March 2016	1 January- 31 March 2015
Recognised in profit or loss		
Foreign exchange gain, net	52,596,225	62,209,406
Interest and discount income	1,009,143	1,010,015
Interest and discount income from related parties	1,141,014	4,050,275
Derivative income	1,644,761	--
Income from equity securities	--	5,365
Exchange gain	36,298	--
Other	33,986	--
Financial income	**56,461,427**	**67,275,061**
Interest expense on financial liabilities and intercompany loans	10,107,984	5,187,406
Interest and discount expenses	52,463,921	36,825,171
Interest rate swap expenses	11,532,360	--
Bank commission expenses	3,700,387	100,964
Bond issued, interest and expenses	4,958,901	--
Foreign exchange loss, net	35,110,749	191,809,918
Other	13,219	1,086
Financial expenses	**117,887,521**	**233,924,545**
Net financial costs recognised in profit or loss	**61,426,094**	**166,649,484**

11. TAX EXPENSE

An analysis of the Group's tax expense, for three-month periods ended 31 March is as follows:

	1 January- 31 March 2016	1 January- 31 March 2015
Current tax expense		
Current period tax expense	(4,619,789)	(1,524,942)
Deferred tax expense		
Origination and reversal of temporary differences	5,388,720	17,929,459
Total tax income	**768,931**	**16,404,517**

11. TAX EXPENSE (continued)

Corporate tax:

Corporate tax liabilities as at31 March 2016 as follows:

	31 March 2016
Corporate tax provision as restated	
Add / (Less): prepaid corporation tax from previous period	4.619.789
Less: corporation taxes paid in advance during the period	(2.071.855)
Current tax liabilities, net	**2.547.934**

The Turkish entities within the Group are subject to Turkish corporate taxes. Provision is made in the accompanying consolidated financial statements for the estimated charge based on the each of the Group entities' results for the period.

11. TAX EXPENSE (continued)

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilised.

There is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate at 31 March 2016 is 20% (31 December 2015: 20%). Losses can be carried forward for offsetting against future taxable income for up to 5 years. Losses cannot be carried back.

Kıbrıs A.Ş. –YŞ., operating in KKTC, is subject to a corporate tax rate of 23.5% (31 December 2015: 23.5%). Losses can be carried forward for offset against future taxable income for up to 5 years.

Income withholding tax:

According to Corporate Tax Law code numbered 5520 article 15, companies who are resident in Turkey, should calculate 15% income withholding tax on dividends distributed to non-resident companies, individuals and resident individuals. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

Transfer pricing regulations:

In Turkey, the transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of “Disguised profit distribution via transfer pricing”. The General Communiqué on disguised profit distribution via Transfer Pricing, dated 18 November 2007 sets details about implementation.

If a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

(Amounts expressed in Turkish Lira unless otherwise stated.)

12. PROPERTY AND EQUIPMENT

The movements of property and equipment and related accumulated depreciation for the three-month period ended 31 March were as follows:

	Land and buildings and land improvements	Machinery and equipments	Vehicles	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
Cost							
Balance at 1 January 2015 as previously reported	**64,107,764**	**2,465,013,805**	**2,116,654**	**14,341,597**	**639,212**	**921,988,123**	**3,468,207,155**
Effect of error	(27,149,893)	(70,798,728)	687,796	(2,112,599)	(154,604)	40,909	(99,487,119)
Balance at 1 January 2015 as restated	**36,957,871**	**2,394,215,077**	**2,804,450**	**12,228,998**	**484,608**	**922,029,032**	**3,368,720,036**
Additions	328,428	2,703,276	--	182,534	12,044	134,990,259	**138,216,541**
Disposals	--	--	--	(71,402)	--	(36,090)	**(107,492)**
Transfers	--	11,943,061	--	--	--	(11,943,061)	**--**
Balance at 31 March 2015	**37,286,299**	**2,408,861,414**	**2,804,450**	**12,340,130**	**496,652**	**1,045,040,140**	**3,506,829,085**
Balance at 1 January 2016 as previously reported	75,553,117	3,307,176,663	2,386,351	13,541,194	500,859	459,479,744	3,858,637,928
Effect of error	15,427,277	--	--	--	--	--	15,427,277
Balance at 1 January 2016 as restated	**90,980,394**	**3,307,176,663**	**2,386,351**	**13,541,194**	**500,859**	**459,479,744**	**3,874,065,205**
Effect of movements in exchange rates	930,022	(3,196)	(69,418)	--	--	--	857,408
Additions	2,330	1,498,226	--	278,768	271	107,708,086	109,487,682
Disposals	--	--	(156,235)	--	--	(34,778,770)	(34,935,005)
Transfers (**)	--	(3,545,440)	--	--	--	1,436,677	(2,108,763)
Balance at 31 March 2016	**91,912,746**	**3,305,126,253**	**2,160,698**	**13,819,963**	**501,130**	**533,845,737**	**3,947,366,527**

(*) At 31 March 2016, interest expense capitalised under tangible assets in amount of TL 13,578,419 (31 March 2015: 19,907,412).
(**) At 31 March 2016, the remaining portion of transfer amounting to TL 1,625,022 comprises inventory (31 March 2015: None).

(Amounts expressed in Turkish Lira unless otherwise stated.)

12. PROPERTY AND EQUIPMENT (continued)

	Lands and buildings, lands improvements	Machinery and equipments	Vehicles	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
Accumulated depreciation							
Balance at 1 January 2015 as previously reported	2,013,021	725,130,021	1,498,816	9,273,980	259,154	--	738,174,992
Effect or error	1,273,578	(56,499,083)	581,354	(2,490,387)	(91,447)	--	(57,225,985)
Balance at 1 January 2015 as restated	**3,286,599**	**668,630,938**	**2,080,170**	**6,783,593**	**167,707**	**--**	**680,949,007**
Depreciation for the period	91,954	32,001,375	48,363	274,059	7,820	--	32,423,571
Disposals	--	--	--	(12,961)	--	--	(12,961)
Balance at 31 March 2015	**3,378,553**	**700,632,313**	**2,128,533**	**7,044,691**	**175,527**	**--**	**713,359,617**
Balance at 1 January 2016 as previously reported	3,941,462	809,485,018	1,517,884	7,867,569	198,413	--	823,010,346
Effect of error	--	--	--	--	--	--	--
Balance at 1 January 2016 as restated	**3,941,462**	**809,973,342**	**1,517,884**	**7,867,569**	**198,413**	**--**	**823,498,760**
Effect of movements in exchange rates	--	318	7,370	--	--	--	7,688
Depreciation for the period	640,523	43,832,642	52,241	306,859	7,514	--	44,839,778
Disposals	--		(154,303)	--	--	--	(154,303)
Transfers	--	(483,741)	--	--	--	--	(483,741)
Balance at 31 March 2016	**4,581,986**	**853,322,651**	**1,423,191**	**8,174,428**	**205,927**	**--**	**867,708,182**
Carrying amounts							
At 31 March 2015	**33,907,746**	**1,681,125,134**	**675,917**	**5,295,439**	**321,125**	**1,045,040,140**	**2,766,365,501**
At 31 March 2016	**87,330,760**	**2,451,803,603**	**737,506**	**5,645,535**	**295,204**	**533,845,736**	**3,079,658,435**

(Amounts expressed in Turkish Lira unless otherwise stated.)

12. PROPERTY AND EQUIPMENT (continued)

Construction in progress

At 31 March 2016, construction in progress represents, stationary export and import warehouse.

Project	31 March 2016 Amount	Technical completion rate (%)
Kozbükü – Hydroelectric power plant	205,467,608	98
Bolu Göynük power plant investment	168,020,164	100
Ghana investment	126,991,878	40
Kıbrıs Kalecik – Mobile power plant investment	6,781,525	99
Other (*)	2,684,563	
Total	**509,945,738**	

(*) This balance comprises investments in licence period and capacity increase of current power plants.

Mining assets

At 31 March 2016 and 31 December 2015, mining assets comprise mining development assets and stripping cost.

	31 March 2016	31 December 2015
Cost:		
Mining development assets	5,477,733	5,477,773
Stripping costs	76,805,417	67,843,827
	82,283,150	**73,321,600**
Amortisation:		
Mining development assets	(2,373,615)	(2,360,089)
Stripping costs	(233,305)	(232,333)
	(2,606,920)	**(2,592,422)**
	79,676,230	**70,729,178**

(Amounts expressed in Turkish Lira unless otherwise stated.)

13. INTANGIBLE ASSETS

The movements in intangible assets and related accumulated amortisation during the three-month periods ended 31 March were as follows:

	Rights	Other	Total
Cost			
Balance at 1 January 2015	**3,267,954**	**594,950**	**3,862,904**
Additions	77,000	--	77,000
Disposals	(36,250)	--	(36,250)
Balance at 31 March 2015	**3,308,704**	**594,950**	**3,903,654**
Balance at 1 January 2016 as restated	**4,118,891**	**888,685**	**5,007,576**
Additions	272,882	6,612	279,494
Balance at 31 March 2016	**4,391,773**	**895,297**	**5,287,069**

	Rights	Other	Total
Amortisation			
Balance at 1 January 2015	877,769	319,382	1,197,151
Amortisation for the period	34,402	48,990	83,392
Disposals	(5,355)	--	(5,355)
Balance at 31 March 2015	**906,816**	**368,372**	**1,275,188**
Balance at 1 January 2016 as previously reported	**1,057,477**	**517,297**	**1,574,774**
Effect of error	**165,854**	**(145,786)**	**20,068**
Balance at 1 January 2016 as restated	**1,223,331**	**371,511**	**1,594,482**
Amortisation for the period	70,787	31,968	102,755
Balance at 31 March 2016	**1,294,118**	**403,479**	**1,697,597**
Carrying amounts			
At 31 March 2015	**2,401,888**	**226,578**	**2,628,466**
At 31 March 2016	**3,097,655**	**491,818**	**3,589,472**

(Amounts expressed in Turkish Lira unless otherwise stated.)

14. FINANCIAL INVESTMENTS

Financial investments

At 31 March 2016 and 31 December 2015, financial investments comprised the following:

	Rate (%)	31 March 2016	31 December 2015
Enerji Piyasaları İşletme A.Ş. (*)	0.67	412,408	412,408
		412,408	**412,408**

(*) The Group invest to Enerji Piyasaları İşletme A.Ş. (EXIST) and obtained 412,408 Group C share on 20 November 2014.

15. GOVERNMENT GRANTS

The Group entities, Aksa Enerji and İdil İki, have investment incentive related with coal powerplant in Göynük and hydroelectric powerplant in Kozbükü. This investmenst provide tax incentive, employer's national insurance contribution, VAT exemption and custom duty. As at 31 March 2016, investment incentive carried forward is TL 239,401,600 related with Aksa Enerji and TL 28,716,593 related with İdil İki investments. At 31 March 2016, deferred tax effect of investment incentive amounting to TL 539,657 (31 December 2015: TL 539,657) is recognised in the consolidated interim financial statements.

16. DEFERRED TAX ASSETS AND LIABILITIES

The Group recognises deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for IFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for IFRS and tax purposes and they are given below.

For calculation of deferred tax assets and liabilities, the applicable tax rate is 20% for the Company and subsidiaries in Turkey, the rate of 25% for the subsidiary in Ghana for the current and comparative periods.

In Turkey, companies cannot declare a consolidated tax return, therefore subsidiaries and jointly controlled entities that have deferred tax assets position were not netted off against jointly controlled entities that have deferred tax liabilities position and were disclosed separately.

(Amounts expressed in Turkish Lira unless otherwise stated.)

16. DEFERRED TAX ASSETS AND LIABILITIES (continued)

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		**Liabilities**		**Net**	
	31 March 2016	**31 December 2015**	**31 March 2016**	**31 December 2015**	**31 March 2016**	**31 December 2015**
Property and equipment and intangible assets	--	--	(53,746,386)	(34,185,416)	(53,746,386)	(34,185,416)
Accrued expense correction	9,000,178	--	--	(289,047)	9,000,178	(289,047)
Investment allowance	539,657	1,206,183	--	--	539,657	1,206,183
Foreign exchange losses	88,476	1,128,703	--	--	88,476	1,128,703
Provision of doubtful receivables correction	4,681,406	4,747,479	--	--	4,681,406	4,747,479
Derivatives	1,233,816	1,141,447	--	--	1,233,816	1,141,447
Inventory impairment loss	2,477,832	2,912,138	--	--	2,477,832	2,912,138
Loans and borrowings	4,981,165	--	(8,223,853)	(230,282)	(3,242,688)	(230,282)
Reserve for employee severance indemnity	925,492	901,075	--	--	925,492	901,075
Rediscount finance income	1,103,763	292,269	--	--	1,103,763	292,269
Rediscount finance expense	--	--	(2,482,006)	(251,574)	(2,482,006)	(251,574)
Rediscount bond issue	425,820	425,820	--	--	425,820	425,820
Provisions	391,956	--	--	--	391,956	--
Tax loss carry - forwards	63,291,405	56,779,540	--	--	63,291,405	56,779,540
Impact of error	--	(3,562,842)	--	(4,343,550)	--	(7,906,392)
Deferred tax assets / (liabilities)	**89,140,965**	**66,271,812**	**(64,452,245)**	**(39,299,869)**	**24,688,720**	**26,971,943**
Set-off of tax	(64,452,245)	(39,299,869)	64,452,245	(39,299,869)		
Net deferred tax assets / (liabilities)	**24,688,720**	**26,971,943**	**--**	**--**	**24,688,720**	**26,971,943**

17. INVENTORIES

At 31 March 2016 and 31 December 2015, inventories comprised the following:

	31 March 2016	**31 December 2015**
Raw materials	239,280,182	186,122,671
Work-in-progress	25,092,088	29,688,527
Finished goods	779,891	775,517
Trade goods	45,192	84,825
Other inventory	69,548,011	115,063,779
Provision for impairment on inventories (-)	(12,389,160)	(12,389,160)
	322,356,204	**319,346,159**

(Amounts expressed in Turkish Lira unless otherwise stated.)

18. OTHER RECEIVABLES ASSETS AND LIABILITIES

Other current assets

At 31 March 2016 and 31 December 2015, other current assets comprised the following:

	31 March 2016	31 December 2015
VAT asset	128,671,818	134,329,234
Other	988,584	4,358,585
	129,660,402	**138,687,819**

Long-term other receivables

At 31 March 2016 and 31 December 2015, long-term other receivables comprised the following:

	31 March 2016	31 December 2015
Deposits and guarantees given	13,987,077	2,484,450
	13,987,077	**2,484,450**

At 31 March 2016, other long-term assets mainly comprised of deposits and guarantees given to Takasbank in amount of TL 11,822,089 (31 December 2015: TL 641,362).

Short-term other receivables

At 31 March 2016 and 31 December 2015, long-term other receivables comprised the following:

	31 March 2016	31 December 2015
Doubtful receivables	8.176.854	8,173,855
Allowance for doubtful recievables (-)	(8.176.854)	(8,173,855)
Deposits and guarentees given	298,611	300,969
Receivables from tax authorities	360,225	187,989
Other	918,057	112,318
	1,576,911.06	**601,276**

(Amounts expressed in Turkish Lira unless otherwise stated.)

19. PREPAYMENTS

Short-term prepayments

	31 March 2016	31 December 2015
Advances given for inventories	2,807,663	30,299,920
Prepaid loan insurance expenses	5,116,492	15,928,150
Prepaid insurance expenses	43,072	3,705,970
Other prepaid expenses	1,169,143	1,442,140
Total	**9,136,370**	**51,376,180**

Long-term prepayments

	31 March 2016	31 December 2015
Advances given for tangible assets	34,043,391	44,992,503
Prepaid loan insurance expenses	--	54,703,266
Other prepaid expenses	11,180	11,338
Total	**34,054,571**	**99,707,107**

(Amounts expressed in Turkish Lira unless otherwise stated.)

20. TRADE RECEIVABLES AND PAYABLES

At 31 March 2016 and 31 December 2015, trade receivables to third parties comprised the following:

	31 March 2016	31 December 2015
Trade receivables	298,427,724	120,598,307
Doubtful receivables	134.570	2,601,758
Allowance for doubtful receivables (-)	(134.570)	(2,601,758)
Unearned credit finance charges (-)	(603,976)	(1,417,184)
	297.823.748	**119.181.123**

The exposure to credit and market risks and impairment losses related to trade receivables are disclosed in Note 31.

At 31 March 2016 and 31 December 2015, trade payables to third parties comprised the following:

	31 March 2016	31 December 2015
Trade payables to third parties	274,625,645	272,783,573
Unearned credit finance charges (-)	(599,242)	(488,057)
	274.625.046	**272.295.516**

The exposure to credit and liquidity related to trade payables are disclosed in Note 31.

21. CASH AND CASH EQUIVALENTS

At 31 March 2016 and 31 December 2015, cash and cash equivalents comprised the following:

	31 March 2016	31 December 2015
Cash on hand	122,439	63,861
Cash at banks		
- Demand deposits	4,502,489	10,422,257
- Time deposits	231,125,791	37,964,978
- Blocked cash	17,001,720	1,320
Cash and cash equivalents	**252,752,439**	**48,452,416**

The exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 31.

(Amounts expressed in Turkish Lira unless otherwise stated.)

22. CAPITAL AND RESERVES

At 31 March 2016 and 31 December 2015, the shareholding structure of the Company was as follows:

	31 March 2016		31 December 2015	
Shareholders	**%**	**Amount**	**%**	**Amount**
Kazancı Holding	61.98	380,064,978	61.98	380,064,978
Goldman Sachs International	16.62	101,911,765	16.62	101,911,765
Public Share	21.39	131,158,000	21.39	131,158,000
Other	0.01	34,375	0.01	34,375
Paid in capital in TL (nominal)	**100.00**	**613,169,118**	**100.00**	**613,169,118**

As at 31 March 2016, the Company's share capital consists of 613,169,118 registered shares in full TL 1 each (31 December 2015: 613,169,118 registered shares in full 1 TL each).

The details shares based on their group are as follows:

Group	**Rate (%)**	**Share amount**
A Group (Registered share)	47.93	293,896,220
B Group (Bearer share)	52.07	319,272,898
Paid in capital	**100.00**	**613,169,118**

TL 131,158,000 of bearer B group share are traded in Borsa İstanbul A.Ş.

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

Legal reserves

According to the Turkish Commercial Code ("TCC"), legal reserves are comprised of first and second legal reserves. The first legal reserves are generated by annual appropriations amounting to 5 percent of income disclosed in the Company's statutory accounts until it reaches 20 percent of paid-in share capital. If the dividend distribution is made in accordance with Dividend Distribution Communiqué II-19.1, a further 1/10 of dividend distributions, in excess of 5 percent of paid-in capital is to be appropriated to increase second legal reserves. If the dividend distribution is made in accordance with statutory records, a further 1/11 of dividend distributions, in excess of 5 percent of paid-in capitals are to be appropriated to increase second legal reserves. Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50 percent of paid-in capital. At 31 March 2016, legal reserves of the Group amounted to TL 39,142,521 (31 December 2015: TL 41,114,653).

Share premium

Share premium represents differences resulting from the sale of the Company's Subsidiaries' and Associates' shares at a price exceeding the face value of those shares or differences between the face value and the fair value of shares issued for acquired companies.

Actuarial gain/loss:

Actuarial gain/loss reserves comprises actuarial gains and losses recognised in other comprehensive income based on IAS (2011).

(Amounts expressed in Turkish Lira unless otherwise stated.)

22. CAPITAL AND RESERVES (continued)

Cash flow hedge reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred, net of tax.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign and domestic operations from their functional currencies to presentation currency of TL.

Dividend distribution

Publicly held companies distribute dividends based on the Capital Market Board ("CMB") Dividend Communique numbered II-19.1 effective from 1 February 2014.

Companies distribute their profits in accordance with their dividend policy determined by the General Assembly and with General Assembly resolution in accordance with provisions of the relevant legislation.

Non-controlling interests

Equity in a subsidiary that is not attributable, directly or indirectly, to a parent is classified under the "Non-controlling interests" in the consolidated financial statements.

As at 31 March 2016 and 31 December 2015 the related amounts in the "Non-controlling interests" in the consolidated statement of financial position are respectively TL 1,760,680 asset and TL 2,644,607 liability. In addition, net profit or loss in a subsidiary that is not attributable, directly or indirectly, to a parent is also classified under the "Non-controlling interests" in the consolidated financial statements.

23. EARNINGS PER SHARE

The calculation of basic and diluted EPS at 31 March 2016 and 2015 is as follows:

	1 January-31 March 2016	**1 January-31 March 2015**
Numerator:		
Profit/ (loss) for the period	7,821,811	(96,621,748)
Denominator:		
Weighted average number of shares	613,169,118	613,169,118
Basic and diluted profit per share (full TL)	**0.013**	**(0.158)**

(Amounts expressed in Turkish Lira unless otherwise stated.)

24. LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risks, see Note 31.

	31 March 2016	31 December 2015
Non-current liabilities		
Secured bank loans	1,389,673,934	1,525,054,345
Finance lease liabilities	129,117,883	139,186,707
	1,518,791,817	**1,664,241,052**
Current liabilities		
Short term secured bank loans	279,296,211	278,509,816
Current portion of secured bank loans	571,299,215	576,151,545
Finance lease liabilities	40,892,700	30,115,047
	891,488,126	**884,776,408**
Total loans	**2,410,279,943**	**2,549,017,460**

The Group's total bank loans and finance lease liabilities as at 31 March 2016 and 31 December 2015 are as follows:

	31 March 2016	31 December 2015
Bank loans	2,240,269,360	2,379,715,706
Finance lease liabilities	170,010,583	169,301,754
Total	**2,410,279,943**	**2,549,017,460**

Redemption schedules of the Group's bank loans according to original maturities as at 31 March 2016 and 31 December 2015 are as follows:

	31 March 2016	31 December 2015
On demand or within one year	946,532,661	854,661,361
In the second year	419,665,169	485,532,624
In the third year	225,888,395	301,966,724
In the fourth year	118,116,974	208,543,460
In the fifth year	125,057,026	145,485,981
After five years	405,009,135	383,525,556
	2,240,269,360	**2,379,715,706**

(Amounts expressed in Turkish Lira unless otherwise stated.)

24. LOANS AND BORROWINGS (continued)

Terms and debt repayment schedule

The breakdown of bank loans as at 31 March 2016 is as follows:

	Original currency	Maturity	Nominal interest rate %	Face value	Carrying amount
Secured bank loans	TL	2016-2027	%11.50-18.50	881,036,829	762,502,595
Secured bank loans	USD	2016-2027	Libor +0.15 – Libor+6.75	1,568,224,039	1,203,987,046
Secured bank loans	EUR	2016-2027	Euribor +1.80 –Euribor +6.50	310,567,631	273,779,719
					2,240,269,360

The breakdown of bank loans as at 31 December 2015 is as follows:

	Original currency	Maturity	Nominal interest rate %	Face value	Carrying amount
Secured bank loans	TL	2015-2027	12,99-16,49	882,768,691	660,558,634
Secured bank loans	USD	2015-2027	Libor +0.15 – Libor +6.75	1,718,746,061	1,414,413,446
Secured bank loans	EUR	2015-2027	Euribor +0.80 – Euribor +3.50	324,849,821	304,743,626
					2,379,715,706

The breakdown of financial liabilities as at 31 March 2016 is as follows:

Maturity	Currency	The amount of foreign currency	The amount of TL
0-3 month	ABD$	21,615,224	61,244,576.00
	EUR	6,224,268	19,968,073
	TL	154,132,598	154,132,598
3 month- 1 year	ABD$	80,066,743	226,861,109
	EUR	14,719,520	47,221,693
	TL	437,104,611	437,104,611
1-2 year	ABD$	60,463,575	171,317,493
	EUR	16,199,625	51,970,016
	TL	148,679,281	148,679,281
2-3 year	ABD$	54,434,719	154,235,333
	EUR	15,294,710	49,066,958
	TL	22,586,104	22,586,104
3-4 year	ABD$	46,983,017	133,121,680
	EUR	10,190,977	32,693,675
	TL	--	--
4-5 year	ABD$	38,734,404	109,750,062
	EUR	4,771,349	15,306,964
	TL	--	--
More than 5 years	ABD$	130,851,758	370,755,370
	EUR	10,677,275	34,253,767
	TL	--	--
Total		**1,273,729,758**	**2,240,269,362**

As at 31 March 2016, The Group's loans accrued finance charged is TL 29,982,342.

(Amounts expressed in Turkish Lira unless otherwise stated.)

24. LOANS AND BORROWINGS (continued)

The breakdown of long term bank borrowings as at 31 December 2015 is as follows:

Maturity	Currency	The amount of foreign currency	The amount of TL
1-2 year	ABD$	75,664,553	175,458,526
	EUR	20,330,982	57,347,602
	TL	--	87,042,855
2-3 year	ABD$	64,864,422	150,414,108
	EUR	18,426,564	51,975,808
	TL	--	42,089,622
3-4 year	ABD$	54,207,898	125,702,695
	EUR	16,398,052	46,253,986
	TL	--	--
4-5 year	ABD$	47,773,437	110,781,824
	EUR	13,052,848	36,818,169
	TL	--	--
More than 5 years	ABD$	124,604,590	288,945,584
	EUR	20,125,687	56,768,525
	TL	--	--
Total			**1,229,599,304**

25. OTHER FINANCIAL LIABILITIES

Other short term financial liabilities

At 31 March 2016 and 31 December 2015, other short term financial liabilities comprised the following:

	31 March 2016	31 December 2015
Factoring liabilities	81,814,525	53,220,162
	81,814,525	**53,220,162**

Other long term financial liabilities

At 31 March 2016 and 31 December 2015, other long term financial liabilities comprised the following:

	31 March 2016	31 December 2015
Factoring liabilities	62,403,288	50,990,043
Bond issued	137,574,176	137,129,101
	199,977,464	**188,119,144**

(Amounts expressed in Turkish Lira unless otherwise stated.)

26. EMPLOYEE BENEFITS

Under the Turkish Labour Law, Aksa Enerji and its subsidiaries in Turkey are required to pay 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 reaches the retirement age (58 for women and 60 for men). Since the legislation was changed on 8 September 1999, there are certain transitional provisions relating to the length of service prior to retirement.

Such payments are calculated on the basis of 30 days' pay maximum full TL 4,093 as at 31 March 2016 (31 December 2015: full TL 3,828) per year of employment at the rate of pay applicable at the date of retirement or termination. Reserve for retirement pay is computed and reflected in the financial statements on a current basis. The reserve has been calculated by estimating the present value of future probable obligation of Group from the retirement of the employees. The calculation was based upon the retirement pay ceiling announced by the Government.

International Accounting Standard No. 19 ("IAS 19") "*Employee Benefits*" requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions are used in the calculation of the total liability:

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying consolidated financial statements as at 31 March 2016, 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. The provision at 31 March 2016 has been calculated assuming an annual inflation rate of 6.50% and a discount rate of 10.50% resulting in a real discount rate of approximately 3.76% (31 December 2015: annual inflation rate of 7.00% and a discount rate of 9.25% resulting in a real discount rate of approximately 2.10%). It is planned that retirement rights will be paid to employees at the end of concession periods. Accordingly, present value of the future probable obligation has been calculated based on the concession periods.

The amount of the reserve for employee severance indemnity during the three-month period ended 31 March was as follows:

	1 January-31 March 2016	**1 January-31 March 2015**
Balance at 1 January	4,385,783	5,208,671
Interest cost	397,965	170,219
Service cost	619,422	106,728
Payment made during the period	(1,018,400)	(42,695)
Actuarial difference	242,689	155,184
Balance at 31 March	**4,627,459**	**5,598,107**

27. OTHER CURRENT LIABILITIES

At 31 March 2016 and 31 December 2015, other short term payables comprised the following:

	31 March 2016	**31 December 2015**
Advances received	985,568	4,867
	985,568	**4,867**

(Amounts expressed in Turkish Lira unless otherwise stated.)

28. PROVISIONS

At 31 March 2016 and 2015, provisions comprised the following:

	Lawsuits	Other provision	Total
Balance at 1 January	592,178	396,599	988,777
Provision set during the period	--	398,138	398,138
Provision used	--	(396,599)	(396,599)
Provision as at 31 March 2015	**592,178**	**398,138**	**990,316**
Balance at 1 January	592,178	398,138	988,777
Provision set during the period	75,312	68,594	398,138
Provision used	--	(398,138)	(396,599)
Subtotal	**667,500**	**68,594**	**990,316**
Vacation provision			**1,705,557**
Provision as at 31 March 2016			**2,695,873**

Contingent assets

The details of lawsuits and enforcement proceedings followed by the Group as at 31 March 2016 and 31 December 2015 are as follows:

	31 March 2016		31 December 2015	
Lawsuits/Enforment subject	Lawsuits/enforcement proceedings	Amount	Lawsuits/enforcement proceedings	Amount
Receivable (*)	6	1,676,291	5	1,653,621
Damage reimbursement	3	3,974,712	3	4,066,630
Judgement cancelation and stay of execution	3	275,437	3	275,437
Cancelation of appeals to EMRA	2	--	2	--
Total	**14**	**5,926,440**	**13**	**5,995,688**

(*) Enforcements related with receivables amounting to TL 1,520,772 TL is related to lawsuits against EÜAŞ. The Group recognized doubtful allowance in the consolidated financials in prior periods.

(Amounts expressed in Turkish Lira unless otherwise stated.)

28. PROVISIONS (continued)

Contingent liabilities

The details of lawsuits and enforcement proceedings against to the Group as at 31 March 2016 and 31 December 2015 are as follows:

	31 March 2016		31 December 2015	
Lawsuits/Enforment subject		**Amount**		**Amount**
Receivable (*)	19	2,168,800	19	1,803,341
Negative clearance	1	1,140,630	1	953,280
Rent	2	516,131	2	516,131
Reimbursement	22	497,203	25	1,722,680
Cancelation of appeals	1	76,728	1	76,728
Cancellation decision of non-agricultural use purposes	2	--	2	--
Cancellation of provincial council decision	1	--	1	--
Cancellation of administrative transactions	2	--	2	--
Cancellation of public utilities decision	1	--	1	--
Cancellation of general board meeting	1	--	--	--
Total	**52**	**4,399,493**	**54**	**5,072,160**

(*) As at 31 March 2015, receivable enforments comprises TL 206,173 enforcement by a supplier of the Company's related Antalya and Cyprus power plants. The Group provided allowance for advance given for tangible assets in amount of TL 4,474,982 which is not invoiced yet. The case is open as of 31 March 2016.

29. DERIVATIVE FINANCIAL INSTRUMENTS

At31 March 2016, derivative financial instruments comprised the following:

	31 March 2016		
	Assets	**Liabilities**	**Net amount**
Interest rate swap ("IRS")	-	(6,169,078)	(6,169,078)
	-	**(6,169,078)**	**(6,169,078)**

At 31 December 2015, derivative financial instruments comprised the following:

	31 December 2015		
	Assets	**Liabilities**	**Net amount**
IRS	-	(7,207,234)	(7,207,234)
	-	**(7,207,234)**	**(7,207,234)**

Interest rate swap

The Group uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings.

The fair value of derivatives at 31 March 2016 is estimated at loss of TL 9,472,112 (31 December 2015: income TL 3,303,034). This amount is based on market values of equivalent instruments at the reporting date.

(Amounts expressed in Turkish Lira unless otherwise stated.)

30. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS

Collateral / Pledge / Mortgage ("CPM")

As of 31 March 2016 and 31 December 2015, the Group's collateral, pledge and mortgage (CPM) position is disclosed as follows:

	31 March2016	31 December 2015
	TL Equivalent	TL Equivalent
A. CPM given for companies own legal personality	1,858,585,918	1,642,533,969
B. CPM given in behalf of fully consolidated companies	786,236,875	774,030,570
C. CPM given for continuation of its economic activities on behalf of third parties	--	--
D. Total amount of other CPM's	--	--
i. Total amount of CPM's given on behalf of majority shareholder	--	--
ii. Total amount of CPM's given on behalf of other Group companies which are not in scope of B and C	--	--
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	--	--
Total CPM	**2,644,822,793**	**2,416,564,539**

(Amounts expressed in Turkish Lira unless otherwise stated.)

30. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS (continued)

Collateral / Pledge / Mortgage ("CPM") (continued)

Letters of guarantees given to:

31 March 2016	TL	USD	EUR	TL Equivalent
Banks	--	6,124,600	18,973,100	78,221,044
Botaş–Petroleum Pipeline Corporation	--	8,443,184	--	23,922,918
Other	72,886,883	--	--	72,886,883
Electricity distribution companies	1,682,487	--	--	1,682,487
Enerji Piyasaları İşletme A.Ş.(EXIST)	15,015,786	--	--	15,015,786
Republic of Turkey Energy Market Regulatory Authority	68,085,400	--	--	68,085,400
Ministry of Custom and Trade	--	--	1,250,000	4,010,125
Enforcement offices	1,403,473	--	--	1,403,473
Special provincial administration	39,646	--	--	39,646
Electricity Authority of KKTC	--	3,000,000	--	8,500,200
Turkey Electricity Distribuiton Company (TEDAS)	26,862	--	--	26,862
Turkey Electricity Transmission Company (TEIAS)	12,938,294	2,676,518	40,000	20,650,264
Other	--	718,601	--	2,036,085
Total	**172,078,830**	**20,962,903**	**20,263,100**	**296,481,171**

31 December 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 Distribuiton 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**

(Amounts expressed in Turkish Lira unless otherwise stated.)

30. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS (continued)

Guarantees given for the Group's loans

Guarantee Types – 31 March 2016	Foreign Currency	Currency Amount	Total (TL)
Pledge	EUR	51,000,000	163,613,100
Commercial Enterprise Pledge	USD	133,000,000	376,842,200
Machinery and Equipment Pledge	EUR	24,914,673	79,928,762
Bank Deposit Blockage (Note 21)	USD	6,000,000	17,000,400
Bank Deposit Blockage (Note 21)	TL	1,320	1,320
Surety Ship	TL	618,686,000	618,686,000
Surety Ship	USD	1,262,957,902	3,578,464,920
Surety Ship	EUR	318,150,008	1,020,657,040
Assignment of Claim	TL	924,718,964	924,718,964
Letters of guantee	USD	6,124,600	17,353,442
Letters of guantee	EUR	18,973,100	60,867,602
Total			**6,858,133,750**

Guarantee Types – 31 December 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	USD	6,000,000	17,445,600
Bank Deposit Blockage	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 gurantee	USD	6,693,163	19,461,041
Letters of gurantee	EUR	21,149,444	67,204,474
Total			**6,744,234,509**

(Amounts expressed in Turkish Lira unless otherwise stated.)

30. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS (continued)

Guarantees received for the Group's loans

At 31 March 2016 and 31 December 2015, the details of guarantees received is as follows:

Type of guarantees	TL	USD	EUR	31 March 2016 TL Equivalent
Letter of guarantee	132,199,627	1,203,172	2,383,513	143,255,242
Note	26,624,454	1,050,574	935,112	32,601,083
Cheques	9,946,533	28,000	3,546,000	21,401,790
Mortgage	700,000	--	--	700,000
Total	**169,470,614**	**2,281,746**	**6,864,625**	**197,958,115**

Type of guarantees	TL	USD	EUR	31 December 2015 TL Equivalent
Letter of guarantee	32,869,555	1,657,272	4,481,115	39,007,942
Note	27,055,204	1,050,574	935,112	29,040,890
Cheques	4,712,533	28,000	3,546,000	8,286,533
Mortgage	700,000	--	--	700,000
Total	**65,337,292**	**2,735,846**	**8,962,227**	**77,035,365**

31. FINANCIAL INSTRUMENTS

Impairment losses

The aging of trade receivables at the reporting date that were not impaired was as follows:

The movement of doubtful receivables three month period ended as of 31 March is as follows:

	31 March 2016	31 March 2015
Balance at 1 January	23,351,224	19,319,390
Collections	(275,424)	(34)
Doubtful receivable provided during the period	331,229	5,817
Balance at 31 March	**23,407,029**	**19,325,173**

(Amounts expressed in Turkish Lira unless otherwise stated.)

31. FINANCIAL INSTRUMENTS (continued)

Liquidity risk

The followings are the contractual maturities of financial liabilities, including estimated interest payments:

31 March 2016	Carrying amount	Contractual cash flows	3 months or less	3-12 months	1-5 years	More than 5 years
Non-derivative financial liabilities						
Financial liabilities	2,240,269,362	2,759,828,500	289,926,083	876,124,686	1,094,839,623	498,938,109
Financial lease liabilities	170,010,583	218,354,271	20,134,430	32,386,393	106,705,625	59,127,823
Other financial liabilities	281,791,988	281,791,988	27,436,859	73,102,357	181,252,772	--
Derivative financial liabilities						
Interest rate swaps used for hedging	515,380,545	521,549,623	--	--	521,549,623	--
Total	**3,207,452,478**	**3,781,524,382**	**337,497,372**	**981,613,436**	**1,382,798,020**	**558,065,932**

31 December 2015	Carrying amount	Contractual cash flows	3 months or less	3-12 months	1-5 years	More than 5 years
Non-derivative financial liabilities						
Financial liabilities	2,379,715,706	2,334,333,380	223,174,136	586,104,899	1,141,528,789	383,525,556
Financial lease liabilities	169,301,754	169,164,095	5,754,504	24,222,884	77,043,913	62,142,794
Other financial liabilities	241,339,306	104,210,205	6,609,784	46,610,378	50,990,043	--
Derivative financial liabilities						
Interest rate swaps used for hedging	551,051,966	558,259,200	--	--	558,259,200	--
Total	**3,341,408,732**	**3,165,966,880**	**235,538,424**	**656,938,161**	**1,827,821,945**	**445,668,350**

(Amounts expressed in Turkish Lira unless otherwise stated.)

31. FINANCIAL INSTRUMENTS (continued)

Currency risk

The summary of quantitative data about the Group entities' exposure to foreign currency risk as follows:

31 March 2016	**TL (Functional currency)**	**US Dollar**	**Euro**	**GBP**	**CHF**	**Other**
1. Trade Receivables	1,077,708	353,004	24,160	--	--	--
2a. Monetary Financial Assets	101,327,502	35,659,956	88,985	762	--	--
2b. Non-monetary Financial Assets	--	--	--	--	--	--
3. Other	20,446,195	4,492,199	2,405,785	--	--	--
4. CURRENT ASSETS	**121,773,697**	**40,152,155**	**2,494,770**	**762**	--	--
5. Trade Receivables	--	--	--	--	--	--
6a. Monetary Financial Assets	--	--	--	--	--	--
6b. Non-Monetary Financial Assets	--	--	--	--	--	--
7. Other	47,685,764	11,507,717	4,700,539	--	--	--
8. NON-CURRENT ASSETS	**47,685,764**	**11,507,717**	**4,700,539**	--	--	--
9. TOTAL ASSETS	**169,459,461**	**51,659,873**	**7,195,309**	**762**	--	--
10. Trade Payables	38,346,701	2,351,212	9,800,354	59,918	--	--
11. Financial Liabilities	355,295,451	101,681,967	20,943,788	--	--	--
12a. Other Financial Liabilities	--	--	--	--	--	--
12b. Other Non-Monetary Liabilities	--	--	--	--	--	--
13. SHORT TERM LIABILITIES	**393,642,152**	**104,033,179**	**30,744,142**	**59,918**	--	--
14. Trade Payables	--	--	--	--	--	--
15. Financial Liabilities	1,122,471,317	331,467,473	57,133,936	--	--	--
16a. Other Financial Liabilities	--	--	--	--	--	--
16b. Other Non-Monetary Liabilities	--	--	--	--	--	--
17. LONG TERM LIABILITIES	**1,122,471,317**	**331,467,473**	**57,133,936**	**--**	--	--
18. TOTAL LIABILITIES	**1,516,113,469**	**435,500,652**	**87,878,078**	**59,918**	--	--
19. Off balance sheet derivatives net asset/liability position	--	--	--	--	--	--
20. Net foreign currency asset liability position	**(1,346,654,008)**	**(383,840,779)**	**(80,682,769)**	**60,681**	--	--
21. Net foreign currency asset / (liability) (position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	(1,413,708,259)	(399,487,692)	(87,764,932)	--	-- --	-- --
22. Fair value of derivative instruments used in foreign currency hedge	(6,169,078)	(2,177,270)	--	--	--	--
23. Hedged portion of foreign currency assets	--	--	--	--	--	--
24. Hedged portion of foreign currency liabilities	--	--	--	--	--	--

(Amounts expressed in Turkish Lira unless otherwise stated.)

31. FINANCIAL INSTRUMENTS (continued)

Currency risk (continued)

31 December 2015	**TL (Functional currency)**	**US Dollar**	**Euro**	**GBP**	**CHF**	**Other**
1. Trade Receivables	160,753	50,741	4,160	--	--	--
2a. Monetary Financial Assets	18,622,722	6,308,579	110,558	81	--	(94,680)
2b. Non-monetary Financial Assets	--	--	--	--	--	--
3. Other	23,794,554	5,341,068	2,600,977	--	--	--
4. CURRENT ASSETS	**42,578,029**	**11,700,388**	**2,715,695**	**81**	**--**	**(94,680)**
5. Trade Receivables	--	--	--	--	--	--
6a. Monetary Financial Assets	--	--	--	--	--	--
6b. Non-Monetary Financial Assets	--	--	--	--	--	--
7. Other	92,555,121	92,555,121	25,032,323	6,222,035	--	--
8. NON-CURRENT ASSETS	**92,555,121**	**92,555,121**	**25,032,323**	**6,222,035**	**--**	**--**
9. TOTAL ASSETS	**135,133,150**	**36,732,711**	**8,937,730**	**81**	**--**	**(94,680)**
10. Trade Payables	50,186,351	5,337,305	10,891,891	1,867	16,905	--
11. Financial Liabilities	481,352,290	133,616,131	29,220,176	--	--	--
12a. Other Financial Liabilities	1,475,043	507,306	--	--	--	--
12b. Other Non-Monetary Liabilities	--	--	--	--	--	--
13. SHORT TERM LIABILITIES	**533,013,684**	**139,460,742**	**40,112,067**	**1,867**	**16,905**	**--**
14. Trade Payables	--	--	--	--	--	--
15. Financial Liabilities	1,409,867,959	380,498,541	95,521,902	--	--	--
16a. Other Financial Liabilities	--	--	--	--	--	--
16b. Other Non-Monetary Liabilities	--	--	--	--	--	--
17. LONG TERM LIABILITIES	**1,409,867,959**	**380,498,541**	**95,521,902**	**--**	**--**	**--**
18. TOTAL LIABILITIES	**1,942,881,643**	**519,959,283**	**135,633,969**	**1,867**	**16,905**	**--**
19. Off balance sheet derivatives net asset/liability position	--	--	--	--	--	--
20. Net foreign currency asset liability position	**(1,807,748,493)**	**(483,226,572)**	**(126,696,239)**	**(1,786)**	**(16,905)**	**(94,680)**
21. Net foreign currency asset / (liability) (position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	**(1,924,098,168)**	**(513,599,963)**	**(135,519,251)**	**(1,786)**	**(16,905)**	**(94,680)**
22. Fair value of derivative instruments used in foreign currency hedge						
23. Hedged portion of foreign currency assets	--	--	--	--	--	--
24. Hedged portion of foreign currency liabilities	--	--	--	--	--	--

31. FINANCIAL INSTRUMENTS (continued)

Sensitivity analysis

Foreign currency risk sensitivity analysis

The Group is mainly exposed to foreign currency risks in US Dollar and Euro.

The following table shows the Group's sensitivity to a 10% increase and decrease in US Dollar and Euro. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis only includes outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number indicates an increase in profit / loss and other equity.

	31 March 2016			
	Profit / Loss		**Equity**	
	The appreciation of foreign currency	The depreciation of foreign currency	The appreciation of foreign currency	The depreciation of foreign currency
			-	-
	10% appreciation / depreciation of TL against the U.S. Dollar			
1 - US Dollar net asset / liability	(108,757,446)	108,757,446	(108,757,446)	108,757,446
2- Portion secured from US Dollar (-)	--	--	--	--
3- US Dollar net effect (1 +2)	**(108,757,446)**	**108,757,446**	**(108,757,446)**	**108,757,446**
			-	-
	10% appreciation / depreciation of TL against Euro			
4 - Euro net asset / liability	(25,883,839)	25,883,839	(25,883,839)	25,883,839
5 - Portion secured from Euro (-)	--	--	--	--
6 - Euro net effect (4+5)	**(25,883,839)**	**25,883,839**	**(25,883,839)**	**25,883,839**
	10% appreciation / depreciation of TL against other currencies			
7- Other foreign currency net asset / liability	--	--	--	--
8- Portion secured from other currency (-)	--	--	--	--
9- Other currency net effect (7+8)	**--**	**--**	**--**	**--**
TOTAL (3 + 6 +9)	**(134,641,286)**	**134,641,286**	**(134,641,286)**	**134,641,286**

(Amounts expressed in Turkish Lira unless otherwise stated.)

31. FINANCIAL INSTRUMENTS (continued)

Sensitivity analysis

Foreign currency risk sensitivity analysis

	31 December 2015			
	Profit / Loss		**Equity**	
	The appreciation of foreign currency	The depreciation of foreign currency	The appreciation of foreign currency	The depreciation of foreign currency
			-	-
	10% appreciation / depreciation of TL against the U.S. Dollar			
1 - US Dollar net asset / liability	(140,502,958)	140,502,958	(140,502,958)	140,502,958
2- Portion secured from US Dollar (-)	--	--	--	--
3- US Dollar net effect (1 +2)	**(84,677,038)**	**84,677,038**	**(84,677,038)**	**84,677,038**
			-	-
	10% appreciation / depreciation of TL against Euro			
4 - Euro net asset / liability	(40,258,997)	40,258,997	(40,258,997)	40,258,997
5 - Portion secured from Euro (-)	--	--	--	--
6 - Euro net effect (4+5)	**(40,258,997)**	**40,258,997**	**(40,258,997)**	**40,258,997**
			-	-
	10% appreciation / depreciation of TL against other currencies			
7- Other foreign currency net asset / liability	(5,720)	5,720	(5,720)	5,720
8- Portion secured from other currency (-)	--	--	--	--
9- Other currency net effect (7+8)	**(5,720)**	**5,720**	**(5,720)**	**5,720**
TOTAL (3 + 6 +9)	**(124,941,755)**	**124,941,755**	**(124,941,755)**	**124,941,755**

Interest rate risk

The Company adopts a policy of ensuring that 50% of its exposure to changes in interest rates on borrowings is on a fixed-rate basis, taking into account assets with exposure to changes in interest rates. The Company enters into interest rate swaps as hedges of the variability in cash flows attributable to interest rate risks.

(Amounts expressed in Turkish Lira unless otherwise stated.)

31. FINANCIAL INSTRUMENTS (continued)

Interest rate risk (continued)

Profile

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was as follows:

	Carrying amount	
	31 March 2016	**31 December 2015**
Fixed rate instruments		
Financial assets	--	--
Financial liabilities	(1,298,142,567)	(1,125,338,596)
	(1,298,142,567)	**(1,125,338,596)**

	Carrying amount	
	31 March 2016	**31 December 2015**
Variable rate instruments		
Financial assets	--	--
Financial liabilities	(942,126,795)	(1,254,377,110)
	(942,126,795)	**(1,254,377,110)**

Capital risk management

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 March 2016 and 31 December 2015:

	31 March 2016	**31 December 2015**
Total financial liabilities	2,410,279,946	2,549,017,460
Less: cash and cash equivalents	(252,752,439)	(48,452,416)
Net financial debt	2,157,527,507	2,500,565,044
Total equity	809,033,439	801,320,013
Total financing used	2.966.560.946	3.301.885.057
Gearing ratio (net financial debt to overall financing used ratio)	**73%**	**76%**

(Amounts expressed in Turkish Lira unless otherwise stated.)

31. FINANCIAL INSTRUMENTS (continued)

Fair values

Fair value sensitivity analysis for fixed rate instruments:

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

		31 March 2016		31 December 2015	
	Note	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets					
Cash and cash equivalents		252,752,439	252,752,439	48,452,416	48,452,416
Trade receivables		298,192,236	298,192,236	182,621,158	182,621,158
Financial liabilities					
Financial liabilities		(2,410,279,946)	(2,410,279,946)	(2,549,017,460)	(2,549,017,460)
Trade payables		(746,515,430)	(746,515,430)	(400,144,104)	(400,144,104)
Other financial liabilities		(281,791,989)	(281,791,989)	(241,339,306)	(241,339,306)

The basis for determining fair values is discussed in Note 4.

(Amounts expressed in Turkish Lira unless otherwise stated.)

31. FINANCIAL INSTRUMENTS (continued)

Fair values (continued)

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: input for the asset or liability that is not based on observable market data (unobservable inputs).

	31 March 2016		
	Level 1	**Level 2**	**Level 3**
Financial liabilities			
Derivative financials	--	6,169,078	--
	--	**6,169,078**	--

	31 December 2015		
	Level 1	**Level 2**	**Level 3**
Financial liabilities			
Derivative financials	--	7,207,234	--
	--	**7,207,234**	--

32. OPERATING LEASES

The Group entered into various operating lease agreements for the three-month period ended. As at 31 March 2016 and 31 December 2015, minimum future lease payments for non-cancelable operating leases comprised the following:

	31 March 2016	**31 December 2015**
Less than 1 year	40,892,700	30,115,047
1 - 5 years	83,080,974	15,199,208
More than 5 years	46,036,909	123,987,499
	170,010,583	**169,301,754**

(Amounts expressed in Turkish Lira unless otherwise stated.)

33. RELATED PARTIES

The Company has a number of operating and financial relationships with its shareholders and other entities owned by its shareholders. There are no set payment terms for any of the related party transactions. The related party receivables and payables resulting from operating activities are generally settled in the normal course of business.

Parent and ultimate controlling party

The controlling party of the Company is Kazancı Holding, holding 61.98% of the Company's shares.

Key management personnel compensation

The remuneration of directors and other members of key management during year comprised the following:

	1 January- 31 March 2016	1 January- 31 March 2015
Short-term and long-term employee benefits (salaries, bonuses, employee termination benefits etc.)	1,003,449	963.378
	1,003,449	**963.378**

As at 31 March 2016 and 2015, none of the Group's directors and executive officers has outstanding personnel loans from the Company. As at 31 March 2016 and 2015, the Company did not issue any loans to the directors and executive officers.

Short Term Trade Receivables Due From Related Parties	**31 March 2016**		**31 December 2015**	
	Trade	**Non-Trade**	**Trade**	**Non-Trade**
Trade Receivables due to related parties	368,488	1,579,975	63,448,264	3,599,046
Unaccured finance income(-)	--	--	(8,229)	--
Doubtful trade receivables	276,063	--	12,575,611	--
Provisions for doubtful trade receivables(-)	(276,063)	--	(12,575,611)	--
Total	**368,488**	**1,579,975**	**63,440,035**	**3,599,046**

(Amounts expressed in Turkish Lira unless otherwise stated.)

33. RELATED PARTIES (continued)

Other related party balances

Due from Kazancı Holding's associates and subsidiaries	**31 March 2016**		**31 December 2015**	
	Trade	**Non-Trade**	**Trade**	**Non-Trade**
Aksa Bandırma Doğalgaz Dağıtım A.Ş.	--	--	--	5,074
Aksa Elektrik Perakende Satış A.Ş.	--	39,161	--	37,587
Aksa Elektrik Satış A.Ş.	273,310	--	63,436,380	--
Aksa Jeneratör Sanayi A.Ş.	95,176	--	--	7,622
Kazancı Holding	--	934,485	--	743,063
Kazancı Teknik Cihazlar Yedek Parça A.Ş.	--	78,198	--	58,286
Total	**368,486**	**1,051,844**	**63,436,380**	**851,632**

Due from Kazancı Holding's indirect investments and subsidiaries	**31 March 2016**		**31 December 2015**	
	Trade	**Non-Trade**	**Trade**	**Non-Trade**
Aksa International Ltd.	--	--	--	2,501,261
Aksa Satış ve Pazarlama A.Ş. Serbest Blg-TRA	--	271,951	--	--
Aksa Satış ve Pazarlama A.Ş.	--	236	11,813	211,867
Aksa Satış AHL Serbest Bölge	--	2,000	--	--
Çoruh Elektrik Dağıtım A.Ş.	--	241	--	250
Fırat Elektrik Perakende Satış A.Ş	2	--	--	--
Fırat Elektrik Dağıtım A.Ş	--	159	--	159
Total	**2**	**274,587**	**11,813**	**2,713,537**

Due from Related Parties	**31 March 2016**		**31 December 2015**	
	Trade	**Non-Trade**	**Trade**	**Non-Trade**
Koni İnşaat	--	19,263	--	--
Aksa Samsun Enerji Üretim A.Ş	--	211,326	--	--
Rasa Endüstriyel Radyatörler San. A.Ş.	--	--	71	--
Koni İnşaat Sanayii A.Ş Antalya Şb.	--	1,076	--	31,458
Mustafa Alp Emre Baysal	--	--	--	307
Tasfiye halında S.S. Endüstriyel Ürün Üreticileri	--	2,112	--	2,112
Other	--	19,768	--	--
Total	**--**	**253,545**	**71**	**33,877**
Total Trade Receivables due from Related Parties	**368,488**	**1,579,975**	**63,448,264**	**3,599,046**

(Amounts expressed in Turkish Lira unless otherwise stated.)

33. RELATED PARTIES (continued)

Other related party balances (continued)

Short Term Trade Payables Due To Related Parties	31 March 2016		31 December 2015	
	Trade	**Non-Trade**	**Trade**	**Non-Trade**
Trade Payables due to related parties	492,624,819	2,927,027	128,618,211	4,906,931
Unaccured finance expense(-)	(23,056,892)	--	(769,623)	--
Total	**469,567,927**	**2,927,027**	**127,848,588**	**4,906,931**

Due to Kazancı Holding's associates and subsidiaries	31 March 2016		31 December 2015	
	Trade	**Non-Trade**	**Trade**	**Non-Trade**
Aksa Balıkesir Doğal Gaz Dağıtım A.Ş.	--	1,626	--	1,626
Aksa Bilecik Bolu Doğal Gaz Dağıtım A.Ş.	--	2,520	--	2,520
Aksa Doğal Gaz Toptan Satış A.Ş.	--	2,403	--	2,403
Aksa Elektrik Satış A.Ş.	293,414,933	--	7,321,048	--
Aksa Gaz Dağıtım A.Ş.	--	2,509	--	2,509
Aksa Havacılık A.Ş.	581,847	--	554,444	--
Aksa Jeneratör Sanayi A.Ş.	16,090,818	--	16,013,388	311,391
Aksa Makina Sanayi A.Ş.	--	14,955	--	14,955
Aksa Manisa Doğalgaz Dağıtım A.Ş.	2,966,014	--	7,121,505	--
Aksa Şanlıurfa Doğalgaz Dağıtım Ltd. Şti.	8,719,348	--	10,035,801	--
Aksa Turizm İşletmeleri A.Ş	20,962	--	21,592	--
Aksa Tokat Amasya Doğal Gaz Dağıtım A.Ş.	--	1,407	--	6,691
Deriş İnşaat A.Ş.	5,592	--	113,137	--
Kazancı Holding A.Ş.	96,499,648	84,900	--	67,881
Total	**418,299,162**	**110,320**	**41,180,915**	**409,976**

Due to Kazancı Holding's indirect investments and subsidiaries	31 March 2016		31 December 2015	
	Trade	**Non-Trade**	**Trade**	**Non-Trade**
Aksa Far East PTE Ltd.	--	--	--	1,475,043
Aksa Power Generation	369,879	--	--	
Aksa Satış ve Pazarlama A.Ş.	69,550	--	3,871	--
Aksa Servis ve Kiralama A.Ş.	1,496	--	1,975	--
Aksa Teknoloji A.Ş.	169,997	--	161,990	--
Aksa Power Generation Fze.	--	--	407,064	--
Çoruh Elektrik Perakende Satış A.Ş.	9,348,702	--	50,871,470	--
Çoruh Aksa Elektrik Hizmetleri A.Ş.	--	--	--	1
Çoruh Elektrik Dağıtım A.Ş.	160,090	--	--	--
Fırat Aksa Elektrik Dağıtım A.Ş.	--	--	1,875	--
Fırat Elektrik Dağıtım A.Ş.	13,083	--	--	--
Fırat Aksa Elektrik Hizmetleri A.Ş.	--	--	--	648
Fırat Elektrik Perakende Satış A.Ş.	39,242,256	--	34,354,986	--
Total	**49,375,052**	**--**	**85,803,231**	**1,475,692**

(Amounts expressed in Turkish Lira unless otherwise stated.)

33. RELATED PARTIES (continued)

Other related party balances (continued)

Due from Other related parties	**31 March 2016**		**31 December 2015**	
	Trade	**Non-Trade**	**Trade**	**Non-Trade**
Elektrik Altyapı Hizmetleri Ltd. Şti.	265,303	--	445,579	--
Koni Tarım İşletmeleri A.Ş.	--	--	210,375	--
Koni İnşaat Sanayi A.Ş.	1,616,694	--	978,111	297,095
Koni İnşaat Sanayi A.Ş. Mirada Del	124	--	--	--
Koni İnşaat Sanayi A.Ş. Samsun	11,266	--	--	--
Reform Altyapı Hizmetleri A.Ş.	111	--	--	--
Rasa Endüstriyel Radyatör San. A.Ş.	213	--	--	--
Datça Rüzgar Enerjisi Elektrik Üretimi A.Ş.	--	2,810,781	--	2,724,132
Other	--	5,926	--	36
Total	**1,893,711**	**2,816,707**	**1,634,065**	**3,021,263**
Total Trade Receivables due to Related Parties	**469,567,926**	**2,927,027**	**128,618,211**	**4,906,931**

Related party transactions

Sales to Kazancı Holding's associates and subsidiaries	**31 March 2016**		**31 March 2015**	
	Goods & services	**Other**	**Goods & services**	**Other**
Aksa Ankara Makine Satış ve Servis A.Ş.	--	--	--	6,300
Aksa Elektrik Toptan Satış A.Ş.	284,754,344	--	240,636,870	823,986
Aksa Havacılık A.Ş.	--	--	--	9
Aksa Jeneratör Sanayi A.Ş.	--	--	--	188
Kazancı Holding A.Ş	--	--	--	4
Rasa Endüstriyel Radyatörler San. A.Ş.	--	122	--	9,214
Total	**284,754,344**	**122**	**240,636,870**	**839,701**

Sales to Kazancı Holding's indirect investments and subsidiaries	**31 March 2016**		**31 March 2015**	
	Goods & services	**Other**	**Goods & services**	**Other**
Aksa Satış ve Pazarlama A.Ş.	--	200	--	3,520
Fırat Aksa Elektrik Perakende Satış A.Ş.	3,269,022	2,443	9,049,740	--
Çoruh Elektrik Perakende Satış A.Ş.	6,373,993	--	11,683,675	--
Total	**10,007,015**	**2,643**	**20,733,415**	**3,520**

(Amounts expressed in Turkish Lira unless otherwise stated.)

33. RELATED PARTIES (continued)

Related party transaction (continued)

Sales	**31 March 2016**		**31 December 2015**	
	Goods & services	**Other**	**Goods & services**	**Other**
Elektrik Altyapı Hizmetleri Ltd. Şti.	--	--	--	1,659
Aksa Müşteri Hizmetleri A.Ş.	--	--	--	3
Koni İnşaat Sanayi A.Ş.	--	68,008	--	66,046
Siirt Batman A.Ş	--	--	--	--
Other	--	621	--	--
Total	**--**	**68,629**	**--**	**67,708**
Total Sales to Related Parties	**294,761,359**	**71,394**	**261,370,285**	**910,929**

Purchases from Kazancı Holding's associates and subsidiaries	**31 March 2016**		**31 December 2015**	
	Goods & services	**Other**	**Goods & services**	**Other**
Aksa Elektrik Toptan Satış A.Ş.	4,075,449	--	15,354,864	--
Aksa Jeneratör Sanayi A.Ş.	15,196,149	6,568	91,005	28,676
Aksa Manisa Doğalgaz Dağıtım A.Ş.	7,696,963	--	10,856,115	--
Aksa Ordu Giresun Doğalgaz Dağıtım A.Ş.	--	385	420	--
Aksa Şanlıurfa Doğalgaz Dağıtım Ltd. Şti.	14,544,065	--	25,457,099	53,913
Aksa Van Doğalgaz Dağıtım A.Ş.	--	--	8,083,388	56,272
Kazancı Holding A.Ş.	--	123,608	--	115,861
Total	**41,512,626**	**130,560**	**59,842,891**	**254,722**

Purchases to Kazancı Holding's indirect investments and subsidiaries	**31 March 2016**		**31 December 2015**	
	Goods & services	**Other**	**Goods & services**	**Other**
Aksa Satış ve Pazarlama A.Ş.	220	1,950	3,611	28,880
Aksa Servis ve Kiralama A.Ş.	244	--	9,661	55,038
Aksa Servis ve Yedek Parça A.Ş.	--	--	--	--
Fırat Elektrik Dağıtım A.Ş.	10,668	--	21,483	2,239
Fırat Elektrik Perakende A.Ş.	1,274,272	--	1,961	--
Çoruh Elektrik Perakende Satış A.Ş.	321,721	--	--	--
Çoruh Elektrik Dağıtım A.Ş.	350,053	--	82,366	--
Total	**1,942,429**	**1,950**	**119,082**	**86,157**

(Amounts expressed in Turkish Lira unless otherwise stated.)

33. RELATED PARTIES (continued)

Related party transaction (continued)

Purchases to related parties	1 January-31 March 2016		1 January-31 March 2015	
	Goods & services	**Other**	**Goods & services**	**Other**
Elektrik Altyapı Hizmetleri Ltd. Şti.	318,339	--	8,435	247,537
Koni İnşaat Sanayi A.Ş.	519,791	--	48,589	306,276
Koni İnşaah Sanayi A.Ş. Samsun	7,500	--	--	--
Reform Altyapı Hizmetleri A.Ş.	95	--	--	--
Total	**845,725**	**--**	**57,024**	**553,813**
Total Purchases from Related Parties	**44,300,780**	**132,510**	**60,018,997**	**894,692**

Financial Income from Related Parties

Kazancı Holding's associates and subsidiaries	1 January-31 March 2016	1 January-31 March 2015
	Interest and exchange Difference	**Interest and exchange Difference**
Aksa Elektrik Toptan Satış A.Ş.	101,899	165,821
Aksa Jeneratör Sanayi A.Ş.	201,188	15,476
Kazancı Holding A.Ş.	831,950	3,708,559
Kazancı Teknik Cihazlar Yedek Parça A.Ş.	--	48,130
Total	**1,135,037**	**3,937,986**

Kazancı Holding's indirect investments and subsidiaries	1 January-31 March 2016	1 January-31 March 2015
	Interest and exchange Difference	**Interest and exchange Difference**
Çoruh Aksa Elektrik Hizmetleri A.Ş.	--	2,186
Total	--	**2,186**

Other related parties:	1 January-31 March 2016	1 January-31 March 2015
	Interest and exchange Difference	**Interest and exchange Difference**
Aksa Samsun Enerji Üretim A.Ş.	5,976	--
Other	--	110,103
Total	**5,976**	**110,103**
Total Financial Inome from Related Parties	**1,141,014**	**4,050,275**

(Amounts expressed in Turkish Lira unless otherwise stated.)

33. RELATED PARTIES (continued)

Financial Expense to Related Parties

Kazancı Holding's associates and subsidiaries	1 January- 31 March 2016 Interest and exchange Difference	1 January- 31 March 2015 Interest and exchange Difference
Aksa Elektrik Toptan Satış A.Ş.	9,357,578	4,287,441
Aksa Havacılık A.Ş.	23,223	6,036
Aksa Jeneratör Sanayi A.Ş.	70,805	1,144
Aksa Manisa Doğalgaz Dağıtım A.Ş.	2,513,571	15,898
Aksa Şanlıurfa Doğalgaz Dağıtım Ltd. Şti.	7,389,278	539,987
Aksa Van Doğalgaz Dağıtım A.Ş.	--	12
Deriş İnşaat A.Ş.	4,739	1,077
Kazancı Holding A.Ş.	2,763	--
Aksa Tokat Amasya Doğalgaz Dağıtım A.Ş.	1,192	--
Aksa Satış ve Pazarlama A.Ş.	2,615	--
Total	**19,365,763**	**4,863,833**

Kazancı Holding's indirect investments and subsidiaries	1 January- 31 March 2016 Interest and exchange Difference	1 January- 31 March 2015 Interest and exchange Difference
Aksa Teknoloji A.Ş.	6,786	5,801
Çoruh Elektrik Dağıtım A.Ş.	--	--
Çoruh Elektrik Perakende Satış A.Ş.	1,537,060	--
Fırat Elektrik Dağıtım A.Ş.	--	--
Fırat Elektrik Perakende Satış A.Ş.	1,981,011	243,232
Renk Transmisyon San. A.Ş.	--	--
Total	**3,524,857**	**249,033**

Kazancı Holding's associates and subsidiaries	1 January- 31 March 2016 Interest and exchange Difference	1 January- 31 March 2015 Interest and exchange Difference
Elektrik Altyapı Hizmetleri Ltd. Şti.	7,620	7,215
Koni İnşaat Sanayi A.Ş.	44,190	30,377
Koni Tarımsal Yatırımlar A.Ş.	1,642	--
Other	--	1,058
Datça Rüzgar Enerjisi Elektrik Üretim A.Ş	112,821	--
Total	**166,273**	**38,650**

34. SUBSEQUENT EVENTS

None.