

**ODAŞ ELEKTRİK ÜRETİM  
SANAYİ TİCARET A.Ş.  
AND SUBSIDIARIES**

**Consolidated Financial Statements And  
Limited Audit Report Regarding  
1 January – 30 June 2015 Interim Accounting Period**

**(Convenience translation of a report and financial statements  
originally issued in Turkish)**

# ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET A.Ş.

Financial Statements and Disclosures Regarding January 1, 2015- June 30, 2015 Accounting Period.

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**Odaş Elektrik Üretim Sanayi Ticaret A.Ş.**  
**Limited Audited as of June 30,2015**  
**Consolidated Statement of Financial Position (TRY)**  
(Currency is TRY unless otherwise is indicated.)

		<b>Current Period</b>	<b>Prior Period</b>
		<b>Limited Audited</b>	<b>Audited</b>
		<b>Consolidated</b>	<b>Consolidated</b>
<b>ASSETS</b>	<b>Notes</b>	<b>June 30, 2015</b>	<b>December 31, 2014</b>
<b>Current Assets</b>			
Cash and cash equivalents	53	122.130.470	70.907.968
Financial Investments		-	-
Trade receivables	6-7	40.334.520	28.553.915
Trade receivables from related parties	6	-	-
<i>Trade receivables from third parties</i>	7	40.334.520	28.553.915
Receivables from Financial Sector Operations	8	-	-
Other receivables	6-9	6.224.536	5.417.105
<i>Due from related parties</i>	6	5.650.987	5.119.864
<i>Due from third parties</i>	9	573.549	297.241
Derivative Financial Instruments	46	-	-
Inventories	10	1.729.222	183.036
Biological Assets	11	-	-
Prepaid expenses	12	16.545.622	5.936.593
Assets Related to Current Term Tax	25	181.814	53.653
Other Current Assets	29	24.070.988	29.446.193
<b>SUBTOTAL</b>		<b>211.217.172</b>	<b>140.498.463</b>
Fixed Assets Classified for Sale	39	619.729	-
<b>TOTAL CURRENT ASSETS</b>		<b>211.836.901</b>	<b>140.498.463</b>
<b>Non-current Assets</b>			
Financial Investments	4	-	-
Trade receivables	6-7	-	-
Receivables from Financial Sector Operations	8	-	-
Other receivables	9	30.705	148.573
Other receivables from related parties	6	-	-
<i>Other receivables from third parties</i>	9	30.705	148.573
Investments Valued by Equity Method		200.000	-
Biological Assets	11	-	-
Investment Property	13	-	-
Tangible fixed assets	14	340.996.726	212.897.125
Intangible fixed assets	17	8.612.699	8.477.554
Goodwill	18	5.918.204	5.918.204
<i>Other intangible fixed assets</i>	17-18	2.694.495	2.559.350
Prepaid expenses	12	388.486	390.159
Deferred tax assets	40	2.408.558	1.343.167
Other non-current assets	29	10.702.675	54.918.957
<b>TOTAL NON-CURRENT ASSETS</b>		<b>363.339.849</b>	<b>278.175.535</b>
<b>TOTAL ASSETS</b>		<b>575.176.750</b>	<b>418.673.998</b>

(The accompanying notes are an integral part of financial statements)

**Odaş Elektrik Üretim Sanayi Ticaret A.Ş.**  
**Limited Audited as of June 30,2015**  
**Consolidated Statement of Financial Position (TRY)**  
(Currency is TRY unless otherwise is indicated.)

		<b>Current Period</b>	<b>Prior Period</b>
		<b>Limited Audited</b>	<b>Audited</b>
		<b>Consolidated</b>	<b>Consolidated</b>
<b>LIABILITIES</b>	<b>Notes</b>	<b>June 30, 2015</b>	<b>December 31, 2014</b>
<b>Short Term Liabilities</b>			
Short term loans	47	40.003.097	61.555.163
Short term finance lease liabilities	47	1.169.092	1.083.082
Short-term Parts of Long Term Loans	47	170.882.770	41.921.271
Other financial liabilities	47	24.329	3.336
Trade payables	6-7	53.827.282	39.552.629
<i>Due to related parties</i>	6	-	-
<i>Trade payables to third parties</i>	7	53.827.282	39.552.629
Payables from Financial Sector Operations	8	-	-
Employee benefit obligations	27	726.906	162.497
Other payables	6-9	5.722.402	3.963.524
<i>Due to related parties</i>	6	957.000	730.794
<i>Other trade payables to third parties</i>	9	4.765.402	3.232.730
Government Promotion and Aids	23	-	-
Deferred income	12	6.314.860	11.189.783
Period Income Tax Liabilities	25	10.995	41.131
Short-term Provisions	25	-	-
Short-term provisions for employee benefits	25	-	-
Other short term provisions	29	-	-
Other short term liabilities	29	15.071.000	16.469.288
<b>SUBTOTAL</b>		<b>293.752.733</b>	<b>175.941.704</b>
Liabilities related to assets classified for sale	39		
<b>TOTAL SHORT TERM LIABILITIES</b>		<b>293.752.733</b>	<b>175.941.704</b>
Long term liabilities	47	123.751.500	131.772.746
Long term finance lease Liabilities	47	3.886.977	4.171.281
Payables for employee benefits	27	-	-
Other payables	6-9	500	500
<i>Due to related parties</i>	6-9	-	-
<i>Other trade payables to third parties</i>	9	500	500
Long term provisions	27	375.758	334.817
<i>Long term provisions for employee benefits</i>	27	261.412	223.300
Other long term provisions	27	114.346	111.517
Current Period Tax Payables	40	-	-
Deferred tax liabilities	40	11.572.895	10.342.539
Other long term liabilities		-	-
<b>TOTAL LONG TERM LIABILITIES</b>		<b>139.567.630</b>	<b>146.621.883</b>
<b>EQUITY</b>			
<b>Equity of Parent Company</b>		<b>139.623.408</b>	<b>95.190.166</b>
Paid-in share capital	30	47.600.180	42.000.000
Share premiums/discounts	30	88.194.062	45.134.869
Not to be reclassification of profit or loss accumulated other comprehensive income or expenses	30	(26.340.830)	(26.405.410)
Revaluation and Measurement Gains/Losses		-	-
<i>Effects of combination of entities or businesses under common control</i>	30	(26.340.830)	(26.405.410)
Reclassification of profit or loss accumulated other comprehensive income or expenses	30	(16.318)	(27.756)
Foreign Currency Conversion Adjustments		-	-
Hedging Gains/Losses		-	-
Revaluation and Classification Gains/Losses		-	-
<i>Other Gains/Losses</i>	30	(16.318)	(27.756)
Retained earnings/losses	30	639.252	-
Prior Years Profits/Losses	30	28.632.955	7.335.449
Net profit/loss for the period	41	914.107	27.153.014
<b>Non-controlling Shares</b>	<b>30</b>	<b>2.232.976</b>	<b>920.243</b>
<b>TOTAL EQUITY</b>		<b>141.856.384</b>	<b>96.110.409</b>
<b>TOTAL LIABILITIES</b>		<b>575.176.750</b>	<b>418.673.998</b>

(The accompanying notes are an integral part of financial statements)

**Odaş Elektrik Üretim Sanayi Ticaret A.Ş.**  
**Limited Audited regarding of June 30, 2015 period**  
**Consolidated Profit or Loss and Other Comprehensive Income Statement (TRY)**  
(Currency is TRY unless otherwise is indicated.)

		Current Period Limited Audited Consolidated	Prior Period Limited Audited Consolidated	Current Period Limited Audited Consolidated	Prior Period Limited Audited Consolidated
STATEMENT OF PROFIT/LOSS	Notes	01.01 – 30.06.2015	01.01 – 30.06.2014	01.04 – 30.06.2015	01.04 – 30.06.2014
Revenue	31	217.341.805	268.350.267	118.936.353	131.770.141
Cost of sales (-)	31	(196.457.373)	(255.846.128)	(107.936.089)	(121.604.941)
<b>Gross profit/loss from commercial activities</b>		<b>20.884.432</b>	<b>12.504.139</b>	<b>11.000.264</b>	<b>10.165.200</b>
<b>Gross profit/loss from financial sector operations</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>GROSS PROFIT/LOSS</b>		<b>20.884.432</b>	<b>12.504.139</b>	<b>11.000.264</b>	<b>10.165.200</b>
General administrative expenses (-)	33	(3.984.601)	(3.386.565)	(1.551.887)	(1.669.994)
Marketing expenses (-)	33	(823.100)	(742.960)	(503.877)	(385.658)
Research and Development Expenses	33	-	-	-	-
Other operating income	34	12.837.191	3.682.220	3.091.552	1.573.906
Other operating expenses (-)	34	(13.947.857)	(8.092.695)	(3.393.016)	(6.099.241)
<b>OPERATING PROFIT/LOSS</b>		<b>14.966.065</b>	<b>3.964.139</b>	<b>8.643.036</b>	<b>3.584.213</b>
Gain from investing activities	35	44.949	-	44.949	-
Expenses from investing activities	35	-	-	-	-
Shares from gains/losses of investments valued by equity method		-	-	-	-
<b>FINANCING EXPENSE BEFORE OPERATING PROFIT/LOSS</b>		<b>15.011.014</b>	<b>3.964.139</b>	<b>8.687.985</b>	<b>3.584.213</b>
Financial income	37	12.090.301	12.128.521	2.212.655	6.181.794
Financial expenses (-)	37	(26.169.110)	(17.833.232)	(10.508.430)	(3.106.398)
<b>PROFIT/LOSS BEFORE ONGOING OPERATIONS TAX</b>		<b>932.205</b>	<b>(1.740.572)</b>	<b>392.210</b>	<b>6.659.609</b>
<b>Ongoing Operations Tax Loss/Income</b>		<b>(172.518)</b>	<b>(1.103.393)</b>	<b>290.565</b>	<b>(750.516)</b>
Period Tax Income/Loss	40	(10.996)	-	2.246	-
Deferred Tax Income/Loss	40	(161.522)	(1.103.393)	288.319	(750.516)
<b>PROFIT/LOSS FROM ONGOING OPERATIONS</b>		<b>759.687</b>	<b>(2.843.965)</b>	<b>682.775</b>	<b>5.909.093</b>
<b>PROFIT/LOSS FROM DISCONTINUED OPERATIONS</b>	39	<b>(41.271)</b>	<b>(19.510)</b>	<b>(9.353)</b>	<b>(18.754)</b>
<b>PROFIT/LOSS FOR THE PERIOD</b>		<b>718.416</b>	<b>(2.863.475)</b>	<b>673.422</b>	<b>5.890.339</b>
<b>Profit/loss distribution for the period</b>					
Non-controlling Shares	30	(195.692)	(50.050)	48.495	(110.220)
Parent Company Shares	30	914.107	(2.813.425)	624.926	6.000.559
<b>Earnings Per Share</b>					
Earnings per share from continuing operations	41	0,021291	(0,066986)	0,014879	0,142870
Earnings per share from discontinued operations	41	(0,000961)	(0,000465)	(0,000223)	(0,000447)
<b>Number of shares</b>		<b>42.933.363</b>	<b>42.000.000</b>	<b>42.000.000</b>	<b>42.000.000</b>
<b>The amount of increased capital (public offering)</b>		<b>5.600.180</b>	<b>42.000.000</b>	<b>42.000.000</b>	<b>42.000.000</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
<b>Not to be reclassified to profit or loss</b>	38	<b>(11.438)</b>	<b>41.864</b>	<b>10.098</b>	<b>(3.116)</b>
Actuarial losses and earnings calculated under Employee Benefit	38	(14.298)	52.330	12.622	(3.895)
Tax Effect	38	2.860	(10.466)	(2.524)	779
<b>OTHER COMPREHENSIVE INCOME</b>		<b>(11.438)</b>	<b>41.864</b>	<b>10.098</b>	<b>(3.116)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>706.978</b>	<b>(2.821.611)</b>	<b>683.520</b>	<b>5.887.223</b>
<b>DISTRIBUTION OF TOTAL COMPREHENSIVE INCOME</b>					
Non-controlling Shares		(192.576)	(49.318)	(65.267)	(109.179)
Parent Company Shares		899.553	(2.772.293)	748.786	5.996.402

(The accompanying notes are an integral part of financial statements)

**Odaş Elektrik Üretim Sanayi Ticaret A.Ş.**  
**Limited Audited as of June 30,2015**  
**Consolidated Statement of Changes in Equity (TRY)**  
(Currency is TRY unless otherwise is indicated.)

	Not to be Reclassification of Profit or Loss Accumulated other Comprehensive Income or Expenses					Retained Earnings			
	Paid-in Share	Share Premiums	Actuarial Profit/Loss	Minority Interest	Revaluation and Classification Gain /Loss	Retained Earnings/Losses	Accumulated Income/Loss	Net Income/Loss for the Period	Shareholder's Equity
<b>Balance at January 1, 2015</b>	<b>42.000.000</b>	<b>45.134.869</b>	<b>(27.756)</b>	<b>920.243</b>	<b>(26.405.410)</b>		<b>7.335.449</b>	<b>27.153.018</b>	<b>96.110.413</b>
Dividend Distribution	-	-	-	-	-	-	(5.000.000)	-	(5.000.000)
Other comprehensive income/expense	-	-	11.438	-	-	-	-	-	11.438
Minority Interest	-	-	-	1.312.733	-	-	(216.260)	-	1.096.473
Transfers	-	-	-	-	-	639.252	26.513.766	(27.153.018)	-
Total Comprehensive Income	-	-	-	-	-	-	-	-	-
Capital Increase	5.600.180	43.059.193	-	-	-	-	-	-	48.659.373
Changes in Accounting Policy	-	-	-	-	64.580	-	-	-	64.580
Net income for the period	-	-	-	-	-	-	-	914.107	914.107
<b>Balance at June 30, 2015</b>	<b>47.600.180</b>	<b>88.194.062</b>	<b>(16.318)</b>	<b>2.232.976</b>	<b>(26.340.830)</b>	<b>639.252</b>	<b>28.632.955</b>	<b>914.107</b>	<b>141.856.384</b>
<b>Balance at January 1, 2014</b>	<b>42.000.000</b>	<b>45.134.869</b>	<b>(105.555)</b>	<b>688.118</b>	<b>(26.405.410)</b>		<b>14.428.699</b>	<b>(7.093.250)</b>	<b>68.647.471</b>
Other comprehensive income/expense	-	-	41.864	-	-	-	-	-	41.864
Minority Interest	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	(7.093.250)	7.093.250	-
Net income for the period	-	-	-	206.049	-	-	-	(2.809.522)	(2.603.473)
<b>Balance at June 30, 2014</b>	<b>42.000.000</b>	<b>45.134.869</b>	<b>(63.691)</b>	<b>894.167</b>	<b>(26.405.410)</b>		<b>7.335.449</b>	<b>(2.809.522)</b>	<b>66.085.862</b>

(The accompanying notes are an integral part of financial statements)

**Odaş Elektrik Üretim Sanayi Ticaret A.Ş.**  
**Limited Audited as of June 30, 2015**  
**Consolidated Statement of Cash Flow (TRY)**  
(Currency is TRY unless otherwise is indicated.)

	Notes	01.01-30.06.2015	01.01-30.06.2014
<b>A. CASH FLOWS FROM OPEARING ACTIVITIES</b>		<b>39,347.773</b>	<b>(75,397.573)</b>
<b>Profit/Loss For The Period</b>		<b>914.107</b>	<b>(2,809.522)</b>
<b>Adjustments To Reconcile Net Profit/Loss For The Period</b>		<b>7,520.387</b>	<b>3,593.356</b>
-Adjustments related to amortization and depreciation expenses	10-31-33-34	2.585.740	2.399.707
<b>-Adjustments related to provisions</b>		<b>450.213</b>	<b>(103.337)</b>
Provision for termination indemnities	27	2.585	(47.137)
Provision for tax liabilities	40	10.995	-
Provision for vacation pay	27	54.459	97.822
Provision for doubtful receivables	7	170.048	-
Provision for other payable and expense (Mine Restoration)	19	2.829	-
Rediscouunts	34	209.297	(154.023)
<b>-Adjustments related to interest income and expenses</b>		<b>3,823.094</b>	<b>(20,028)</b>
Accrued income	29	5.221.383	(4.825.988)
Accrued expense (Interest and Other)	29	(1.398.289)	4.805.960
-Adjustments related to tax expense/income	40	164.965	1.110.966
-Adjustments related to loss/gain from disposal of the fixed assets	35	(44.949)	-
-Adjustments related to not cash flow from investment and financial activities	3-30-39	(771.409)	-
-Other adjustments related to reconciliations of profit/loss		1.312.733	206.049
Minority Interest	30	1.312.733	206.049
<b>Changes In Business Capital</b>		<b>30,901.841</b>	<b>(76,223,271)</b>
-Adjustments related to inventories increase/decrease	10	(1.546.186)	(10.422)
-Adjustments related to trade receivables increase/decrease	7	(12.105.996)	(8.192.028)
-Adjustments related to receivables from financial sector operations increase/decrease		-	-
-Adjustments related to other receivables from operations increase/decrease		<b>44,394.195</b>	<b>(44,920,078)</b>
Changes in other receivables	9	152.252	3.295.195
Changes in other assets	29	44.241.943	(48.215.273)
-Adjustments related to trade payables increase/decrease		14.121.735	15.896.913
Changes in trade payables	7	14.121.735	15.896.913
Changes payables provisions		-	-
-Adjustments related to payables from financial sector operations increase/decrease		-	-
-Adjustments related to other payables from operations increase/decrease		<b>(9,043,024)</b>	<b>(4,488,096)</b>
Changes in prepaid expenses	12	(10.607.356)	(2.452.515)
Changes in employee benefit provisions	27	564.409	197.172
Changes in other payables	9	1.016.027	(2.283.438)
Employee benefit provisions	27	(16.103)	50.685
<b>-Adjustments related to other increase/decrease in business capital</b>		<b>(4,918,884)</b>	<b>(34,509,561)</b>
Period income tax and liabilities	25-40	(41.131)	-
Changes in deferred income	12	(4.874.925)	(16.407.626)
Changes in other liabilities	29	(2.828)	(18.101.935)
<b>Cash Flows from activities</b>		<b>39,336,335</b>	<b>(75,439,437)</b>
Actuarial gain/loss	30	11.438	41.864
<b>B. CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		<b>(130,975,537)</b>	<b>(12,294,607)</b>
Cash outflows from purchasing of obtaining of the control of subsidiaries	3	-	-
Cash outflows from acquisition of other business or funds shares or borrowing tools		(200.000)	-
Tangible Assets purchase and sales, Net	14	(130.457.539)	(11.707.791)
Intangible Assets purchase and sales, Net	17	(317.998)	(586.815)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>142,850,266</b>	<b>60,518,064</b>
Cash inflows from exported instruments based on share and other equity	30	48.659.373	-
Cash outflows from company's own shares and other equity instruments		-	-
Cash inflows and outflows from borrowing	37	99.409.187	123.992.467
Cash outflows related in debt payments of financial leasing contracts	37	(218.294)	(63.474.403)
Dividends paid		(5.000.000)	-
<b>BEFORE THE EFFECT OF THE FOREIGN CURRENCY CONVERSION, DIFFERENCES IN CASH AND CASH EQUIVALENTS NET INCREASES/DECREASES</b>		<b>51,222,502</b>	<b>(27,174,116)</b>
<b>D. THE EFFECT OF FOREIGN CURRENCY CONVERSION DIFFERENCES ON CASH AND CASH EQUIVALENTS</b>		<b>-</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS NET INCREASE/DECREASE</b>		<b>51,222,502</b>	<b>(27,174,116)</b>
<b>E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<b>70,907,968</b>	<b>52,404,670</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>122,130,470</b>	<b>25,230,556</b>

(The accompanying notes are an integral part of financial statements)

**Odaş Elektrik Üretim Sanayi Ticaret A.Ş.**  
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## 1. ORGANIZATION AND CORE BUSINESS OF THE COMPANY

Odaş Elektrik Üretim Sanayi Ticaret A.Ş. (“Odaş” or “The Company”) operates as producing electricity by natural gas combined cycling. Company has been established in Istanbul in September 28, 2010.

The Company has business via establishing production plant, setting plants into operation, lease, producing electricity energy, selling produced electricity and/or created capacity to clients.

The company has got the producing license from Energy Market Regulatory Authority (EMRA) at July 14, 2011. According to this license company will produce electricity from the power plant that will be established in Şanlıurfa for 49 years. The production plants’ planned installed capacity is 150 Mw. At October 28, 2011 first phase of the plant which has 54 Mw capacities has been settled into operation. On April 30, 2012 the second phase of the plant which is 56 Mw has settled into operation. On August 2012, company has increased 128 Mw its installed capacity in two stages by adding 18 Mw to turbine capacity. Also company has started 12 Mw third phase additional steam turbine investment in year 2012. Steam turbine investment was completed and settled into operation on the year 2013 and total settled power plant reached to 140 Mw.

As of June 30, 2015 and December 31, 2014 group’s capital and share percentages are given below;

Shareholder	30.06.2015		31.12.2014	
	Amount	Rate	Amount	Rate
Korkut Özal	7.500.000	15,8%	7.500.000	17,86%
A. Bahattin Özal	7.300.000	15,3%	7.500.000	17,86%
Burak Altay	7.300.000	15,3%	7.500.000	17,86%
BB Enerji Yatırım San. ve Tic. A.Ş.	7.500.000	15,8%	7.500.000	17,86%
Public Shares	18.000.180	37,8%	12.000.000	28,57%
<b>Total Capital</b>	<b>47.600.180</b>	<b>100%</b>	<b>42.000.000</b>	<b>100%</b>

As of June 30, 2015 in company’s structure , 113 average personnel employed (December 31, 2014: 77).

Odaş Elektrik Üretim Sanayi Ticaret A.Ş. is registered to Trade Registry in Turkey and its registered centre address is below:

Fatih Sultan Mehmet Mh.Poligon Cd.Buyaka 2 Sitesi No: 8B 2.Kule Kat : 17 Tepeüstü, Ümraniye/ İstanbul.

### Subsidiaries

#### Voytron Elektrik Toptan Satış Dış Ticaret A.Ş. :

The company bought at the rate of %100 share of Voytron Elektrik Toptan Satış Dış Ticaret A.Ş. on September 28, 2012, and Voytron Elektrik is included in consolidation.

Voytron Elektrik Toptan Satış Dış Ticaret A.Ş. (“Voytron Elektrik” or “Company”) is established at the date of September 17, 2009 in address given below and registered. Voytron Elektrik operate in selling produced electricity and/or created capacity to directly consumers in accordance with electricity market regulations.



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**1. ORGANIZATION AND CORE BUSINESS OF THE COMPANY (Continued)**

Company centre address is Fatih Sultan Mehmet Mah. Poligon Cad. Buyaka2 Sitesi No: 8B 2.Kule Kat:17 Tepeüstü Ümraniye / İstanbul.

Voytron Elektrik, had the 20 year duration license of wholesale taken from Energy Market Regulatory Authority (EMRA) as at March 11, 2010.

Shareholder structure of Voytron Elektrik Toptan Satış Dış Ticaret A.Ş. is as below:

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Odaş Elektrik Üretim Sanayi Ticaret A.Ş.	100%	100%

**Hidro Enerji Elektrik Üretim Sanayi A.Ş. :**

The company bought at the rate of %100 share of Hidro Enerji Elektrik Üretim Sanayi A.Ş. on November 27, 2012, and Hidro Enerji is included in consolidation.

Hidro Enerji Elektrik Üretim Sanayi A.Ş. (Hidro Enerji) is established on the date of April 5, 2005. Hidro Enerji engages in establishment of electric power generation plant, operation, leasing, electricity power generation, and sale of generated electricity power and / or the capacity to consumers.

Company centre address is Fatih Sultan Mehmet Mah. Poligon Cad. Buyaka2 Sitesi No: 8B 2.Kule Kat:17 Tepeüstü Ümraniye / İstanbul.

Hidro Enerji, had 49 year duration production license taken from Energy Market Regulatory Authority (EMRA) as at September 20, 2012. The license is given for Volkan Hydro Electric Power Plant which will be build in Trabzon. Total power of the plant is 1.913 MWm / 1.857 MWe.

Shareholder structure of Hidro Enerji Elektrik Üretim Sanayi A.Ş. is as below:

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Odaş Elektrik Üretim Sanayi Ticaret A.Ş.	100%	100%

**Ağrı Elektrik Üretim Sanayi A.Ş. :**

The company bought at the rate of %70 share of Ağrı Elektrik Üretim Sanayi A.Ş on November 27, 2012, and Ağrı Elektrik is included in consolidation.

Ağrı Elektrik Üretim Sanayi A.Ş. (Ağrı Elektrik) is established on the date of April 13, 2011. Ağrı Elektrik operates in establishment of electric power generation plant, operation, leasing, electricity power generation, and sale of generated electricity power and / or the capacity to consumers.

Company centre address is Fatih Sultan Mehmet Mah. Poligon Cad. Buyaka2 Sitesi No: 8B 2.Kule Kat:17 Tepeüstü Ümraniye / İstanbul.

Ağrı Elektrik had the 49 year production license taken from Energy Market Regulatory Authority (EMRA) as at July 5, 2012. The license is given for the plant which will be established in Karatay-Konya. Total power of the Ağrı I Natural Gas Combined Cycle Plant is 63 MWm / 61 MWe.

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**1. ORGANIZATION AND CORE BUSINESS OF THE COMPANY (Continued)**

Partnership structure of Ağrı Elektrik Üretim Sanayi A.Ş.is as below:

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Odaş Elektrik Üretim Sanayi Ticaret A.Ş.	70%	70%
Abdulkadir Bahattin Özal	15%	15%
Burak Altay	15%	15%

**Küçük Enerji Üretim ve Ticaret Ltd. Şti. :**

The company bought at the rate of %90 shares of Küçük Enerji Üretim ve Ticaret Ltd. Şti.on December 27, 2012, and Küçük Enerji is included in consolidation.

Küçük Enerji Üretim ve Ticaret Ltd. Şti. (Küçük Enerji) is established on the date of May 1, 2007. Küçük Enerji operates in establishment of electric power generation plant, operation, leasing, electricity power generation, and sale of generated electricity power and / or the capacity to consumers.

Company centre address is Fatih Sultan Mehmet Mah. Poligon Cad. Buyaka2 Sitesi No: 8B 2.Kule Kat:17 Tepeüstü Ümraniye / İstanbul.

Küçük Enerji had the 49 year production license taken from Energy Market Regulatory Authority (EMRA) as at April 12, 2012. The license is given for Köprübaşı Regulatory and Hidroelectric Power Plant which will be built in Trabzon. Total power of the plant is (2 x 4,097) MWm / (2 x 3,975) MWe.

Partnership structure of Küçük Enerji Üretim ve Ticaret Ltd. Şti. is as below:

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Odaş Elektrik Üretim Sanayi Ticaret A.Ş.	90%	90%
Abdulkadir Bahattin Özal	5%	5%
Burak Altay	5%	5%

98% of investment is completed, it is expected to ge it through business after approval of Ministry in the following period.

**Ena Elektrik Üretim Ltd. Şti. :**

The company bought at the rate of %80 share of Ena Elektrik Üretim Ltd. Şti. as of December 27, 2012.

Ena Elektrik Üretim Ltd. Şti. (Ena Elektrik) is established as the date of January 17, 2007. Ena Elektrik operates in establishment of electric power generation plant, operation, leasing, electricity power generation, and sale of generated electricity power and / or the capacity to consumers.

Company centre address is Fatih Sultan Mehmet Mah. Poligon Cad. Buyaka2 Sitesi No: 8B 2.Kule Kat:17 Tepeüstü Ümraniye / İstanbul.

Shareholder structure of Ena Elektrik is as below:

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Odaş Elektrik Üretim Sanayi Ticaret A.Ş.	80%	80%
Hidayet Büküm	20%	20%

**Odaş Elektrik Üretim Sanayi Ticaret A.Ş.**  
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**1. ORGANIZATION AND CORE BUSINESS OF THE COMPANY (Continued)**

Share transfer agreement was signed with FERRIT S.R.O (Czech Republic) on 29 June 2015, regarding the selling of all stocks which company has 80 percent of Ena Elektrik Üretim Ltd. Şti in group portfolio. Transfer of shares has not been realized yet, will be held after licensing process by EMRA. As of June 30 2015, Ena Elektrik Üretim Ltd. Şti is reclassified as assets held for sale on financial statements.

**Yel Enerji Elektrik Üretim Sanayi A.Ş. :**

The company bought at the rate of %75 share of Yel Enerji Elektrik Üretim Sanayi A.Ş. as of January 10, 2013, and Yel Elektrik is included in consolidation.

Yel Enerji Elektrik Üretim Sanayi A.Ş ( Yel Elektrik) is established as the date of October 22, 2007. Yel Elektrik Üretim Sanayi A.Ş. engages in establishment of electric power generation plant, operation, leasing, electricity power generation, and sale of generated electricity power and / or the capacity to consumers.

Company centre address is Fatih Sultan Mehmet Mah. Poligon Cad. Buyaka2 Sitesi No: 8B 2.Kule Kat:17 Tepeüstü Ümraniye / İstanbul.

Shareholder structure of Yel Elektrik is as below:

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Odaş Elektrik Üretim Sanayi Ticaret A.Ş.	75%	75%
Abdulkadir Bahattin Özal	12,50%	12,50%
Burak Altay	12,50%	12,50%

**Odaş Doğalgaz Toptan Satış Sanayi ve Ticaret A.Ş. :**

The company is a co-founder at the rate of %80 share of Odaş Doğalgaz Toptan Satış Sanayi ve Ticaret A.Ş. and Odaş Doğalgaz is included in consolidation as of January 11, 2013.

According to Law No: 4646, Energy Market Regulatory Authority (EMRA) issued the notification, the decision and commitments specified in the regulations, and with the adoption of the issues, Odaş Doğalgaz Toptan Satış Sanayi ve Ticaret A.S. operates in Natural Gas Liquefied Natural Gas (LNG), Compressed Natural Gas (CNG) purchasing from the production, import, wholesale companies and other sources of law will be allowed and to wholesale to customers which are exporter distribution, LNG, CNG, wholesale companies, eligible consumers and permitted by law to customers.

Company centre address is Fatih Sultan Mehmet Mah. Poligon Cad. Buyaka2 Sitesi No: 8B 2.Kule Kat:17 Tepeüstü Ümraniye / İstanbul.

Odaş Doğalgaz Toptan Satış Sanayi ve Ticaret A.Ş., had the 30 year duration license of natural gas wholesale from Energy Market Regulatory Authority (EMRA) as at March 20, 2013.

Shareholder structure of Odaş Doğalgaz is as below:

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Odaş Elektrik Üretim Sanayi Ticaret A.Ş.	90,02%	50%
A. Bahattin Özal	-	20,01%
Burak Altay	-	20,01%
Tahsin Yazan	9,98%	9,98%

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**1. ORGANIZATION AND CORE BUSINESS OF THE COMPANY (Continued)**

**Çan Kömür ve İnşaat A.Ş.**

The company purchased at the rate of %92 share of Çan Kömür ve İnşaat Anonim Şirketi as of September 9, 2013, and Çan Kömür is included in consolidation.

Company centre address is Fatih Sultan Mehmet Mah. Poligon Cad. Buyaka2 Sitesi No: 8B 2.Kule Kat:17 Tepeüstü Ümraniye / İstanbul.

Çan Kömür engaged in, domestic coal based power generation plant establishment, commissioning, hiring, producing electric power generation and sale of generated electricity power and/or the capacity to customers.

Pre-License document belongs to Çan-2 Thermal Power Plant, which will be planned to be located at Çan district in Çanakkale, was given to Çan Kömür ve İnşaat A.Ş. with the EMRA decision dated July 10, 2014 and numbered 5117-5 on July 24, 2014. Installed power of Thermal Power Plant will be 340 MWm/330 MWe.

Framework agreement has signed between Çan Kömür ve İnşaat A.Ş. and General Directorate of Coal on 08.09.2014 which is about purchasing 1.000.000 tons of coal in total from General Directorate of Çan Lignite that covers the term of 2017-2021. Hereby, optimization between coal and electricity sales revenue is targeted by scrambling with our highest quality reserve in Çan-2 Thermal Power Plant and receivable coal in accordance with agreement.

Shareholder structure of Çan Kömür ve İnşaat A.Ş. is as below:

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Odaş Elektrik Üretim Sanayi Ticaret A.Ş.	92%	92%
Mustafa Koncagül	8%	8%

The amount of 116 million euro project financing agreement has been signed between parties, related to Çan-2 Thermal Power Plant, with the consorsium of Yapı Kredi Bankası A.Ş. and Halk Bankası A.Ş. The 40 million Euro bridge loan was used within the framework of this credit agreement.

It is determined that which domestic contractors will take construction and montage works and planned to make construction site delivery to contractors for the upcoming period.

**YS Madencilik San. ve Tic. Ltd. Şti.**

Yel Enerji Elektrik Üretim Sanayi A.Ş. is co-founder at the rate of %70 share of YS Madencilik Sanayi ve Ticaret Ltd. Şti. and as a co-founder and YS Madencilik Sanayi ve Ticaret Ltd. Şti is included in consolidation as of December 12, 2014.

YS Madencilik operates purchasing, selling, manufacturing, installation, importing and exporting every kind of natural stone and manufactured and semi-manufactured of mineral ores.

Company centre address is Fatih Sultan Mehmet Mah. Poligon Cad. Buyaka2 Sitesi No: 8C 3.Kule Kat:13 Tepeüstü Ümraniye / İstanbul.

**Odaş Elektrik Üretim Sanayi Ticaret A.Ş.**  
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**1. ORGANIZATION AND CORE BUSINESS OF THE COMPANY (Continued)**

Shareholder structure of YS Madencilik Sanayi ve Ticaret Ltd. Şti. is as below:

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Yel Enerji Elektrik Üretim Sanayi A.Ş.	70%	70%
Süleyman Sarı	30%	30%

Through its strategy, company aims to establish coal supply and trade center in the geography close to their mine. To begin earlier than predicted for the coal trade, thermal power plant will provide the main input of coal requirement. Before starting large production in Çan II coal mine field will be come into operations in coordination with the time required to cycle thermal power plant, it is targeted to partial start for trial production and sales from smaller scale coal mines planned to participate in the following period under the responsibility of subsidiaries.

**Anadolu Export Maden Sanayi ve Ticaret A.Ş.**

The company is a partner at the rate of %96 share of Anadolu Export Maden Sanayi ve Ticaret A.Ş. and Anadolu Export is included in consolidation as of January 22, 2015.

Anadolu Export operates purchasing, selling, manufacturing, installation, importing and exporting every kind of natural stone and manufactured and semi-manufactured of mineral ores.

Company centre address is Fatih Sultan Mehmet Mah. Poligon Cad. Buyaka2 Sitesi No: 8C 3.Kule Kat:13 Tepeüstü Ümraniye / İstanbul.

	<b>June 30, 2015</b>
Odaş Elektrik Üretim Sanayi Ticaret A.Ş.	96%
Burak Altay	4%

License transfer purchase agreement was signed between Stratex International PLC (Stratex) and Anadolu Export to complete the search in the gold field called Karaağaç and decide on business investment based on research results. Reregarding this transfer, application had been made to General Directorate of Mining Affairs. It is expected to be completed the license transfer in a short period. Superficial studies were conducted in the field, construction of drilling is planned that may raise the proven reserves ratio and increase the reserves in the coming period.

**Parent Company and consolidated subsidiaries EMRA license information of is as follows:**

<b>License Owner</b>	<b>License Type</b>	<b>License No</b>	<b>Date</b>	<b>License Duration</b>	<b>Effective Date</b>
Voytron	Wholesale	ETS/2461-2/1599	11.03.2010	20 years	11.03.2010
Odaş Elektrik	Production	EÜ/3323-2/2005	14.07.2011	49 years	14.07.2011
Hidro Enerji	Production	EÜ/4027-2/2427	20.09.2012	49 years	20.09.2012
Ağrı Elektrik	Production	EÜ/3905-3/2372	05.07.2012	49 years	05.07.2012
Küçük Enerji	Production	EÜ/3769-4/2314	12.04.2012	49 years	12.04.2012
Odaş Doğalgaz	Natural Gas Whole sale	DTS/4318-4/291	20.03.2013	30 years	20.03.2013
Ena Elektrik	Associate Deg./Production	ÖN/5298-3/03165	12.11.2014	30 months	12.11.2014
Çan Kömür	Associate Deg./Production	ÖN/5117-5/03070	10.07.2014	36 months	10.07.2014

## **2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS**

### **a. Basis of Presentation**

The main accounting policies applied in the preparation of the financial statements of the Group are as follows:

#### **Accounting Policies Applied**

Group keep legal books and present financial statements in accordance with Turkish Commercial Code and accounting principles defined by tax legislations. Financial statements of the Group are subjected to adjustments and reclassifications in order to make the appropriate notifications of Capital Market Board. And also financial statements are based on legal book records of the Group.

The consolidated financial statements of Group have been prepared in accordance with the Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/TFRS") and interpretations as adopted in line with international standards by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA") in line with the communique numbered II-14.I "Comminuque on The Principles Of Financial Reporting In Capital Markets" announced by the Capital Markets Board Of Turkey (CMB) on June 13, 2013 which is published on Official Gazette and valid after April 01, 2013 the ended interim financial report. TAS/TFRS are updated in harmony with the changes and updates in International Financial and Accounting Standards (IFRS) by the comminiques announced by the POA.

Series II, No: 14.1 "Capital Markets Financial Reporting in the Communiqué on Principles Regarding the" What's statement, businesses, preparation of financial statements in the Public Oversight, Accounting and Auditing Standards Board ("UPS") issued by Turkey Accounting / Financial Reporting Standards ("TAS / TFRS ") are based. Therefore, the accompanying financial statements IAS / IFRS 'financial statements and notes have been prepared in accordance with CMB be enforced by and in accordance with the format by including the mandatory information is presented.

The company's summary financial statements regarding the six months period ended June 30, 2015 has been prepared in accordance with IAS 34 "Interim Financial Reporting". The interim summary financial statements may not contain all the information and explanations which should be included in the annual financial statements and it should be read with the company's annual financial statements prepared in December 31, 2014.

#### **Functional and presentation currency**

Functional currency of the report is TRY and decimal parts of the amounts were rounded up.

As of June 30, 2015 released by the Central Bank of the Republic of Turkey U.S. dollar exchange rate of 1 U.S. dollar = 2.6863 (31 December 2014: 2.3189), 1 EURO = 2.9822 (31 December 2014: 2.8207), 1 GBP = 4.2104 (31 December 2014: 3.5961), 1 CHF = 2.8636 TRY (31 December 2014: 2.3397).

#### **Adjusting financial tables in hyperinflation periods**

The companies, who are preparing their financial tables according to CMB Accounting Standards, are not using inflation accounting according to a decision given in March 17, 2005 that will be in effect since January 01, 2005. The preparing and presenting financial tables are not done in accordance with TAS/TAS 29" Financial Reporting in Economies with High Inflation" according to the decision given by CMB.

## **2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

### **Base of Consolidation**

Consolidation is prepared in structure of Odaş Elektrik Üretim Sanayi Ticaret A.Ş. which is parent company.

Consolidated financial reports are prepared in accordance with TAS 27 - Consolidated and Separated Financial statements of Turkish accounting standard.

Consolidated financial reports contain all subsidiaries of the parent company.

- It eliminates participation amount at each subsidiary and percentage amount of main partnership which are equivalent to amount in equities of each subsidiary.
- It determines amount of minority percentage in consolidated profit and loss of period and amount of minority percentage determines separately from amount of main subsidiary from amount of net actives of consolidated main subsidiary. The amount of minority percentage from net actives contains; calculated minority percentages in merge date in accordance with TFRS 3; minority percentage from all transactions made after merge date.
- All expenses, income, transactions and balances incurred of group are eliminated.
- Subsidiary income, expenses and dividends including all balances and transactions are eliminated. Profits and loss which are added to cost of current and non-current assets due to transactions in subsidiaries are eliminated. Loss in group can show an impairment which should be in account in assets section of consolidated financial reports. The differences which rise during elimination of loss and profits which resulted by transactions in group apply in accordance with TAS 12 “Income Taxes” standard.
- Necessary adjustments are made during preparation of consolidated financial statements when one of subsidiaries needs to use different accounting principles for similar transactions or events.
- The consolidated financial reports of the partnership and subsidiaries are prepared at the same time with financial statements. Accounting policies are accepted for consolidated financial reports, same transactions and transactions in same condition.
- All income and expenses of a subsidiary take in account consolidated financial reports after acquisition date according to TFRS 3 and this situation continues till the date of partnership lose its control power on subsidiary. When subsidiary sold; the difference between the income resulted by this transaction and the book value of subsidiary will be shown as loss or profit in consolidated comprehensive income statement. About this transaction if there is a currency translation loss or profits which are related directly to equity take into account in accordance with “TAS 21 Currency Change Effects”.
- Minority interest can be shown at equities section in consolidated statement of financial position separately from equities amount of partnership. The Group’s loss or profit amount for minority interest should be shown also separately on financial statements.

### **Comparative Information and Restatement of Prior Period Financial Statements**

Group has presented the consolidated statement of financial position as of June 30, 2015 comparatively with the date of December 31, 2014. Consolidated other comprehensive income statement and cash flow statement for 1 January-30 June 2015 presented comparatively with consolidated other comprehensive income and statement of cash flow for 1 January-30 June 2014 period. Consolidated changes in equity statement for the 1 January - 30 June 2015 period presented comparatively with 1 January - 30 June 2014 period.

## **2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

### **b. Changes in Accounting Policies**

If adjustments on accounting policies are applied retroactive, the group should adjust the previous opening balance in the report. The group should provide comparative data which is presented in accordance with the new accounting policies in terms of current years.

Changes in accounting policy need to application for previous periods and also for current period or if group cannot determine the change effect of the financial statements as in cumulative, it wouldn't make any application for previous periods.

Group has made following changes in accounting policies in the financial statements of 31 December 2013 and 31 December 2014 and the explanatory notes according to Capital Market Board decision, 17.04.2015 dated and 36231672-115.01-302 numbered. As of June 30, 2015, group has continued to apply foresaid accounting policies and the 30.06.2014 dated balances presented comparatively in the consolidated income statement have been updated in accordance with changes in accounting policies.

**1) TAS 32 Financial Instruments:** As it stated in paragraph 37 of the presentation standard, total sum of 2.865.131 TRY transaction costs arising from equity transactions in 2013 (issuance of shares) is shown by setting off against the amount of 48.000.000 TRY issuance of shares which is recognitioned at equity and obtained during public offering of shares of Odaş Elektrik Üretim San. Tic. A.Ş. This transaction has a 2.865.131 TRY reducing impact on the consolidated net loss for the period.

The amount of 1.882.229 TRY expenses incurred during the selling of shares 27.04.2015 dated to qualified investors has been recognitioned by setting off equity (issuance of shares) and presented by clarifying the amount of issuance of shares in the financial statement, 30.06.2015 dated.

**2) According to TAS-23 Borrowing Cost 6-e provision,** group has changed accounting policy related to exchange difference expenses concerning USD investment credits used from subsidiary of Küçük Enerji and adjustments are made in principal exchange difference concerning credit used by adopting "cyclical approach" method. Adjustment in the real interest cost is made based on "representative interest cost". Representative interest cost, if foreign currecny debt had been made denominated in its functional currecny, is interest cost expected to occur in the current period based on the interest rate on the date of borrowing. Representative interest cost is considered as ceiling borrowing cost in borrowing cost account will be capitalized. In this regard, the amount of 302.583 TRY exchange difference expense concerning investment loan used retroactively as of 30.06.2014 and recorded exchange loss (financial expenses) account by deducting from investment cost in the audited financial statement published previously, has cancelled and associated with qualifying assets cost (Küprübaşı HES Project). Accounting policy change has created 242.066 TRY additive period income with 60.517 TRY deferred tax effect. Group continues the same accounting policy for Küçük Enerji as of 30 June 2015. Details are given in the note of "24. Borrowing Costs"

Similarly, group has continued to apply the same accounting policy for subsidiary of Çan Kömür regarding Çan II Power Plant project financing loan used as foreign currency in 2015. Details are given in the note of "24. Borrowing Costs".

**3) The company has made a change in accounting policy regarding the Çan Kömür ve İnşaat Anonim Şirketi's 92 % of shares according to Capital Market Board's decision, 17.04.2015 dated and 36231672-115.01-302 numbered. According to Capital Market Board decision, the issue of evaluating of purchasing Çan Kömür's share as a business combination within the framework of TFRS 3 "Business Combinations Standard", there are different applications in purchasing of mining to define as business combination or assets purchases according to TFRS 3 Standard within the scope of studies at International Accounting Standards Board (IASB), by indicating that studies which are the assets invested is defined as company within the scope of project of reconsidering TFRS 3 Standard, are going on, evaluating of the issue, if it is necessary, the case for establishing general principle decision regarding application principles of UFRS**



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(Currency is TRY unless otherwise is indicated.)

**2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

Standards has transmitted to Public Oversight Accounting and Auditing Standards Authority. The company has made change in accounting policy by taking Capital Market Board's decision into consideration. Purchasing of share by Çan Kömür continues to evaluate as business combination according to TFRS-3. The company value determined by independent valuation report and royalty right imputed royalty agreement according to TAS-38 and the amount of gain on bargain purchase as a result of considering valuation have cancelled by prudence. In the financial statements dated 31.12.2013, the amount of 289.884.961 TRY in Rights account, the amount of 57.980.846 TRY in Deferred Tax Liabilities account and the amount of 202.739.932 TRY in profit/loss statement have been adjusted as a result of change in accounting policy. The Godwill amount of 5.918.204 TRY ,calculated during purchasing, is classified in goodwill account. Capital Market Board has indicated the straight-line depreciation method for amortization period and method regarding royalty will be more appropriate as long as the same decision of mentioned company policy continue. Because the company has cancelled the amount of 289.884.961 TRY recorded in rights account by prudence, any amortization amount is not considered.

4) By total spending of 1.853.876 TRY made by Odaş Elektrik Üretim San. A.Ş regarding to energy transmission line in 2011 and 2012; TEİAŞ had made setting off 502.526 TRY by calculating its unit price on 07.05.2013. The remaining net cost of 1.351.350 TRY is capitalized on 07.05.2013 which related tangible assets cost can be measured safely and amortization has been calculated. As of 31 December 2013, measurable net cost in tangible fixed assets increased by 1.351.350 TRY due to accrual base recognition of power transmission line cost that had capitalized earlier at the 2014 financial statements in 31.12.2014 in accordance with 27 paragraph of TAS-1 standard. Because of calculating of amortization as from capitalization date, the amount of 23.708 TRY additive effect has occurred in Accumulated depreciation and period loss. When deferred tax assets is considered, the transaction with 4.472 TRY deferred tax assets impact has additive effect on accumulated profit/loss by net 18.966 TRY. In 30.06.2014, the amount of 400 TRY net impact has been occurred with 500 TL accumulated depreciation and 100 TRY deferred tax assets effect. As of 30 June 2015, tangible asset continues according to changes in accounting policy and is amortized.

5) In 31.12.2014, financial leasing interest liabilities made interest expense provisions, presented in "Accrued Expenses" not yet reached the payment term has been shown with relevancy financial leasing interest liabilities. The amount of 104.902 TRY previously shown in Accrued Expenses account for 2014, has been shown by setting off its interest amount from deferred leasing borrowing cost. As of 30 June 2015, the amount of 91.072 TRY leasing interest expense provision has been shown with associated leasing interest liabilities.

6) According to POA's 2013-2 numbered "Business Combinations Under Common Control" decision, changes of accounting policy has been applied retroactively, in addition to the minimum comparative financial statements in accordance with paragraphs 40-A and 40-B of TAS-1 standards, a third financial statements belongs to beginning of the previous period has been presented. In this context, 26.309.154 TRY classified in "Goodwill" account at the earlier Financial Position Statement 31.12.2012 dated, has been shown in "The Affect Of Business Combinations Including Common Controlled Entity or Companies" account as accommodating item within the equity. The financial statement 31.12.2013 dated has been presented comparatively with the financial statement of 31.12.2013 and 31.12.2014. Business Combinations Under Common Control are included in the consolidation since the beginning of the reporting period resulting from common control.

7) Regarding the amount of 671.004 TRY is paid to landowners for causing damage of their land concerning the investment of Küçük Enerji and other assets/liabilities for 2013;

With regard to advances given, the amount of 370.000 TRY in 31.12.2014 is associated with construction in progress cost (Köprübaşı Hydroelectric Power Plant) according to the nature since documents relating to advance payment was procured in the framework of "Conceptual Framework for Financial Reporting" .

## **2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

Relevant amount is shown and classified as “Tangible Fixed Assets – Construction in Progress“ in the independent audit report, 31.12.2014 dated.

The remaining amount of 371.004 TRY is associated with construction in progress cost (Köprübaşı Hydroelectric Power Plant) in the independent audit report, 30.06.2015 dated according to the accounting policy.

8) In the limited interim independent audit report 30.06.2015 dated; ongoing activities within the scope of all the licenses that all subsidiaries within the consolidation have, ongoing investments if they have, information regarding the final status and completion period of the investment, the details of the activities if there are other activities except for the license scope, has been added to report in “Subsidiaries“ under the section of “1. Organization and Core Business of The Company“.

### **c. Changes and Errors in Accounting Estimates**

If the effect of a change in accounting estimate creates a difference in an asset, a foreign source or equity, then the asset must be corrected during the same period as when the book value of the foreign source or equity is adjusted.

The effect of a change in accounting estimate being reflected on financial statements for future reference means that the transactions, events and conditions will be applied to the means happening after the date of the changes.

Except for the errors that cannot be recalculated due to the periodic changes or the cumulative effects, prior period errors are corrected retrospectively.

While preparing the consolidated financial statements, the Group’s management must make assumptions and estimations – as of the reporting period from the date of the balance sheet and the contingent liabilities and commitments- on income and expenses, that will effect the asset and liability amounts. Actual results may defer form estimates and assumptions. These estimates and assumptions are reviewed regularly; any necessary corrections are made, and then reflected in the operating results for that period.

Significant estimates are related to the tangible and intangible existences’ economic lives and provisions.

### **Changes in the Standards of the TFRS**

#### **a) New and Amended Standards and Reviews**

Effective as of January 1st, 2014 - excluding the new and amended TFRS standards and TFRYK reviews as of June 30 th, 2015 financial statements are consistent with the previous years’ standards. The effects of these standards and reviews on the Group’s financial condition and performance are described in the relevant paragraphs.

#### **b) Standarts are published but not come into force and will be applicable soon**

New standarts, comments and changes that are published as of the date of approval of financial statement are as below. However, they are not come into force in current reporting period and make applicable soon by group. Group ,unless indicated otherwise, will make necessary changes that will affect financial statement and notes after new standarts and comments come into force.

## **2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

### **TFRS 9 Financial Instruments: Classification and Statement**

New standart with the change on December 2012 is valid for annual periods beginning on or after 1 January 2015. The first phase of TFRS 9 Financial Instruments contains new provisions in accordance with measurement and classification of financial assets and liabilities. Amendments to TFRS 9 will mainly affect measurement and classification of financial assests and measurement of financial liabilities classified at fair value reflecting profit or loss. That kind of financial liabilities that change in fair value related to part of credit risk require presentation at other comprehensive income statement. Group will evaluate standart effects on financial statement and performance after the other phases of standarts are accepted by Public Oversight Accounting and Auditing Standards Authority.

### **TFRS 11 Shares Acqisition on Joint Activities (Amendments)**

TFRS 11 is changed due to guide acqisition of shareholding on joint activities accounting. This change requires, as noted TFRS 3 Business Combinations a company which its activity share a common activity acquire partnership except guidance and be contray to spesified in this TFRS, implementation of all policies related to TFRS 3 and other TFRS Business Combinations accounting. In addition, acquirer company should express necessary information about TFRS 3 Business Combinations and other TFRS.

Changes will be applied prospectively for annual periods beginning on and after January 01, 2016. Early application is permitted. The amendment will have no effect on group's financial position and performance.

### **TFRS 14 Regulatory Deferment Accounts (Amendments)**

IASC has launched a comprehensive project about Rate Regulated Activities in 2012. As a part of this project, IASC has published a limited standard in terms of temporary solution for the companies held rates and will apply IFRS for the first time. This standard allows the companies which will apply IFRS for the first time to transition of its regulatory deferment accounts which is recognized according to generally accepted accounting principles into IFRS in the same way. This standard is effective for annual periods beginning on or after 1 January 2016. Early application is permitted. The amendment will have no effect on group's financial position and performance.

### **Assets Sales or Contribution of The Business Investor to Its Affiliate or Joint Venture (Amendments on TFRS 10 and TFRS 28)**

These changes point out contradiction between the application of consolidation and equity recognition. Amendments require the recognition of all gains if the assets transferred appropriate the defition of 'business' in IFRS 3 Business Combinations. This standard is effective for annual periods beginning on or after 1 January 2016 and will be applied prospectively. Early application is permitted. The amendment will have no effect on group's financial position and performance.

### **Equity Method in the Individual Financial Statements (Amendments on IAS 27)**

The amendments allow the use of the equity method in the individual financial statements. This application is not just valid for affiliate and joint ventures but also for subsidiaries. This standard is effective for annual periods beginning on or after 1 January 2016 and will be applied retroactively. Early application is permitted. The amendment will have no effect on group's financial position and performance.

## **2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

### **Description initiative (Amendments on IAS 1)**

This narrow change makes the requirements of IAS 1 explicit rather than switch of IAS 1 Presentation of Financial Statements standard. Changes mostly responds the proper interpretation of the phrase of IAS 1. The amendments clarify the following issues: materiality level, the sequence of notes, subtotals, accounting standards and initiatives. This standard is effective for annual periods beginning on or after 1 January 2016. Early application is permitted. The amendment will have no effect on group's financial position and performance.

### **Investment Companies: The Implementation of The Consolidation Exemption (Amendments on IFRS 10, IFRS 12 ve IAS 28)**

Before changes, how to recognition of subsidiaries which provides services associated with investment is not clear. As a result of changes, the intermediate level investment business is not allowed to consolidate. Accordingly, if the internal structure of an investment company uses the intermediate level business, the financial statements will provide less detailed information about the investment performance. For instance; less details about the fair values of investments composing investment portfolio and cash flow obtained from investment. This standard is effective for annual periods beginning on or after 1 January 2016 and will be applied prospectively. Early application is permitted. The amendment will have no effect on group's financial position and performance.

### **TAS 16 and TAS 38 -- Clarification of Acceptable Methods of Depreciation and Amortization (Amendments)**

Changes on TAS16 and TAS 38 prohibits the use of tangible assets depreciation calculation based on revenue and also restricts the use of intangible assets depreciation calculation based on revenue significantly. Changes will be applied prospectively for annual periods beginning on and after January 01, 2016. Early application is permitted. The amendment will have no effect on group's financial position and performance.

### **TAS 16 Tangible Assets and TAS 41 Agricultural Activities: Carrier Plants (Amendments)**

A change is made related to recognition of carrier plants on TAS 16. The amendment express carrier plants such as grape vine, rubber plant or date palm that are from biological assets class give more products after ripening period and held by companies during life of fruition. However, since carrier plants do not pass through an important transformation after ripen and its function similar to manufacturing, the amendment reveals carrier plants should record TAS 16 instead TAS 41 and let it to appreciate with 'cost model' or 'revaluation model'. The product in carrier plants will be recognized at fair value that declined sell cost. Changes will be applied prospectively for annual periods beginning on and after January 01, 2016. Early application is permitted. The amendment will have no effect on group's financial position and performance.

### **c) Annual Improvements on TAS/IFRS**

In September 2014, POA published following regarding the standard changes called 'Annual Improvements regarding the period 2010-2012' and 'Annual Improvements on the period 2011-2013'. The amendments are valid for annual periods beginning from July 01 , 2014.

## **2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

### **Annual Improvements – 2010-2012 Period**

#### **TFRS 2 – Share-based Payment**

Definitions related to interim payment are changed. Performance and service condition is defined to resolve problems. The amendment will be applied prospectively.

#### **TFRS 3 Business Combinations**

A conditional value which is not classified as equity in business combinations, the conditional value is recorded at profit or loss by measuring at fair value in the next periods whether the scope of TFRS 9 Financial Instruments or not. The amendment will be applied prospectively for business combinations.

#### **TFRS 8 Activity Segments**

The changes are as follows: i) Activity segments can be combined consistently with the main principles of the standard. ii) Reconciliation of financial assets with total assets should express if this reconciliation is reported to manager who authorized to take decisions relating to the operating activities. The amendment will be applied retrospectively.

#### **TAS 16 Tangible Assets and TAS 38 Intangible Assets**

The change on TAS 16.35 (a) and TAS 38.80 (a) has clarified that the revaluation can be done in the following way. i) Gross book value of assets is adjusted to market value or ii) the market value of the net book value of the assets is determined, gross book value is adjusted proportionally in the way that net book value goes through the market value. The amendment will be applied retrospectively.

#### **TAS 24 Related Party Disclosures**

The amendment have clarified company's key management personel's service is subject to related party associate with related party disclosures. The amendment will be applied retrospectively.

### **Annual Improvements – 2011-2013 Period**

#### **TFRS 3 Business Combinations**

With the amendment i) not just joint ventures but also joint agreements are not the scope of TRFS 3 and ii) this exception has been clarified only joint agreements is applicable for accounting in the financial statements. The amendment will be applied prospectively.

#### **TFRS 13 Fair Value Measurement Reasons for Decision**

It is expressed that portfolio exception in TFRS 13 is not just applicable for financial assets or liabilities. It also can be applied other agreements in the scope of TAS 39. The amendment will be applied prospectively.

## **2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

### **TAS 40 Investment Property**

It is expressed the interrelation between TFRS 3 and TAS 40 for the classification of property for investment or used by owner. The amendment will be applied prospectively. It is not expected that the amendment will have significant effect on group's financial position and performance.

### **d) New and adjusted standards and interpretations are published by International Accounting Standards Board (IASB) but not published by POA**

New standards, interpretations and present changes in IFRS standards listed below issued by the IASB but are not yet effective for the current reporting period. These new standards, amendments and interpretations are not yet adopted to the TFRS and published by POA and therefore they do not form a part of TFRS. Group will make necessary changes in notes and financial statements after these standards and interpretations come into force into TFRS. As it is explained, short-term trade receivables and payables are not specified interest rate on them may be shown at invoice amount where the effect of discounting is unimportant. The amendments will be implemented immediately.

### **Annual Improvements – 2011-2013 Period**

#### **TAS 15 – Revenue from Agreements with Customer**

POA has published TAS 15 – Revenue from Agreements with Customer on May 2014. New five-stage model of the standard describes the requirements for revenue recognition and measurement. Standard is to be applied revenue arising from agreements with customer and is a model for measuring sales of non-financial assets not related with a company's ordinary business activities such as out of tangible assets. TFRS 15 will be applied for annual periods beginning on or after January 01, 2017. Early application is permitted. For the transition to TFRS 15 two alternative applications is presented: full retrospective application or modified retrospective application. When the modified retrospective application is preferred, prior periods will not be readjust but comparative numerical information will be provided in the financial statements notes. The impact of those matter changes on Group's financial situation and performance is evaluated.

#### **TFRS 9 – Financial Assets – Final Standard (2014)**

POA has published the project of TFRS 9 Financial Assets consist of and measurement, impairment and protection from risk of hedge accounting which will replace TAS 39 Financial Instruments recognition and measurement Standard on July 2014. TFRS 9 Financial Assets is based on rational, a single classification and measurement approach reflects business model and characteristic of cash flow. Thereupon, a single model is established which is applicable to expected credit loss model for recognition of loan losses more timely and all financial instruments can be applied to impairment accounting. In addition, when banks and other business choose measure option with fair value of their financial liabilities, TFRS 9 tackles a problem called 'own credit risk' lead to record income into profit or loss statement due to decreasing at fair value of financial liabilities. TFRS 9 will be applied for annual periods beginning on or after January 01, 2018. Early application is permitted. Moreover, early application in changes in 'own credit risk' is permitted alone without changing financial instruments accounting. Group evaluates standard's impact on financial situation and performance.

## **2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

### **TAS 27 – Equity Method in Singular Financial Statement (Change in TAS 27)**

POA has done amendment in TAS 27 on August 2014 to represent the use of equity method in singular financial statement for accounting of investment in subsidiaries and affiliates of the company. Accordingly, companies should recognize and take into account of these investment by using following methods:

- Cost Value
- According to TFRS 9 (or TAS 39)
- Equity Method

Business should apply same recognition for each investment category. Changes will be applied retrospectively for annual periods beginning on and after January 01, 2016. Early application is permitted but should be explained. The amendment is not applicable for the company and will have no effect on group's financial situation and performance.

### **TFRS Annual Improvements, 2012-2014 Period**

POA has published Annual Improvements in TFRS (TFRS Annual Improvements, 2012-2014 Period) on September 2014. Document makes five changes into four standards except standards are modified as a result of changes and related reasons. The subject of the affected standards and changes are as follows:

- TFRS 5 Tangible Assets Held for Sale and Discontinued Operations – change in disposal methods
- TFRS7 Financial Instruments: Disclosures – Service Agreements; changes of applicable to interim summary financial statement according to TFRS 7.
- TAS 19 Employee Benefits - regional market issues relating to the discount rate
- TAS 34 Interim Financial Reporting – information is described in another part of interim financial statement

### **Policy Decisions published by POA (2012-13 Period)**

In addition to explanations above, policy decisions declared by POA in order to apply Turkey Accounting Standards. “Financial Table Examples and User Guide” was in use as of declaration date, however, other decisions applicated validity for beginning annual report periods after December 31,2012.

#### ***1.Financial Table Examples and User Guide***

POA published “Financial Table Examples and User Guide” on May 20,2013 in order to provide standard form of financial statement and facilitate its audit. Financial table examples that located on this regulation published for becoming sample to companies who have to applicate TAS except banking, insurance, individual retirement or financial institution that establish for capital activiy. The group complied with the required classification and the presantion principles in order to fullfill the requirements of this regulation.

#### ***2.Accounting for Business Combination Under Common Control***

According to decision i) business combination under common control (pooling of interest) must be accounted by this method, ii) therefore, goodwill do not take place on the financial tables and iii) while combination of rights method is applying, on the beggining of report period financial table should fix and present as comparatively. This situation adjudicated.

## **2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

### ***3.Accounting of Usufructary Notes***

Usufructary notes should be accounted in which the cases as financial liability in which the cases the as equity instruments were clarified. This decision does not have any affect to the company's financial tables.

### ***4.Accounting of Participation Investment as Mutual***

If a company has its own share on the business who have participation investment, this situation is defined mutual participation relation . The subject of accounting od mutual participation is evaluated depending on the type of investment and different accounting basics that applied.With this decision, subject was evaluated under three main title and each of their accounting basics were determined.

- i) The case is that having subsidiarity main partnerships own equity
- ii) The case is that participations or sunbsidiarities have investor of business's equity's financial instruments.
- iii) Bussiness's depending on equity financial instruments, company who have investment interms of TAS 39 and TFRS 9.

Aforesaid decision has no effect on Group's financial statements.

## **Resolutions are published by POA (2014 Period)**

### **1.Capitilization of Exchange Rate as Borrowing Cost (Outline)**

Featured assests in TAS 23 Borrowing Cost standard are defined as assets that necessarily take a long time to be able to get ready for their intended use or sale and organized basis of borrowing costs accounting related to featured assets. According to TAS 23 first paragraph, it is stated that the acquisition, construction or production of a featured assest related with directly borrowing cost form part of this assest cost, on the other hand, other borrowing costs will be recognized as an expense.

Methods can be considered to what extent the exchange rate can take into consideration as interest cost adjustment in borrowing from foreing currency:

### **Seasonal Approach**

In this method, the found amount (real interest cost) which is borrowing in foreign currency denominated interest cost in foreign currency is translated into functional currency is not accepted borrowing cost directly. In this amount, adjustment can be made as a part of or all exchange rate of principal amount. Adjustment in real interest cost is done based on 'representative interest cost'.

Representative Interest Cost is a interest cost which is expected to occur in current period based on interest rate at date of borrowing if borrowing in foreign currency had denominated in functional currency. Representative Interest Cost is considered as limit borrowing cost of the borrowing cost will be capitalized.

Although there is a chance real interest cost can be higher than representative interest cost, considering that probability of meeting such kind of situation is low for business, only main accounting principles are taken on resolutions when representative cost is higher than real interest cost.



## **2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

### **Cumulative Approach**

In the cumulative approach , the investment project is considered as a whole.In this context, when calculating the cost of borrowing will be capitalized, unlike seasonal approach, adjustment are made cumulatively by considering uncanceled exchange rate losses which occurred previous periods and recorded as loss exchange, although there is a chance real cumulative interest cost subject to higher representative cumulative interest cost, considering that probability of meeting such kind of situation is low for business, only main accounting principles are taken on resolutions when representative cumulative cost is higher than real cumulative interest cost.

#### **d. Summary of Important Accounting Policies**

##### **Cash and Cash Equivalents**

Cash can be implied as cash in the group and cash equivalent can be implied as short term investments which have unimportant risk to lose value, higher liquidity and can be converted easily to cash. Cash equivalents are assets which are used for investment purpose, kept for short term cash liabilities and they cannot be used for other purposes.(Note:53)

##### **Trade Receivables**

Trade Receivables are the receivables sourced from group which are come from a debtor cause of a direct supply of goods or services. They are valued by using effective interest method thought discounted cost. Without a specified term, short-term trade receivables are valued on their amount of invoice when accrued interest has insignificant effects. (Note:7)

In case of receivables become impossible to collect, group will make a provision as a risk provision. This provision amount is the difference between the book value of receivables and possible collection amount of receivables. Possible collection amount is the rediscounted value which is calculated with effective interest method on amount of original trade receivables, collectible guarantees and other cash transactions. (Note: 7)

If the amount of low value decreases after written as a loss, the amount of decrease will record in other income in the current period.

##### **Related Parties**

The group will consider as a related party if one the conditions below are met.

- a) If the party directly or indirectly with one or more agent:
  - i) Controls the enterprise, controlled by enterprise or is present under the same control with the enterprise (including parent companies, subsidiaries and subsidiaries at the same line of business);
  - ii) Has share which allows it to have big impact on the group; or
  - iii) Has associated control on the group;
- b) If the party is an affiliate of the group;
- c) If the party is an business partnership where the group is a party;
- d) If the party is a member of the key personnel in the group or Company's main partnership;
- e) If the party is a close family member of any person mentioned in the a or d parts;
- f) If the party is an enterprise which is controlled, partnered or under important effect or any person mentioned in d) or e) parts has right to vote in important decisions of the party;
- g) If the party has profit plans about a possible leaving job of related parties' employees.

## **2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

### **Financial Instrument**

#### **Financial assets**

Financial assets are recorded with their appropriate value and expenses directly related to purchase except financial assets reflected to profit or loss of the appropriate value difference and recorded on their appropriate value. In the case of purchase or selling of financial assets which are bound to a contract that has a condition on deliverance date of financial instruments set by the market are recorded at the date of transaction or deducted from records

Financial assets are classified as “financial assets reflected to profit or loss of the realizable value difference”, “financial assets kept in hand till its maturity”, “marketable financial assets” and credits and receivables.

#### ***Effective Interest Method***

It is the method in which interest income of financial asset distribute to related period and amortized cost of financial asset gain value. Effective interest rate; Estimated future cash value which will be charged in a shorter time period during the expected lifetime of financial instrument or in case in which life time of financial instrument is appropriate, is the reduced rate of net present value of related financial assets.

Financial assets which will keep in hand till maturity, marketable debt instruments, credits and receivables, which are classified as financial assets, and related interest income of these assets are calculated by using effective interest method.

#### **a) Net realizable value difference of financial assets which recorded as profit/(loss)**

Financial assets measured at fair value through profit and loss are the assets which are the owned one to sell or buy. If a financial asset is bought to sell in short term, it will classify in this category and in current assets. Financial assets which constitute derivative products that have not an effective protection tool against financial risk are also considered as financial assets reflected to profit or loss of the appropriate value difference. Assets in this category are classified as current assets.

#### **b) Financial assets held to maturity**

Debt instruments with constant terms which has constant and determinable payment plan, for which group has an in tention to keep in hand till its maturity can be classified as financial assets kept in hand till its maturity. Financial assets kept in hand till its maturity can be shown in financial statement by the amortized cost according to effective interest method deducted from amount of decrease in value.

#### **c) Assets available for sale**

The group has equity instruments which are not open to capital market but ready to be sold. Since their appropriate value could not be defined in an accredited way, they are shown with their cost values.

#### **d) Loans and receivables**

Loans and receivables which are not in the capital market and have steady and computable payments are classified in this category. Credits and receivables are shown by deducting loss in value decrease from the cost which was calculated by using effective interest method. (Note:7)

## **2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

### **Financial Liabilities**

Financial liabilities and equity instruments issued by the group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. Agreement which represents right of group on assets after deducting all liabilities can be count as financial instrument on equity. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Financial liabilities are classified as either financial liabilities at fair value difference recorded as profit and loss or other financial liabilities.

a) Financial liabilities at fair value through profit and loss

Financial liabilities at fair value difference recorded as profit and loss are stated at their fair value, and they revalue at financial statement date and every reporting period. Change in fair value record in comprehensive income statement. The net gain or loss recognized in comprehensive income statement incorporates any interest paid on the financial liability.

b) Other financial liabilities

Other financial liabilities, including borrowings, are initially recorded at fair value after deduction of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

### **Inventories**

Inventories are valued on the basis of the weighted average cost method by considering the cost or the net realizable value, whichever is the lowest. Net realizable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses. The cost of inventories cover all purchasing costs, conversion costs and other expenses made to bring the inventories into their current state and condition. When net realizable value of inventories is less than their cost, inventories will be valued according to their realizable value and the difference will be record as an item in comprehensive income statement.

In cases where impairment of inventories are no longer valid or net realizable value is increased, impairment of inventories which was recorded as loss in previous comprehensive income statement will be a provision no longer required. The amount of provision no longer required is limited with the amount of provision which was allocated in previous periods. (Note: 10)

### **Tangible Fixed Assets**

Tangible assets are reflected to financial statements according to their acquisition date: if they are acquired before January 1, 2005 they will state on acquisition cost which are rearranged with buying power of TRY in December 31, 2004 and if they are acquired after January 1, 2005, they will state with its acquisition cost

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**2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

after deduction of accumulated depreciation and accumulated impairment loss. Depreciation is calculated according to normal amortization method on amounts which are rearranged according to inflation.

There is no applicable amortization method for land in the report because of their nature and useful life is unlimited. Tangible fixed assets are amortized with rates below according to their economic useful live.

	<u>Years</u>
Natural Gas Power Plant	40
Land Improvements	8-50
Buildings	50
Plant, Machinery and Equipment	4-15
Motor Vehicles	5
Furniture and Fixtures	3-15
Special Costs	lease term (in days) or the less than useful life

If book value of an asset is bigger than the recovered value of this asset, book value of this asset can be discount to its recovered value. Recovered value of an asset is bigger than net sales price or value at use. Net sales price can calculate after deduction of all cost to sell from its fair value. Value at use will determine after addition of discounted amounts at the date of statement of financial position to estimated cash flows in future in condition of continuing to use the related asset.

The loss or profit from sales of tangible asset determine with comparison of arranged amounts and collected amounts and it is reflected to income and expense accounts in related period.

Maintenance or repair cost of tangible asset can be recorded as expense under normal conditions. However, in exceptional cases if maintenance and repair are resulted with improvement in tangible assets, the cost in question can be recorded as asset and it will be counted in amortization of related asset with remaining useful life.(Note: 14)

**Intangible Assets**

Intangible assets are consists of acquisition rights, information systems, computer software and special costs. These elements record on acquisition cost and after the date of acquisition they will amortize by using normal amortization method according to their expected useful life. Expected useful life of intangible assets is like below;

	<u>Years</u>
Rights	3-49
Computer programs	3
Development Activities	10

In case of decrease in value, the book value of intangible assets can be discounted to its recovered value. Recovered value is the value that whichever is higher between useful value and net selling price. (Note:17)

**Leasing Transactions**

**Financial Leasing Transactions**

The group reflect fixed assets acquired through financial leasing with their current value from the rental start date in statement of financial position or if it's lower than present value they will reflect from their current value of minimum lease payments on statement of financial position date (they added to related fixed assets section in financial statements). Acquisition expenses of fixed assets which are subjected to financial leasing transaction added to its cost. Liability from financial leasing transaction can be split as payable interest and

## **2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

principal debt. Interest expenses calculate from its constant interest rate and it will be added to its related period's account.

As of end of the reporting period, the financial leasing interest costs are unpaid but accrued recognized as expense, the financial leasing interest provisions recognized as expense is shown by deducting from Deferred Financial Leasing Borrowing. (Note:20 Leasing Operations, Note:47 Financial Instruments)

### **Operational Leasing Transactions**

Lease contracts where all the risks and benefits of renting property in the hands of the leaser are known as operational leasing. For an operational lease payments, during the rental period will be recorded as expenses according to the direct method.

### **Investment Properties**

Rather than sell goods and services for use in the production and administrative purposes at normal course of business, lands and buildings which are held in hand to obtain lease or capital gains or to obtain both, can be classified as Investment Properties and they can be recorded as values which comes after deduction of accumulated depreciation from cost according to its cost method except lands. The cost of construction, which construct by the company, of property for investment purposes determine on cost at the date of completion of rehabilitation and construction works. Asset at this date becomes a property for investment purposes and cause of that it transfer to properties account section.

### **Borrowing Costs**

Group reflects borrowing costs as financing cost during credit period in its comprehensive income statement. Financing cost which is sourced from credits is recorded to comprehensive income statement when they occur.

Energy producing plants can be evaluated as a specialty asset depending on conditions. Acquiring, constructing, or borrowing costs that can be directly related to producing of a specialty asset can be capitalized as a part of specialty asset's cost by firms. Firms can book the other borrowing costs as an expense in their occurred period.

Acquiring, constructing, or borrowing costs that can be directly related to producing of a specialty asset is added to cost of the asset. This kind of borrowing costs is capitalized as a part of specialty asset's cost for a dependable measure and for a possible situation that it can make an economic contribution to company.

Acquiring, constructing, or borrowing costs that can be directly related to producing of a specialty asset are borrowing costs that will not appear in case that there will be no expense done related to specialty asset.

If a company is get into debt in order to acquire a specialty asset, the borrowing cost amount that will be capitalized will be determined by deducting income that is gained via temporary exploiting aforesaid funds from borrowing cost of the aforesaid borrowing in the related period.

In the case of a company uses a part of the funds that it is get in to debt for general purposes in order to finance a qualifying asset; the borrowing cost amount that can be capitalized; is determined via using capitalizing rate that will be applied to expenses that related asset. This capitalizing rate is the weighted average of the all existing borrowing of the related period to borrowing costs, except the borrowings that is done for acquiring the qualifying asset. The borrowing cost amount that is capitalized for a period, cannot exceed consisted the borrowing cost in related period.

When the all necessary proceedings virtually is completed for asset's intended usage and getting ready for sale, the capitalizing of borrowing costs will end. In the situation of a qualifying asset is completed in parts and every part can be used while other parts Continue to constructing; When the all necessary proceedings virtually is completed for certain part's intended usage and getting ready for sale, the capitalizing of borrowing costs of the related part will end.

## **2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

### **Provisions, Contingent Liabilities and Assets**

#### **Provisions**

Provisions which are present in group as of the statement of financial position date can be accounted in case where there is a legal liability sourced from past or a structural liability and it is highly possible to realize exit of resources to fulfil this liability, there is a reliable estimated amount of liability. In cases where here is more than one a like liability, the need for the possibility of exit of resources which can provide economic profit evaluate by taking in account of all same liabilities in same quality. Even if there is a little possibility to realize exit of resources for a liability in same quality, group allocates provision. Group does not allocate provision for operational loss in future. In cases when the value effect of money is important, amount of provision determine with present value of expenses which will be needed to fulfil liability.

#### **Contingent Liabilities and Assets**

Assets and liabilities which are related to the cases whether it will or will not realize one or more than one cases, which are not entirely in group's control to realize in future, and which are sourced from past, can be accepted as contingent liabilities and assets.

Group does not reflect assets and liabilities related to condition to its records. Contingent liabilities are explained in explanatory notes of financial statements during the possibility of exit for an economic profit is not far and contingent assets are explained in explanatory notes of financial statements if the possibility of enter for economic profit is high.

#### **Employee Benefits:**

##### **a) Defined Benefit Plan**

Provisions for severance benefit reflect upon to actuarial work according to TAS 19 "employee benefit".

Liability of severance benefit means value of estimated total provisions for possible liabilities which will occur in future cause of ending the agreement between group and its personnel for defined reasons according to Turkish Labour Law or retirement of personnel according to related law as of statement of financial position date.

Group calculates severance benefit by predicting discounted net value of deserved benefits or based on the information from group's experience about fire a personnel or quit of the personnel and reflects to its financial statements.

##### **b) Defined Contribution Proportions**

Group has to pay social insurance premium to Social Insurance Intuition. There will be no other liability if the group Continues to pay the premiums. These premiums reflect to personnel expenses in its accrual periods.

#### **Revenue**

Revenue is recognized on accrual basis at the fair value of the amount received or to be received. Net sales are calculated after the sales returns and sales discounts.

## **2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

### ***Sales Income***

Revenue from sale of goods is recognized when all the following conditions are satisfied:

- The group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably,
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of transactions can be measured reliably.

Income is fair value that is the amount which is taken or will be taken when electricity delivery is realized. According to accrual basis, income is recorded in the period that the amounts to be invoiced. Net sales are shown in the amount on invoiced electricity delivery after deduction from sales commission and taxes. Obtained from transmission fee revenue is shown by net off related costs in the financial statements.

TEİAŞ Electricity Sales Revenue; contains all sales transactions are made by market participant on the free market reconciled by PMUM (Market Financial Settlement Center) and sales arising from settlement center due to presence of the free market.

Free Consumer Electricity Sales; according to consumer limit is published by EMRA, sales made to all consumers within the definition of free consumer. (For example; While this limit is 4,500 kwh per year in 2014, it was taken 4,000 kwh per year in 2015)

Bilateral Agreements Electricity Sales; Physical or service sales to both wholesale companies or private manufacturing companies. Primary Frequency Control (PFC) contains service sales related with power plants liability in relevant legislations to transfer this liability to someone else.

Energy Imbalance; According to legislation, all imbalance receivables and payables are reconciled within responsible party when group companies are merged to create balance group. The responsible party for the balance distributes this amount of compensation to group members. Group imbalance items contains the amount of positive imbalance receivables, negative imbalance payables and zero balance payable/receivable.

### ***Interest Revenue***

Interest revenues are recorded as income on accrual basis.

### ***Rent Revenues***

Rent revenues are recorded as income on periodical accrual basis.

### **Effects of Change in Exchange Rate**

Transactions in foreign currencies are translated to the respective functional currencies of group entities at exchange rates occurred Turkish Republic Central Bank at the dates of the transactions. Monetary assets and liabilities based on foreign currency were valued with exchange rates at the end of the period. Exchange gains or losses arising from settlement and translation of monetary foreign currency items have been included in the financial income, net in the accompanying comprehensive income statements.

### **Calculated Taxed on Corporation Revenue**

Deferred taxes are calculated by taking into account statement of financial position liability. They are reflected considering the tax effects of temporary differences between legal tax base and reflected values of assets and liabilities in financial statements. Deferred tax liability is calculating for all taxable temporary differences however discounted temporary differences which occurs from deferred tax assets is calculated in condition to be highly possible to have benefit from these differences by obtaining taxable profit in future.

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**2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

Receivable and liability for deferred tax occurs where there are differences (which are reducible in future and taxable temporary differences) between book value and tax value of asset and liability sections. Deferred tax asset and liability is recording without considering time where group can use timing differences.

Corporate tax rate in Turkey is 20%. This rate can be applied to tax base which if found out after adding expenses, which are not accepted to reduce from tax according to tax law, to its commercial income and deducting exceptions in law( exception like affiliate income), discounts (like investment discount). In case of not distributing dividends, it will not be necessary to pay another tax.

There are not taking of withholding tax for corporate who obtain income in Turkey with a base or permanent representative and dividend payment to corporate that has a base in Turkey. Dividend payment except these above is taxable for withholding tax at 15% (10% before the date of 22.07.2006). Adding profit to capital cannot be count as distribution of dividend and applied for withholding tax.

Financial loss which is showed in declaration form according to Turkish Tax Regulation in condition not to pass for 5 years can be deducted on corporate income for period. However, fiscal loss cannot be deducted from previous year's profits.

**Earnings per Share**

Earnings per share presented at the bottom of the consolidated Comprehensive Income Statement are calculated by dividing the net profit for the period to the number of shares. In case of increasing capital from sources in group in period, when calculating weighted average of number of shares, the value found after that is accepted also to use as valid at the beginning of period.

**Subsequent Events**

Subsequent events cover all events between authorization dates for publishing statement of financial position and statement of financial position date even if they are related to an announcement related to profits or if they occur after publishing financial information to public.

In case of occurring events which are necessary to make adjustments after statement of financial position date, group adjusts the amounts in financial statements in an appropriate way to this situation. Subjects which are not necessary to make adjustment occurred after statement of financial position date is explained in explanatory notes of financial statements if they will affect economic decision of financial statements user.

**Statement of Cash Flow**

In cash flow statement group reports cash flows in period based on classification as operating, investing and financing activities. Cash flows sourced from operating activities shows cash flows sourced from Group's activities. Cash flow related to investing activities shows cash flows that group use at present time or they gain from investing activities such as intangible asset investing and financial investing. Cash flow related to financing activities shows the resources used by group and back payment of these resources for financing activities. Cash and cash equivalents are consist of cash and bank deposit, investment with certain amount at 3 months term or less than 3 months, short term with high liquidity.

**e. Important Accounting Estimates, Assumptions and Evaluation**

Preparing of financial statements make need of using estimates and assumptions which will effect income and expense amount which are reported at account period, explanation of contingent assets and liability and amount of assets and liabilities which are reported as of statement of financial position date. These estimates and assumptions give the most reliable information about group managements' present events and transactions. Although realized results can show differences from assumptions. The estimates and assumptions may cause significant adjustments on book value of assets and liabilities in financial reporting is stated below.



## **2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

Borrowing cost of credits which are used for financing of natural gas station and hydro electric power is added to cost of natural gas station and by group in scope of TAS-23 “Borrowing Cost”.

### **Deferred Tax Assets**

Group accounted deferred tax and liabilities in order to temporary timing differences arising from diversity between financial tables that determine tax and prepared financial tables in accordance with CMC reporting standards. Assets of deferred tax estimated the amount of recoverable partially or completely. During the assesment, future profit projections and other tax assets expiration dates and potential tax planning strategies were considered.

### **Determination of Fair Value**

Several accounting policies and disclosures of the group require determination of fair value of both financial and non-financial assets. Assumptions are used to determine fair value and relevant additional information is presented in the notes specific to asset or liability.

According to levels,the valuation methods are listed as follows;

Level 1: Recorded prices (unadjusted) in active market for identical assets and liability

Level 2: Directly (through prices) observable data and indirectly (derived from prices) observable data for assets or liabilities and except recorded prices in Level 1

Level 3: Data is not based on observable market data relevant with assets and liabilities (unobservable data)

## **3. BUSINESS COMBINATIONS**

### ***The Affect Of Business Combinations Including Common Controlled Entity or Companies***

Accounting Standarts of Business Combinations Under Common Control was determined with “Principle Decision For Implementation of Turkish Accounting Standarts”. The subject of principle decision is “Accounting of Business Combinations Under Common Control”. The principle decision numbered 2013-2, was published by KGK and become effective on July 21 of 2013 with the Official Journal numbered 28714.

According to this, because of the recognition by the method of the merger of the rights of businesses under common control, the goodwill can not included in financial statements. As the date of 30 December, 2013 the goodwill amount of 26.405.410 TRY arising from purchasing businesses under common control, stated in “The Affect Of Business Combinations Including Common Controlled Entity or Companies” account under shareholders'equity as a balancing account.

Business Combinations Under Common Controlled Companies has been explained at TFRS-3 Business Combinations Standart, article b1- and b4. According to standart, TFRS-3 Business Combinations Standart will not be applicable for business combinations under common control.

A business combination under common control is a transaction in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the transaction. These combinations often occur in group reorganisations in which the direct ownership of subsidiaries changes but the ultimate parent remains the same. Such combinations can arise prior to an initial public offering or a sale of combined entities.

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**3.BUSINESS COMBINATIONS (Continued)**

Some of individuals are counted as “controlling the company” when they have the controlling ability for financial and operational policies in order to utilize the company’s operations as a result of agreements related to contracts. So that, as a result of agreements related to contacts, mentioned group has the control power to manage opeartional and financial politics of the companyin order to utilizw company operations and that power is not temporary, that kind of business combination lie beyond the scope of TFRS 3 Business Combinations.

There is no connection between the scale of uncontrolled shares (minortiy interests) of each combined companies and determining the if business combinations include common controlled companşes. Likewise, the reality does not have any connection to determine the business combinations does include the companies under common control.

As a result of that, transactions classified as Goodwill at financial statements on 31 December, 2013 has been shown in the “Affect of Busines Combinations Including Common Controlled Entity or Companies” account under equity in accordance with TAS-8 Accounting Policies, Changes in Accounting Estimates and Errors in the 30.06.2015, 31.12.2014 and 31.12.2013 financial statements.

Amounts that has been resulted from business combinations under common control and take place on “The Affect Of Business Combinations Including Common Controlled Entity or Companies” are shown as below,

<b>Company Name</b>	<b>Acquisition Cost</b>	<b>Acquired equity Share Value</b>	<b>Ventures or businesses under common control, Including Effects of Mergers</b>
Voytron Elektrik	23.342.950	(729.287)	24.072.237
Hidro Enerji	150.490	51.398	99.092
Ağrı Elektrik	70.000	20.616	49.384
Küçük Enerji	2.065.876	44.768	2.021.108
Yel Enerji	-	(96.256)	96.256
Anadolu Export	-	(2.753)	2.753
<b>Total</b>	<b>25.629.316</b>	<b>(711.514)</b>	<b>26.340.830</b>

**Acquisition of Çan Kömür ve İnşaat A.Ş.**

As of September 9, 2013 company purchased 92 % share of Çan Kömür ve İnşaat Anonim Şirketi which is the part of the 9.200 share of total 10.000 shares from Mustafa Koncagül and Süleyman Koncagül at amount of 6.614.727 TRY.

Company, located in Çan district in the province of Çanakkale, has a right of royalty related to paid-up coal fields. Reserve Estimation studies of coal field has done by international independent valuation company. Signed on February 26, 2014, according to 'Çan Yaylaköy Lignite Reserves Valuation Report' regarding to studies 18,94 million tons proven, 5.76 million tons of extra should be a total of 24.70 million tons of coal reserves have been striked. The company revealed new value by own studies at Çan. With this new source, a new value is contributed both into national economy and arising opportunity to use significant reserve at necessary conditions.

One of the aims of the company is to build a thermal power plant in the reserve region by assessing this source best. Thanks to this, company intend to sell the most valuable part of the coal higher price proportionally in retail market. Another aim is remaining part of the coal relatively low calorific value into electricity so that company can get maximum gain by considering that has mentioned investment project via

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**3.BUSINESS COMBINATIONS (Continued)**

will be electrified thermal power plant. It is targeted significant competitive advantage when the successful elements will be provided in investment after the merge. Company does not give huge purchase price or pay competitive royalty share.

Resulting in transferring necessary business capital and investment in order to work more efficient and high quality of mine site during Çan Kömür is purchased, the contribution to the company's value of realized and expected growth in operations depending on capacity utilization rate increased has caused goodwill resulting from purchasing of Çan Kömür.

**Çan Kömür ve İnşaat A.Ş.**

Acquisition Cost	:	6.614.727
Value of Total Net Identifiable Asset (100%)	:	(757.090)
Value of Non-controlling Shares (8%)	:	60.567
<b>Goodwill (Note:18)</b>	:	<b>5.918.204</b>

Total value of the net identifiable assets of Çan Kömür is as below. Financial assets can be measured at fair value with in terms of displaying of fair value; inventory (raw materials and supplies) land, investment items are included in the records and Royalty Rights relevant with agreement is not included in records are seen. Land in asset is not independent from investment expenditures relevant with take coal mine out and is not considered fair value from investment expenditures independently. In the valuation report, lands are evaluated with Royalty Rights. The factor that increases land value is Royalty Rights.

Other assets and liabilities are taken place at fair value and acquisition-date balances are as follows;

<b>Value of the identifiable assets and acquired liabilities</b>	<b>Fair Value</b>
Cash and Cash Equivalents	106.375
Trade and Other Receivables	57.111
Inventories	312.983
Tangible Assets	956.744
Deferred Tax Liabilities	(7.524)
Trade and Other Payables	(668.599)
<b>Value of Total Net Identifiable Asset</b>	<b>(757.090)</b>

Çan Kömür has amount of 20.944 TRY period profit and 354.483 TRY revenue for the period between 01.01.2013 - 09.09.2014. These amounts were not included in the relevant comprehensive income statement in the consolidation. In the purchasing period on September 09, 2013 and December 31, 2013, there is no revenue of purchased company and this transaction has 128.011 TRY reducing effect on consolidated income statement. With the assumption of purchasing Çan Kömür's share in the beginning of the period, period loss of Çan Kömür for the period 01.01.2013-31.12.2013 had realized 107.066 TRY and period revenue was amount of 354.483 TRY.

According to TFRS 3 'Business Combinations' as described above, the identifiable assets, liabilities and contingent liabilities meet the conditions for recognition are shown in the above table at their fair value. As of acquisition date, gross amount of trade and other receivables reflects book values. In nonrecurring value measurement of fair value hierarchy, level 3 'Data is not based on observable market data regarding assets and liabilities' is taken into consideration.

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**3.BUSINESS COMBINATIONS (Continued)**

Paid Cash	:	6.614.727
Purchased Cash and Cash Equivalents	:	(106.596)
<b>Net Cash Outflow</b>	<b>:</b>	<b>6.508.131</b>

Purchased price 6.614.727 TRY was paid in cash on September 09, 2014.

**4.JOINT VENTURES**

None. (31.12.2014 None).

**5.SEGMENT REPORTING**

Group does not make any reporting according to sector because there were not any geographic or operating sector differences on risks and profits from group's product or service presentation.

**6.RELATED PARTIES**

i) Balances of the Company with its' related parties as of June 30, 2015 and December 31, 2014.

**a) Other receivables from related parties :**

	<b>30.06.2015</b>	<b>31.12.2014</b>
Hidro Kontrol Elektrik Üretim A.Ş	790	-
Öztay Enerji Elektrik Üretim Sanayi A.Ş	177	13.219
Bahattin Özal	107.106	522.856
Burak Altay	413.438	829.558
Korkut Özal	3.330.509	3.755.178
Mustafa Koncagül	1.963.923	-
Süleyman Sarı	750	-
<b>TOTAL</b>	<b>5.816.693</b>	<b>5.120.811</b>
Deduction: Unrealised financial losses	(165.706)	(947)
<b>TOTAL</b>	<b>5.650.987</b>	<b>5.119.864</b>

**b) Other payables to related parties:**

	<b>30.06.2015</b>	<b>31.12.2014</b>
Hidro Kontrol Elektrik Üretim A.Ş	232.433	206.064
Öztay Enerji Elektrik Üretim San. A.Ş.	181.063	201.245
Abdulkadir Bahattin Özal	-	291.130
Burak Altay	-	3.500
Hafize Ayşegül Özal	20.000	20.000
Esin Ersan	20.000	20.000
Hidayet Büküm	3.673	31.304
Ena Elektrik Üretim Ltd.Şti.	532.845	-
<b>TOTAL</b>	<b>990.014</b>	<b>773.243</b>
Deduction: Unrealised financial gain	(33.014)	(42.449)
<b>TOTAL</b>	<b>957.000</b>	<b>730.794</b>

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**6.RELATED PARTIES (Continued)**

**ii) Significant sales to related parties and major purchases from related parties:**

**a) Material sales to related parties :**

	<b>01 Jan - 30 June 2015</b>	<b>01 Jan - 30 June 2014</b>	<b>01 April - 30 June 2015</b>	<b>01 April - 30 June 2014</b>
Hidro Kontrol Elektrik Üretim A.Ş	88.527	943	84.711	-
Burak Altay	1.368	-	1.368	-
Korkut Özal	3.965	-	1.842	-
<b>TOPLAM</b>	<b>93.860</b>	<b>943</b>	<b>87.921</b>	<b>-</b>

**b) Sales of services to related parties:**

	<b>01 Jan - 30 June 2015</b>	<b>01 Jan - 30 June 2014</b>	<b>01 April - 30 June 2015</b>	<b>01 April - 30 June 2014</b>
Hidro Kontrol Elektrik Üretim A.Ş	-	230.797	-	130.500
Öztay Enerji Elektrik Üretim Sanayi A.Ş	141.643	33.107	50.774	24.107
Mekel Enerji İnş. Taah. Danş. Tic.A.Ş.	-	2.000	-	2.000
Arsin Enerji Elektrik Üretim San. Tic. A.Ş	-	9.000	-	-
Eylül Elektromekanik Enerji San ve Ltd Şti	81.417	-	42.280	-
<b>TOTAL</b>	<b>223.060</b>	<b>274.904</b>	<b>93.054</b>	<b>156.607</b>

**c) Service purchases from related parties:**

	<b>01 Jan - 30 June 2015</b>	<b>01 Jan - 30 June 2014</b>	<b>01 April - 30 June 2015</b>	<b>01 April - 30 June 2014</b>
Hidro Kontrol Elektrik Üretim A.Ş	233.041	840.849	101.407	276.110
Öztay Enerji Elektrik Üretim Sanayi A.Ş	381.766	256.452	155.808	209.055
Mekel Enerji İnş. Taah. Danş. Tic.A.Ş.	-	16.495	-	15.379
HK Yatırım	2.581	-	2.281	-
<b>TOTAL</b>	<b>617.389</b>	<b>1.113.796</b>	<b>259.495</b>	<b>500.544</b>

**d) Financing expenses from related parties:**

	<b>01 Jan - 30 June 2015</b>	<b>01 Jan - 30 June 2014</b>	<b>01 April - 30 June 2015</b>	<b>01 April - 30 June 2014</b>
Hidro Kontrol Elektrik Üretim A.Ş	19.533	-	1.128	-
Öztay Enerji Elektrik Üretim Sanayi A.Ş	5.177	-	129	-
<b>TOTAL</b>	<b>24.710</b>	<b>-</b>	<b>1.257</b>	<b>-</b>

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**6.RELATED PARTIES (Continued)**

**e) Financing income from related parties:**

	<b>01 Jan - 30 June 2015</b>	<b>01 Jan - 30 June 2014</b>	<b>01 April - 30 June 2015</b>	<b>01 April - 30 June 2014</b>
Korkut Özal	221.575	219.865	108.956	97.392
Bahattin Özal	13.788	30.255	3.184	13.403
Burak Altay	31.404	46.427	12.500	20.553
Hidro Kontrol Elektrik Üretim A.Ş	782.001	502.459	426.452	32.662
Öztay Enerji Elektrik Üretim Sanayi A.Ş.	462.247	244.924	235.625	2.505
<b>TOTAL</b>	<b>1.511.016</b>	<b>1.043.930</b>	<b>786.719</b>	<b>166.515</b>

The interest rates is applied due from related parties and to related parties for the period is as below:

	<b>01 Jan - 30 June 2015</b>	<b>01 Jan - 30 June 2014</b>
Interest rates for the first period	16%	14,50%
Interest rates for the second period	16%	11,50%
Interest rates for the third period	-	11,50%
Interest rates for the fourth period	-	11%

**Total amount of salary and alike benefits in 6-months fiscal period provided to top management in 2015 is as follows:**

*a) Short Term Benefits to Employees:* Total amount of salary and alike benefits in 6-months fiscal period provided to top management in 2015 is 1.415.213 TRY (31.12.2014: 2.344.594 TRY)

*b) Benefits after Leaving:* Severance payment will make to personnel in case of earning it according to applicable law. There is no extra payment other than this.

*c) Other Long term Benefits:* None.

*d) Benefits due to Dismissal:* None.

*e) Share-based Payments:* None

**7.TRADE RECEIVABLES AND PAYABLES**

**Trade receivables**

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Customer Current Accounts	39.714.076	28.607.209
-Receivables from related parties	-	-
-Other receivables	39.714.076	28.607.209
Notes Receivables	887.236	54.735
Doubtful Receivables	573.715	403.667
Provision of Doubtful Receivables(-)	(573.715)	(403.667)
	<b>40.601.311</b>	<b>28.661.945</b>
Deduction: Unaccrued financing losses	(266.791)	(108.028)
<b>TOTAL</b>	<b>40.334.520</b>	<b>28.553.915</b>

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**7. TRADE RECEIVABLES AND PAYABLES (Continued)**

Provision for doubtful receivables as of June 30, 2015 and as of December 31, 2014 The movement is as follows:

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Opening Balance	403.667	532.941
Additional provisions	170.048	-
Payments (-)	(-)	(129.274)
<b>TOTAL</b>	<b>573.715</b>	<b>403.667</b>

Consist of Voytron Elektrik energy sales trade receivables which is under execution procedure.

**Trade Payables**

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Supplier Current Accounts	30.249.165	-
-Related supplier payables	-	-
-Other supplier payables	30.249.165	33.150.637
Notes Payables	6.962.610	-
Other Trade Payables	16.828.592	6.569.683
	<b>54.040.367</b>	<b>39.720.320</b>
Deduction: Unaccrued financial gains	(213.084)	(167.690)
<b>TOTAL</b>	<b>53.827.282</b>	<b>39.552.629</b>

**8.RECEIVABLES AND LIABILITIES FROM FINANCE SECTOR OPERATIONS**

None. (None, December 31, 2014)

**9.OTHER RECEIVABLES AND PAYABLES**

**Short-term Other Receivables**

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Deposits and guarantees given	37.968	135.491
Receivables from shareholders	-	36.651
Receivables from affiliates	-	13.219
Receivables from personnel	1.652	1.652
Other receivables	538.830	111.319
Other rediscount of notes receivables (-)	(4.903)	(1.091)
Other receivables from related parties	5.650.987	5.119.864
<b>TOTAL</b>	<b>6.224.536</b>	<b>5.417.105</b>

**Long-term Other Receivables**

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Deposits and guarantees given	30.705	148.573
<b>TOTAL</b>	<b>30.705</b>	<b>148.573</b>

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**9. OTHER RECEIVABLES AND PAYABLES (Continued)**

**Short-term Other Payables**

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Due to shareholders	-	404.052
Other payables	1.099.163	599.845
Other rediscount of notes payable (-)	(223.488)	(179.993)
Other due to related parties	957.000	730.794
Payable tax and funds	3.889.727	2.408.826
<b>TOTAL</b>	<b>5.722.402</b>	<b>3.963.524</b>

Details of taxes and funds payable are as follow;

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Value Added Tax	1.318.278	83.541
Energy Fund	512.746	425.146
TRT Share	391.334	594.063
Municipality Consumption Tax	919.842	1.014.704
Income Tax Stoppage from Wages	173.088	222.868
Dividend Income Tax	540.019	-
Other Tax Liabilities	34.420	68.504
<b>TOTAL</b>	<b>3.889.727</b>	<b>2.408.826</b>

**Long-term Other Payables**

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Deposits and guarantees received	500	500
<b>TOTAL</b>	<b>500</b>	<b>500</b>

**10.INVENTORIES**

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Other inventories (*)	1.729.222	183.036
<b>TOTAL</b>	<b>1.729.222</b>	<b>183.036</b>

(\*) The amount of 165.707 TRY consist of consumable material will be used in cycle power plant in Şanlıurfa for the upcoming periods. The remaining part of 1.563.515 TRY consist of container cost which is used for transport and storage of the materials of Çanakkale Power Plant. These containiers is purchased from seller. Hereby, the remaning amount is related to container fees after discharge and will be sold.

**11.BIOLOGICAL ASSETS**

None. ( None, December 31, 2014).



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**12.PRE-PAID EXPENSES VE DEFERRED INCOME**

**Short-term Pre-paid Expenses**

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Prepaid expenses for future months (*)	2.934.408	3.448.354
Advances given for orders (**)	13.611.214	2.488.239
<b>TOTAL</b>	<b>16.545.622</b>	<b>5.936.593</b>

(\*)Advances given to suppliers in 2015 are consist of; the amount of 1.157.406 TRY advances given to TEİAŞ from Odaş, the amount of 11.607.364 TRY advances given to TEİAŞ from Voytron for daily payment of electric intake in day ahead market.

(\*\*) At the balance sheet as of 30.06.2015, expenses with the amount of 2.268.950 TRY consist of upcoming months for care service invoices to Şanlıurfa Power Cycle Plant received from Wartsila. Wartsila makes out care service cost invoice to Odaş based on real working hours of machines concerning care and spare part agreement. Invoices are held in cash and charged at the beginning of the maintenance period. The total amount of the contract is 11.000.374 EUR and maintenance costs corresponding to the unit operating hours vary each year. Pricing for the periods has been made depending on the hours of maintenance costs. Accordingly, the total annual average unit price of the contract on the basis of actual working hours in 30 June 2015 ( 33.66 euro) corresponding the part of the 30 June 2015 associated with production costs.

**Long-term Pre-paid Expenses**

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Expenses related to the coming years	388.486	390.159
<b>TOTAL</b>	<b>388.486</b>	<b>390.159</b>

The amount of 385.000 TRY of prepaid expenses for future years is the price that Çan Kömür paid for royalty agreement. Royalty fee is transferred to idle capacity expenses and losses because coal drawing has not been started yet as of the periods. When coal drawing is started, it will associated with raw material cost.

**Deferred Income**

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Advances Received (*)	6.314.860	11.189.783
<b>TOTAL</b>	<b>6.314.860</b>	<b>11.189.783</b>

(\*)The amount of 171.866 TRY advances received consists of advances received from Voytron Elektrik's clients. The remaining 6.142.994 TRY consists of daily production to TEİAŞ by Odaş.

**13.INVESTMENT PROPERTY**

None. ( None, December 31, 2014).

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**14.TANGIBLE FIXED ASSETS**

	<b>01.01.2015</b>	<b>Addition</b>	<b>Disposal</b>	<b>Transfer</b>	<b>30.06.2015</b>
<b>Cost</b>					
Land and properties	3.966.112	1.297.513	-	-	5.263.625
Buildings	127.023	-	-	-	127.023
Plant, machinery and equipment	171.065.990	280.304	-	-	171.346.294
Vehicles	327.390	177.194	(97.051)	-	407.533
Furniture and fixtures	1.441.209	281.105	-	-	1.722.314
Construction in progress	47.487.691	128.509.446	-	-	175.997.137
<b>Total</b>	<b>224.415.415</b>	<b>130.545.562</b>	<b>(97.051)</b>	<b>-</b>	<b>354.863.926</b>
<b>Accumulated Depreciation</b>					
Buildings	423	1.270	-	-	1.693
Plant, machinery and equipment	10.976.437	2.177.967	-	-	13.154.404
Vehicles	120.540	67.780	(51.901)	-	136.419
Furniture and fixtures	420.890	153.794	-	-	574.684
<b>Total</b>	<b>11.518.290</b>	<b>2.400.811</b>	<b>(51.901)</b>	<b>-</b>	<b>13.867.200</b>
<b>Net Book Value</b>	<b>212.897.125</b>	<b>128.144.751</b>	<b>(45.150)</b>	<b>-</b>	<b>340.996.726</b>
	<b>01.01.2014</b>	<b>Addition</b>	<b>Disposal</b>	<b>Transfer</b>	<b>31.12.2014</b>
<b>Cost</b>					
Land and properties	1.273.563	2.744.572	-	(52.023)	3.966.112
Buildings	-	-	-	127.023	127.023
Plant, machinery and equipment	168.252.501	2.813.489	-	-	171.065.990
Vehicles	478.385	28	(151.023)	-	327.390
Furniture and fixtures	1.194.883	247.094	(768)	-	1.441.209
Construction in progress	3.182.599	46.541.128	(1.250)	(2.234.786)	47.487.691
<b>Total</b>	<b>174.381.931</b>	<b>52.346.311</b>	<b>(153.041)</b>	<b>(2.159.786)</b>	<b>224.415.415</b>
<b>Accumulated Depreciation</b>					
Buildings	-	423	-	-	423
Plant, machinery and equipment	6.544.423	4.432.014	-	-	10.976.437
Vehicles	118.293	80.583	(78.336)	-	120.540
Furniture and fixtures	164.537	256.353	-	-	420.890
<b>Total</b>	<b>6.827.253</b>	<b>4.769.373</b>	<b>(78.336)</b>	<b>-</b>	<b>11.518.290</b>
<b>Net Book Value</b>	<b>167.554.678</b>	<b>47.576.938</b>	<b>(74.705)</b>	<b>(2.159.786)</b>	<b>212.897.125</b>

The fixed assets are acquired through financial lease is shown above as ‘Plant and consist of machinery and equipment. The cost of assets are acquired through financial lease 57.542.073 as of June 30, 2015 and accumulated depreciation of leased assets are 4.549.266 TRY.

169.714.642 TRY amount of machinery and equipments belong to Natural Gas Cycle Plant.

Since Natural Gas Cycle Plant started to produce at October 28, 2011 by completing first stage, in 2011 TRY 56.522.392 amount has been capitalized and by completing second stage at April 30, 2012, 73.735.610 TRY amount has been also capitalized, and totally the amount of “1 Machinery and equipment’s has reached to TRY 130.258.002 at the end of 2012.

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**14. TANGIBLE FIXED ASSETS (Continued)**

At the date of October 23 2013 making a Temporary Acceptation third stage fully activated as amount of 37.455.752 TRY. Also at the end of the 2013 solar energy panel activated with amount of 758.260 TRY. Plant machinery and equipment amount reached to 166.901.151 TRY at the end of the 2013. As the date of 31 December, 2014 the capitalized amount of 2.813.491 TRY was added to the natural gas cycle power plant costs.

The 280.304 TRY Plant, machinery and equipment has been capitalized in the first 6 months of 2015. It consist of additional spending for stage II was capitalized before.

TEİAŞ has set off 502.526 TRY by which calculating its unit price in 07.05.2013 for the total spending of 1.853.876 TRY is done for transferring energy line by Odaş Elektrik Üretim San. A.Ş. in 2011 and 2012. The remaining net cost of 1.351.350 TRY is capitalized in 07.05.2013 which is date the cost of related tangible assets can be measured safely and amortization has been begun.

The investment project and the amount of investment spending regarding construction in progress based on subsidiary as follows;

<b>Company /Subsidiary</b>	<b>Investment Details</b>	<b>Amount</b>
Çan Kömür	Çan II Thermal Power Plant	138.393.208
Küçük Enerji	Köprübaşı Hydroelectric Power Plant	37.388.436
Hidro Enerji	Volkan Hydroelectric Power Plant	146.051
Yel Enerji	Zonguldak Filyos Hydroelectric Power Plant	38.220
Ağrı Elektrik	Ağrı 1 Natural Gas Cycle Plant (Konya)	25.492
YS Madencilik	Balıkesir Balya Minig Area	5.731
<b>TOTAL</b>		<b>175.997.137</b>

Commercial enterprise pledge with amount of 500.000.000 TRY in favour of Yapı Kredi Bankası A.Ş. over entire Odaş I Combined Power Plants and Power Plant Equipments such as Engine, Turbine and Power Plant which consist 7 pieces called Warstila W18GV50SG, a piece of Genpower Power Plant, three pieces of Sperre Compressor+ Air Dryer, Air Condition Unit, a piece of domestic need Transformer, three pieces of oil tanks and oil Pumps, 28 pieces of Alfa Laval Radiators, Transformator Station, Power Transmission Line Equipments, Remote Control Room and Panel Board Room, Generator, Oiled Transformator with three phases, Console of Oil Unit, Waste Hot Boiler, Drum, Condenser, Condense Pumps, Water Pumps, Cooling Water Pumps, DegazorUnit, Cooling Tower Fans, R/O Water Smoothing Unit, Crane, Fire Tank, Turbine Remote Control Room and Panel Board Room Equipments and Other Materials which is used for production.

The commercial enterprise and components which are subjected to Commercial Enterprise Pledge is safeguarded by insurance policies which give guarantee against to Machine Breakdown, Loss of Profit, and Fire etc.

**15.DECOMMISSIONING, RESTORATION AND ENVIRONMENTAL REHABILITATION FUNDS FROM INTEREST ON RIGHTS**

None. ( None, December 31, 2014).

**16.SHARES OF MEMBERS ON BUSINESS COOPERATIVE AND SIMILAR FINANCIAL INSTRUMENTS**

None. ( None, December 31, 2014).

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**17. INTANGIBLE FIXED ASSETS**

	<b>01.01.2015</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers</b>	<b>30.06.2015</b>
<b>Cost</b>					
Rights	505.836	21.581	-	-	527.417
Goodwill	5.918.204	-	-	-	5.918.204
Other intangible assets	248.504	71.612	-	-	320.116
Research and Development Expenses	2.159.786	225.414	-	-	2.385.200
<b>TOTAL</b>	<b>8.832.330</b>	<b>318.607</b>	<b>-</b>	<b>-</b>	<b>9.150.938</b>
<b>ACCUMULATED AMORTIZATION</b>					
Rights	81.632	2.706	-	-	84.338
Other intangible assets	131.229	39.559	-	-	170.788
Research and Development Expenses	141.916	141.197	-	-	283.113
<b>TOTAL</b>	<b>354.777</b>	<b>183.462</b>	<b>-</b>	<b>-</b>	<b>538.239</b>
<b>NET BOOK VALUE</b>	<b>8.477.554</b>	<b>135.148</b>	<b>-</b>	<b>-</b>	<b>8.612.699</b>

	<b>01.01.2014</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers</b>	<b>31.12.2014</b>
<b>Costs</b>					
Rights	468.626	587.210	(550.000)	-	505.836
Goodwill	5.918.204	-	-	-	5.918.204
Research and Development Expenses	156.237	92.267	-	-	248.504
Other intangible assets	-	-	-	2.159.786	2.159.786
<b>TOTAL</b>	<b>6.543.067</b>	<b>679.477</b>	<b>(550.000)</b>	<b>2.159.786</b>	<b>8.832.330</b>
<b>ACCUMULATED AMORTIZATION</b>					
Rights	59.670	26.824	(4.862)	-	81.632
Other intangible assets	84.054	47.175	-	-	131.229
Research and Development Expenses	-	-	-	141.916	141.916
<b>TOTAL</b>	<b>143.724</b>	<b>73.999</b>	<b>(4.862)</b>	<b>141.916</b>	<b>354.777</b>
<b>NET BOOK VALUE</b>	<b>6.399.344</b>	<b>605.478</b>	<b>(545.138)</b>	<b>2.017.870</b>	<b>8.477.554</b>

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**17.INTANGIBLE FIXED ASSETS (Continued)**

As the date of June 30, 2015 the details of intangible assests are as follows;

<b>Company/Subsidiary</b>	<b>Intangible Assets</b>	<b>Amount</b>
Odaş Elektrik	Goodwill	5.918.204
Çan Kömür	Çan 2 Thermic Power Plant Cycle Associate License	10.000
Voytron Elektrik	Electricity Wholesale License	272.250
Ağrı Enerji	Electricity Generation License	34.750
Odaş Doğalgaz	Natural Gas Wholesale License	64.450
Hidro Enerji	Wholesale License and Amendment Fees	15.000
Küçük Enerji	Wholesale License and Amendment Fees	15.000
Odaş Elektrik	Wholesale License and Amendment Fees	115.967
<b>TOTAL</b>		<b>6.445.621</b>

As the date of June 30, 2015 the details of other intangible assests are as follows;

<b>Company/Subsidiary</b>	<b>Other Intangible Assets/ Preparation and Development Expenses</b>	<b>Amount</b>
Voytron Elektrik	Computer Software	147.318
Voytron Elektrik	Website	4.600
Odaş Elektrik	Computer Software	65.245
Odaş Elektrik	Website	35.934
Çan Kömür	Preparation and Development Expenses (*)	2.257.352
Çan Kömür	Computer Software	67.020
Yel Enerji	Preparation and Development Expenses (*)	127.848
<b>TOTAL</b>		<b>2.705.317</b>

(\*) Expenditures made by Group for the development of mineral resources already existing ( drilling , evaluation and topographical, geological studies) were capitalized in accordance with TAS 38 Intangible Assets Standard.

Yel Enerji will start amortization when intangible assets are ready to use mean necessary conditions available for management's operations. Hereby, development expenditures capitalized but not amortized according to duration of royalty agreement.

The amount of preperation and development expenses recorded to assets of Çan Kömür consist of land measure, test and drilling, engineering and architectural works, property damage fees, construction equipment rental fees. These expenditures recorded as development costs and started to be amortized. Development costs belong to coal mining area located in Çanakkale, Çan District, Yaylaköy Village with license number IR 17448 in 09.07.2013. The operating rights of coal mining (existed before) obtanied by operating agreement called 'royalty agreement'.

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**18.GOODWILL**

The movement of goodwill in June 30,2015 and December 31,2014 as follows:

	<b>June 30,2015</b>	<b>December 31,2014</b>
As of January 1, Net Registered Value	5.918.204	5.918.204
Effect of Business Combinations (Note 3)	-	-
Classified at Equity	-	-
Impairment (-)	(-)	(-)
	<b>5.918.204</b>	<b>5.918.204</b>

Group compared the amount of goodwill carried in the consolidated financial statements with Çan Kömür's real value in its impairment studies as the date of June 30,2015 related with the amount of goodwill occurred at acquisition 5.918.204 TRY and it has reached the conclusion that there is no impairment. Çan Kömür will operate mine site in Yayaköy village, district of Çan in accordance with its royalty agreement with Biga Municipality. As of the reporting date, there have been no coal mining or coal sales after purchase.

Reserve Estimation studies of coal field has done by German-based international independent valuation company. Signed on February 26, 2014, according to 'Çan Yaylaköy Lignite Reserves Valuation Report' regarding to studies 18,94 million tons proven, 5.76 million tons of extra should be a total of 24.70 million tons of coal reserves have been estimated.

Based on independent valuation report which is prepared independent valuation company at March 04, 2014; as of December 31,2013, the company and Çan Kömür assets value updated by company management and calculated as 290.581.485 TRY. Since there is no impairment of the amount of goodwill, impairment of goodwill is not calculated. As of 31.12.2014, the coal mining and thermic plant operating has not begun yet, any impairment has not been implemented to calculated goodwill.

**19.EVALUATING AND RESEARCHING OF MINE RESOURCES**

Expenditures made for the development of the Group's already existing mineral resources are evaluated as Intangible Fixed Assets according to IAS 38 Intangible Assets Standard in accordance with IFRS 6 Research And Evaluation Mineral Resources standard with the paragraph 10.

The paragraph 10 of IFRS 6 Research And Evaluation Mineral Resources standard; "*Expenses related to the development of mineral resources can not be recognized as research and evaluation assets. In recognition of assets arising from development activities, Preparation of Financial Statements and Conceptual Framework for Presentation and IAS 38 Intangible Assets are taken into account.*"

As of 30.06.2015 the total development expenditure capitalized amount on the basis of the subsidiaries are as follows;

<b><u>Subsidiaries</u></b>	<b><u>The Amount of Development Expenditures</u></b>
Çan Kömür	2.257.352
Yel Enerji	127.848
<b>Total</b>	<b>2.385.200</b>

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**19. EVALUATING AND RESEARCHING OF MINE RESOURCES (Continued)**

Amounts related to amortization of capitalized amounts and net book value amounts as development expense are included in Note:17 .

At Yel Enerji, the capitalized amount of 127.848 TRY as development expenditures is regarding the amount of drilling activities for coal mine license which is IR:17517 number and 1.205,11 hectares located in Bayramiç district in Çanakkale. According to protocol related to transfer of IR:17517 numbered mine license on November 11, 2014, 1.000.000 USD is given to owner of the license by Yel Enerji Elektrik Üretim A.Ş. Necessary application has been made to authorities for transferring the license of the area. The transfer fee will become visible at the end of drilling.

Because transferring of mine license has not yet realized and there is no expenditure as preparation and search expenditures, the drilling amount is capitalized according to TAS 38 Intangible Assets. Amortization process will be began when intangible assets is ready to use (taken over the license) means required conditions available for management's aim. Therefore development expenses is capitalized but amortization is not calculated.

The amount of preparation and development expenses recorded to assets of Çan Kömür consist of land measure, test and drilling, engineering and architectural works, property damage fees, construction equipment rental fees. These expenditures recorded as development costs and started to be amortized in 09.07.2013 according to duration of royalty agreement. Development costs belong to coal mining area located in Çanakkale, Çan District, Yaylaköy Village with license number IR 17448. The operating rights of coal mining (existed before) obtained by operating agreement called 'royalty agreement'. Total expenditures for coal mining activities are amount of 2.257.352 TRY as of 30.06.2015.

**20.LEASING OPERATIONS**

**Operating Leases**

**Group as Lessee**

*Lease Agreements:*

There are two leases subject to the Group's operating leases.

The first of the lease is related to office and stores buildings within 5 years at starting date of August 01, 2013.

Second is related to business office rental of one year at starting date of January 11, 2013.

All operating leases has carried a clause related to review of the circumstances based on market conditions in case of group uses renewal rights. There is no right to purchase the asset at the end of the lease term rented by the Group.

<b>The payments are recognized as an expense</b>	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Minimum lease payments	398.606	799.843

Group has 7 rental agreements regarding investment stage.

<b>The payments are recognized as active</b>	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Minimum lease payments	35.840	-

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**21.SERVICE CONCESSION ARRANGEMENTS**

None. ( None, December 31, 2014).

**22.IMPAIRMENT OF ASSETS**

None. ( None, December 31, 2014).

**23.GOVERNMENT INCENTIVES**

Odaş Elektrik Üretim Sanayi ve Ticaret A.Ş. has investment incentive certificate 21.12.2011 dated and 102704-B numbered which is drawn up by Economy Ministry of Turkish Republic Incentive Application and Foreign Capital General Directorate 15.04.2014 dated and E-102704 numbered investment incentive certificate is prepared instead of this certificate. The certificate of investment is about natural gas cycle plant (7x19)+17=150 MW powered, it is prepared referring to Energy Market Regulatory Authority EU/3323-2/2005 numbered and 14.07.2011 dated Production License.

The investment incentive certificate is given for whole new investment in Şanlıurfa, and it involves the 24.05.2011-24.05.2014 period. VAT exemption and customs duty indemnity are benefited by this certificate. The absolute amount of this investment financed by liabilities and it is total investment amount is TRY 127.000.000.

Aforesaid investment is completed within the stipulated period according to Investment Incentive Certificate. In order to make Incentive Completion Visa (Incentive Closed) has been applied to Ministry of Economy.

Çan Kömür ve İnşaat A.Ş. has Investment Incentive Certificate is prepared by Ministry of Economy of the Republic of Turkey and General Directorate of Foreign Capital and Incentives Implementation.Aforesaid investment is power plant based on domestic coal (Çan 2 Thermic Plant) with 340 MW installed capacity and incentive certificate is arranged according to EPDK's ÖN/5117-5/03070 associate license number and 10.07.2014 dated.

Investment incentives Certificate is given for the full new investment carried out in Çanakkale (Çan 2 region) and covers the period 13.08.2014-13.08.2017. With the certificate, employer's share of insurance premiums support, interest support , tax discount rate support, VAT exception and exemption from customs duty incentives are benefited. Total amount of the investment is 162.056.360 TRY based on incentive certificate. This amount is financed by 29.170.144 TRY of capital sources and remaning 132.86.216 TRY of foreign sources.

Küçük Enerji Üretim ve Tic. Ltd. Şti. has investment incentive certificate 31.12.2013 dated and A-113287numbered which is drawn up by Economy Ministry of Turkish Republic Incentive Application and Foreign Capital General Directorat. The certificate of investment is about hydroelectric power plant (Köprübaşı Reg. ve Hydroelectric Power Plant) (2x4,097)=8,195 MW powered, it is prepared referring to Energy Market Regulatory Authority EÜ/3769-4/2314 numbered and 12.04.2012 dated Production License.

Investment incentives Certificate is given for the full new investment carried out in Trabzon Köprübaşı third region and covers the period 18.12.2013-18.12.2016. With the certificate, VAT exception incentives are benefited. Total amount of the investment is 28.571.000 TRY based on incentive certificate. This amount is financed by 4.243.400 TRY of capital sources and remaning 24.327.600 TRY of foreign sources.



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**24.BORROWING COSTS**

In the periods of 01.01.2015-30.06.2015, the amount of 971.607 TRY net financing cost of the investment loan, which is used for Köprübaşı Hes Project of the Küçük Enerji Üretim ve Tic. Ltd. Şti., is added to the investment cost.

Besides group has adopted to ‘cyclical approach’ method related to qualifying assets cost and capitalizing the exchange difference in current period concerning the amount of 10.470.000 USD investment credit used from Küçük Enerji on 08.04.2014 . The amount of 1.673.606 TRY exchange loss amount regarding principal loan exchange difference of investment credit used has been associated with qualifying assets cost (Köprübaşı HES Project).

In the calculations, if the same credit was used as TRY under the same conditions, 23,5 basis interest rate is based on, calculated interest amount from 01.01.2015 to the date of 30.06.2015 accordingly periodic approach method as follows;

		<b>01.01.2015 - 30.06.2015</b>
Interest accrual if credit used as TL	:	2.661.165
Total USD credit interest accrual related to qualifying assets cost	:	987.559
Exchange difference will be related to qualifying assets cost	:	1.673.606
Total exchange difference expense of credit principal	:	3.061.839
<b>Exchange difference expense related to qualifying assets cost</b>	<b>:</b>	<b>1.673.606</b>

Similarly, in the period of 01.01.2015 – 30.06.2015, the 1.414.534 TRY finance cost related to the total amount of 40.000.000 Euro bridge investment loan which 20.000.000 Euro portion was used in 27.01.2015 and 20.000.000 Euro portion was used 18.06.2015 for Çan II Power Plant by subsidiary of Çan Kömür ve İnşaat A.Ş., is added to investment cost.

Besides, group has adopted to ‘cyclical approach’ method related to qualifying assets cost and capitalizing the exchange difference in current period concerning the amount of 40.000.000 USD investment credit used from Çan Kömür. The amount of 2.738.819 TRY exchange loss amount regarding principal exchange difference of investment credit used has been associated with qualifying assets cost (Çan II Power Plant Project).

In the calculations, if the same credit was used as TRY under the same conditions, 16,00 basis interest rate is based on for 20.000.000 Euro used in 27.01.2015 and 18,00 basis interest rate is based on for 20.000.000 Euro used in 18.06.2015 , calculated interest amount from 01.01.2015 to the date of 30.06.2015 accordingly periodic approach method as follows;

		<b>01.01.2015 - 30.06.2015</b>
Interest accrual if credit used as TRY	:	4.153.353
Total USD credit interest accrual related to qualifying assets cost	:	1.414.534
Exchange difference will be related to qualifying assets cost	:	2.738.819
Total exchange difference expense of credit principal	:	3.886.660
<b>Exchange difference expense related to qualifying assets cost</b>	<b>:</b>	<b>2.783.819</b>

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**25.PROVISIONS, CONTINGENT ASSETS AND LIABILITIES**

**Other long-term provisions**

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Other payable and expense provisions (*)	114.346	111.517
<b>TOTAL</b>	<b>114.346</b>	<b>111.517</b>

(\*) At 11th paragraph of TFRS 6 stated: When a company assume the investigation and evaluation of mine resources, it reflects removal and restoration liabilities resulting in given period at financial statement according to TAS 37 - Provisions , Contingent Liabilities and Contingent Assets standard.

According to assessment made by project manager and technical team, 70 % of mining operations run as underground mining and 30% of mining operations run as surface mining located in Çanakkale, Çan (Yaylaköy) district with 17448 license numbered region. The scope of extending project has been submitted for approval to MİGEM (General Directorate of Mining Affairs). After surface mining, will be passed into underground mining. There will be no any stripping practice on the ground during underground mining. Stripping area during surface mining will be used as ash storage as stated in ÇED (Environmental Impact Assessment) report as the scope of Çan 2 thermic power plant. Following the completion of economic life of the mining site, the region will be planted and then leaved. The predict cost for plantation is around 300.000 TRY.

About 150.000 acres will be stripped. Because of the extension project, 100 tree is needed per acres. Due to regional soil structure, the cost of plantation is expected around 2.000 TRY per acres. The total cost for 150 acres is calculated as  $150 \times 2.000 \text{ TRY} = 300.000 \text{ TRY}$ . After the surface mining completed its economic life, this study will be done and carried out about 20 years.

The rediscounting amount of total cost of 300.000 TRY is calculated as 114.346 TRY.

**Assets related with current tax period**

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Pre-paid taxes and funds	181.814	53.653
<b>TOTAL</b>	<b>181.814</b>	<b>53.653</b>

This is the amount related tax assets which are paid in the period but setoff and given back regarding group and its subsidiaries.

**Pledges**

-Pledge of Share Agreements Made with Yapı Kredi Bankası A.Ş. :

In accordance with General Loan Contracts signed between Yapı Kredi Bankası A.Ş. and ODAŞ Elektrik Üretim Sanayi Ticaret A.Ş., as an assurance of borrowings given, pledge of share agreements are made over all shares of ODAŞ Elektrik Üretim Sanayi Ticaret A.Ş.'s shareholders on behalf of Yapı Kredi Bankası A.Ş. The total value of the amount pledged 29.000.000 shares with a nominal value of TRY 1. Agreements are valid until liabilities are wholly paid in accordance with pledge of share agreements.

- As the guarantee of the loan on the General Loan Agreements signed between Yapi Kredi Bank and Kucuk Enerji Uretim ve Tic Ltd Sti, Kucuk Enerji Uretim's partners' signed a Pledge Agreement in Yapi Kredi Bank's benefit. The total value of the pledged amount is 2.650.000 shares with a nominal value of 1 TRY. Share pledge agreement stays valid until the obligations under guarantee by the pledge agreements are paid in full.

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**25. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)**

-Commercial Enterprise Pledge Agreement Signed With Yapı Kredi Bankası A.Ş.

Commercial enterprise pledge with amount of 500.000.000 TRY in favour of Yapı Kredi Bankası A.Ş. over entire Odaş I Combined Power Plants and Power Plant Equipments such as Engine, Turbine and Power Plant which consist 7 pieces called Warstila W18GV50SG, a piece of Genpower Power Plant, three pieces of Sperre Compressor+ Air Dryer, Air Condition Unit, a piece of domestic need Transformer, three pieces of oil tanks and oil Pumps, 28 pieces of Alfa Laval Radiators, Transformator Station, Power Transmission Line Equipments, Remote Control Room and Panel Board Room, Generator, Oiled Transformator with three phases, Console of Oil Unit, Waste Hot Boiler, Drum, Condenser, Condense Pumps, Water Pumps, Cooling Water Pumps, DegazorUnit, Cooling Tower Fans, R/O Water Smoothing Unit, Crane, Fire Tank, Turbine Remote Control Room and Panel Board Room Equipments and Other Materials which is used for production. Net book value of Odaş I Combined Power Plants is 106.454.968 TRY

The commercial enterprise and components which are subjected to Commercial Enterprise Pledge is safeguarded by insurance policies which give guarantee against to Machine Breakdown, Loss of Profit, and Fire and so on.

-Shares Pledge Agreement Signed With The Consortium of Yapı Kredi Bankası A.Ş. Esenyurt Commercial Branch and Halk Bankası A.Ş. Kozyatağı Commercial Branch

In accordance with General Loan Contracts signed between the consortium of Yapı Kredi Bankası A.Ş. Esenyurt Commercial Branch and Halk Bankası A.Ş. Kozyatağı Commercial Branch and Çan Kömür ve İnşaat A.Ş., as an assurance of borrowings given, pledge of share agreements are made over all shares of Çan Kömür ve İnşaat A.Ş.'s shareholders on behalf of Yapı Kredi Bankası A.Ş. Esenyurt Commercial Branch and Halk Bankası A.Ş. Kozyatağı Commercial Branch. The total value of the amount pledged 255.000 shares with a nominal value of TRY 100. Agreements are valid until liabilities are wholly paid in accordance with pledge of share agreements.

**Warranty**

- Financial Leasing Agreements Made with Yapı Kredi Finansal Kiralama A.O:

Signed leasing agreement of four Wartsila W18V50SG gas chamber for ODAŞ I Combined Cycle Power Plant with Asya Katılım Bankası A.Ş is transferred to Yapı Kredi Finansal Kiralama A.O and transfer agreement is made. According to Financial Leasing Agreement Korkut Özal, Abdulkadir Bahattin Özal, Burak Altay, Voyton Elektrik Toptan Satış Dış Ticaret A.Ş. are joint oblige and joint guarantor to secure liabilities.

**Conveyances**

-Conveyances Made with Yapı Kredi Bankası A.Ş:

According to General Loan Agreement made between Yapı Kredi Bankası A.Ş. and ODAŞ Elektrik Üretim Sanayi Ticaret A.Ş., as an assurance of given borrowings, conveyances are signed about transferring of income from energy sales to TEİAŞ by ODAŞ Elektrik Üretim Sanayi Ticaret A.Ş. on behalf of Yapı Kredi Bankası A.Ş. The conveyances signed totally TRY 500.000.000; until the liabilities assured by the conveyances, the conveyances are valid.

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**25. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)**

**Dividend Payment**

In 11.3.1 article of the loan contract was made between ODAŞ and Yapı Kredi Bankası A.Ş. has following provisions related dividend payment.

11.3.1 Dividend Payment

i) To be any delinquency status or not to be possible delinquency status and relevant dividend payment's decision or paying dividend will not lead potential delinquency/delinquency

ii) As of 15.11.2014, the funding of debt servicing amount of relevant calculating period in the debt servicing reserve account.

iii) In any case, receiving fore written approval of creditor before dividend payment.

Note : Debt Service = “ Principal + Interest + Banking and Insurance Transaction Tax”

**Guarantees**

Given guarantees by the group are as follow:

<b>GUARANTEES, PLEDGES, HYPOTHECS</b>	<b>30.06.2015</b>	<b>31.12.2014</b>
A) Total amount of TRI was given for its own legal entity	648.070.552	635.194.204
B) Partnerships includes scope of full consolidation	87.189.408	76.074.033
C) Total amount of TRI was given in order to conduct ordinary business and to guarantee third parties debt	-	-
D) Total amount of other given TRI	-	-
i) Total amount of TRI was given on behalf of main partner	-	-
ii) Total amount of TRI was given to companies except B and C article	-	-
iii) Total amount of TRI was given to third parties except C article	-	-
<b>TOTAL</b>	<b>735.259.960</b>	<b>711.268.237</b>

The ratio of guarantees, pledges and hypothecs to equity is 5,26. (31.12.2014 : 7,47)

Given and received guarantees by the group are as follow:

<b>GUARANTEES, PLEDGES, HYPOTHECS</b>	<b>30.06.2015</b>	<b>31.12.2014</b>
Received Guarantee Letters	3.356.113	7.080.604
Received Guarantee Cheques	-	75.000
Received Guarantee Bills	560.589	-
Hypothecs	-	-
<b>TOTAL</b>	<b>3.916.702</b>	<b>7.155.604</b>

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**25. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)**

Given and received guarantees by the group are as follow:

	<b>30.06.2015</b>	<b>31.12.2014</b>
<b><i>Received Guarantee Letters</i></b>	<b>3.356.113</b>	<b>7.080.604</b>
Odaş	2.154.413	1.859.758
Voytron	1.022.500	3.122.500
Küçük Enerji	85.261	2.098.346
Çan Kömür	93.939	-
<b><i>Received Guarantee Bills</i></b>	<b>560.589</b>	<b>75.000</b>
Odaş	80.589	-
Küçük Enerji	400.000	75.000
Voytron	-	-
Çan Kömür	80.000	-
<b>TOTAL</b>	<b>3.916.702</b>	<b>7.155.604</b>

**Unfavourable Cases:**

As of June 30, 2015, there are various lawsuits against group's subsidiaries that are Küçük Enerji Üretim ve Ticaret Ltd. Şti in the amount of 10.000 TRY and Voytron Elektrik Toptan Satış Dış Tic. A.Ş in the amount of 924.350 TRY due to their business operations. There is no evidences how these cases will result as of June 30, 2015. The group management has no negative expectation and these cases have no significant effect on group's operations, financial statement and liquidity.

As of June 30, 2015, since the probability of resulting provisions cases against group is lower than occurring liabilities, there is no accounting entry related with case liabilities on the financial statement.

**26.COMMITMENTS**

None. (31 Aralık 2014 None.)

**27.EMPLOYEES BENEFIT OBLIGATIONS**

**Termination Indemnities and Provision of Vacation**

The Company and its sub has to make a certain severance payment to its personnel who fires from company for several reasons like retirement after working at least one year at company except reassignment and bad behavior. Compensation which company has to pay is at amount of one month salary for each servicing year and this amount is limited to TRY 3.541,37 as of June 30, 2015. (December 31, 2014: TRY 3.438,22)

As of 30.06.2015 and 31.12.2014, calculated provision for severance payment and provision for vacation as follows.

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Provision for severance payment	62.089	78.436
Provision for vacation	199.323	144.864
<b>TOTAL</b>	<b>261.412</b>	<b>223.300</b>

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**27. EMPLOYEES BENEFIT OBLIGATIONS (Continued)**

It needs a calculation which can be doing with some assumptions for calculation of company's liabilities in accordance with TAS 19 (Benefits Provided to Personnel). Company is calculated severance payment based on completion of personnel service time in past years at company and experience about having rights to have severance pay, by using projection method in accordance with TAS 19 and Company is reflected this amount to its financial statements.

Provisions for severance payment allocates after calculating present value of potential liability which Company will pay to its personnel in case of retirement. As related to this, assumptions, which are used to calculate the liability amount between of June 30, 2015 and December 31, 2014 are depicted below:

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Discount rate	% 8,90	% 8,90
Estimated increase rate	% 4,75	% 4,75

Employees benefit obligations movements as June 30, 2015 - December 31, 2014 are as follows:

**Provision for severance payments**

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Opening balance	78.436	160.110
Additional provisions/payment (-)	(16.347)	(81.674)
<b>Period-end balance</b>	<b>62.089</b>	<b>78.436</b>

Actuarial gain/(loss) movements as June 30, 2015 - December 31, 2014 are as follows:

	<b>30.06.2015</b>	<b>31.12.2014</b>
<b>Transfer</b>	78.436	160.110
Payment	(8.428)	(4.200)
Interest cost	2.585	23.610
Current service cost	3.796	(3.835)
Actuarial gain/(loss)	(14.300)	(97.249)
<b>Balance</b>	<b>62.089</b>	<b>78.436</b>

Provision for vacation as June 30, 2015 - December 31, 2014 are as follows:

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Opening balance	144.864	91.273
Additional provisions	54.459	53.591
<b>Period-end balance</b>	<b>199.323</b>	<b>144.864</b>

**Payables within employee benefit;**

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Due to personnel	536.166	45.347
Social security premium payables	190.741	117.150
<b>TOTAL</b>	<b>726.906</b>	<b>162.497</b>

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**27. EMPLOYEES BENEFIT OBLIGATIONS (Continued)**

Payables to personnel balance consist of fee and similar payables accrued but unpaid, social security withholdings payable consist of social security premium debts belongs to labor and management. It is accrued with pay roll and declared in the 23th of following months and will be paid until the months

**28. EXPENSES ACCORDING TO THEIR QUALIFICATIONS**

Cost of sales according to their nature between January 1 –June 30 , 2015 and January 1, 2014 – June 30, 2014 periods are as follow;

	<b>01 Jan - 30 June 2015</b>	<b>01 Jan - 30 June 2014</b>	<b>01 April - 30 June 2015</b>	<b>01 April - 30 June 2014</b>
Usage of natural gas	45.857.425	50.441.315	21.855.957	25.102.857
Imbalance energy amount of TEİAŞ	4.175.507	10.184.383	748.649	3.119.259
TEİAŞ accepted load amount	2.537.616	5.769.423	74.504	1.553.607
TEİAŞ zero balance adjusting item	2.781.266	3.939.348	1.925.770	1.744.431
Maintenance expenses	3.001.321	2.610.891	1.639.679	2.232.028
Depreciation and amortisation	2.244.490	2.193.970	1.503.299	1.101.490
The amount of debt of TEİAŞ DGP	522.867	-	232.547	-
Personnel expense	1.408.489	1.131.792	749.116	593.174
PFK liability transfer service cost	363.631	422.360	279.678	363.430
Insurance expense	507.285	407.538	230.183	241.707
Cost of energy trade from bilateral agreements	41.340.155	83.857.772	25.968.427	41.903.216
GOP purchase price of the system	44.077.981	44.015.846	25.056.337	22.892.610
Electricity import	23.875	13.035.951	22.542	1.820.602
TEİAŞ Yek receivable amount	12.762.555	4.926.583	8.707.501	2.553.111
TEİAŞ Interconnection Capacity Allocation Cost	-	1.105.671	-	195.973
TEİAŞ other expenses	318.368	1.634.154	128.240	1.051.964
Distribution companies system usage cost	20.835.402	22.977.010	10.418.012	10.588.818
Natural Gas Cost	7.036.866	6.382.389	3.108.312	3.936.665
TEİAŞ adjustments for previous period	678.683	-	123.222	-
TEİAŞ system usage fee	957.826	-	513.917	-
TEİAŞ electric quality service cost	409.508	-	409.508	-
TEİAŞ system operating fee	30.284	-	8.918	-
Reactive capacitive goods cost (-)	653.770	-	477.748	-
Group Companies Imbalance	3.398.612	-	3.398.612	-
Other material expenses	249.457	-	132.294	-
Container purchase price	92.560	-	92.560	-
Other expenses	191.574	809.730	130.556	609.997

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<b>TOTAL</b>	<b>196.457.373</b>	<b>255.846.128</b>	<b>107.936.089</b>	<b>121.604.941</b>
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**28.EXPENSES ACCORDING TO THEIR QUALIFICATIONS (Continued)**

Cost of sales resulting from production activities is as follows:

	<b>01 Jan - 30 June 2015</b>	<b>01 Jan - 30 June 2014</b>	<b>01 April - 30 June 2015</b>	<b>01 April - 30 June 2014</b>
Usage of natural gas	45.857.425	50.441.315	21.855.957	25.102.857
Imbalance energy amount of TEİAŞ	4.175.507	10.184.383	748.649	3.119.259
TEİAŞ accepted load amount	2.537.616	5.769.423	74.504	1.553.607
TEİAŞ zero balance adjusting item	2.781.266	3.939.348	1.925.770	1.744.431
Depreciation and amortisation	2.244.490	2.193.970	1.503.299	1.101.490
Other expenses	190.615	809.730	130.552	609.997
Personnel expense	1.408.489	1.131.792	749.116	593.174
Maintenance expenses	3.001.321	2.610.891	1.639.679	2.232.028
Insurance expense	507.285	407.538	230.183	241.707
PFK liability transfer service cost	363.631	422.360	279.678	363.430
TEİAŞ other expenses	252.689	1.575.415	90.644	-
TEİAŞ adjustments for previous period	672.014	-	123.163	-
The amount of debt of TEİAŞ DGP	522.867	-	232.547	-
TEİAŞ system usage fee	957.826	-	513.917	-
TEİAŞ electric quality service cost	409.508	-	409.508	-
TEİAŞ system operating fee	30.284	-	8.918	-
Other material expenses	249.457	-	132.294	-
<b>TOTAL</b>	<b>66.162.290</b>	<b>79.486.167</b>	<b>30.648.379</b>	<b>36.661.981</b>

The details of cost of electricity sales from wholesale are as follow;

	<b>01 Jan - 30 June 2015</b>	<b>01 Jan - 30 June 2014</b>	<b>01 April - 30 June 2015</b>	<b>01 April - 30 June 2014</b>
Cost of energy trade from bilateral agreements	41.340.155	83.857.772	25.968.427	41.903.216
Distribution companies system usage cost	20.835.402	22.977.010	10.418.012	11.666.338
GOP purchase price of the system	44.077.981	44.015.846	25.056.337	22.892.610
Electricity import	23.875	13.035.951	22.542	1.820.602
TEİAŞ Yek receivable amount	12.762.555	4.926.583	8.707.501	2.553.111
TEİAŞ adjustments for previous period	6.668	58.739	59	21.505
TEİAŞ other expenses	65.680	-	37.597	-
TEİAŞ Interconnection Capacity Allocation Cost	-	1.105.671	-	195.973
Reactive capacitive goods cost (-)	653.770	-	477.748	-
Group Companies Imbalance	3.398.612	-	3.398.612	-
Other expenses	-	-	-	(47.060)
Distribution companies other expenses	959	-	4	-
<b>TOTAL</b>	<b>123.165.657</b>	<b>169.977.572</b>	<b>74.086.838</b>	<b>81.006.295</b>



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**28.EXPENSES ACCORDING TO THEIR QUALIFICATIONS (Continued)**

The details of cost of natural gas sales are as follow;

	<b>01 Jan - 30 June 2015</b>	<b>01 Jan - 30 June 2014</b>	<b>01 April - 30 June 2015</b>	<b>01 April - 30 June 2014</b>
Natural Gas Cost	7.036.866	6.382.389	3.108.312	3.936.665
<b>TOTAL</b>	<b>7.036.866</b>	<b>6.382.389</b>	<b>3.108.312</b>	<b>3.936.665</b>

The details of cost of Çan Kömür's container sales are as follow;

	<b>01 Jan - 30 June 2015</b>	<b>01 Jan - 30 June 2014</b>	<b>01 April - 30 June 2015</b>	<b>01 April - 30 June 2014</b>
Container Cost	92.560	-	92.560	-
<b>TOTAL</b>	<b>92.560</b>	<b>-</b>	<b>92.560</b>	<b>-</b>

**Bilateral Agreements Energy Cost of Trade Goods;** Cost of Voytron Elektrik's electricity purchase from producing companies out of system.

**Distribution Companies Cost of System Usage Goods;** Voytron Elektrik use distribution companies' distribution piping systems on their direct sales to consumers and these distribution companies do meter readings. Voytron pays this price to distribution companies and charges it from consumers.

**TeİAŞ Energy Imbalance Amount;** Due to Odaş's being responsible party from balance in day-ahead market

**Göp System Purchase Amount;** Electricity rates taken from PMUM day-ahead market (TEİAŞ)

**Energy Imbalance;** Negative incidence of difference with Voytron's consumption estimates in day-ahead market.

**TEİAŞ Retroactive Adjustment Item;** Mistakes on PMUM conciliation shown on this item on the following term.

**TEİAŞ Accepted Load Cycling Amount;** The amount acquired with multiplication of bid price and quantity given by System Operator's offer valid for conciliation term related with balancing units in the scope of balancing power market and system losses deducted from Embarkation Direction Amount.

**Keyat Amount According to TEİAŞ EPYHY Article 25;** The amount acquired with multiplication of Accepted and Implemented Embarkation bid price calculated by Electricity Market Balancing and Settlement Regulation, 2 tag value of balancing power market's balancing unit's offer valid for conciliation term.

**TEİAŞ Zero Balance Adjustment Item;** The amount is reflected to market participants in proportion of zero balance adjustment item. It is based on the basis of market operator's profit or loss from operations done for wholesale electricity market. In a billing period, will be accrued receivables to market participant and payables should be balanced with conciliation of compensating mechanism and conciliation of imbalance of related parts to balancing and without energy sales and purchases in the scope of day-ahead market, market operating fee, transmission fee and overdue receivables.

**28.EXPENSES ACCORDING TO THEIR QUALIFICATIONS (Continued)**

**TEİAŞ System Usage Fee;** The amount confirmed by EPDK and calculated by TEİAŞ based on thrust-transmit power reflected income ceilings reflected to system usage fee signed market participant, using TEİAŞ transmission system.

**YEK Credit Balance;** The amount reflected to participants by considering energy imbalance amount reconciliated from Renewable Energy Sources Backstopping Mechanism and payment liability rate(ÖYO) calculated in the scope of YEKDEM.

**PFK Liability Transfer Service Fee;** In case of productive facilities in the scope of electricity market ancillary services regulations obligated to participate primer frequency control service (PFK), want to transfer PFK liabilities to another company in related conciliation term, fee is assigned by companies.

**TEİAŞ Electricity Quality Service Fee;** It is declared in Transmission System System Usage and Calculation of System Operating Tariff's Procedure Declaration's 5th section approved in 3575 numbered assembly resolution Energy Market Regulatory Authority. Electricity Quality Service Fee on transmission system invoices are related to other related system users and producers within the scope of 4628 numbered Electricity Market Law and secondary legislation Electricity Market Network Regulations, Electricity Market Ancillary Services Regulations.

**TEİAŞ Market Operating Fee;** It is accrued to cover operating cost and amortisation of investment expenses without electricity energy sale and purchase. Market operating income ceiling is shared to market participants by considering organized wholesale electricity market facilities by market operators.

**TEİAŞ Non-controllable Fee;** It is related to get peripheral service from other system users and producers within the scope of 4628 numbered Electricity Market Law and secondary legislation Electricity Market Network Regulations, Electricity Market Ancillary Services Regulations. Cost of peripheral services concludes to prevent constraint of energy flow on transmission system. Non-controllable costs reflected to all users equally and take part as non-controllable fee item on transmission system usage and system operating invoices.

**Interconnection Capacity Allocation Fee;** Capacity and time limit of publicly interconnection are considered for electricity import and export. Interconnection lines within scope of the licences are presented to market participants by tendering procedure after line base determined and declared by system operator. Price capacity allocation after tender comprise price capacity allocation fee for that term.

**29. OTHER ASSETS AND LIABILITIES**

**Other current assets**

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Advances given to suppliers	110.529	1.313.922
Income accruals	15.958.268	21.179.651
Deferred VAT	7.337.885	6.722.723
Work advances	447.719	99.410
Advances given to personnel	216.588	130.486
<b>TOTAL</b>	<b>24.070.988</b>	<b>29.446.193</b>

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**29.OTHER ASSETS AND LIABILITIES (Continued)**

**(\*Information about Process of Income-Expense Accruals and Advances Given-Received**

Voytron, wholesale company; purchase datas taken from system will be explained on the system of Market Financial Settlement Center (“PMUM”) between following month’s 15-20<sup>th</sup> day. Within the same day, after explanation invoice will be made out. Invoices made out to TEİAŞ and customers are added to sales figure and recorded as Income Accruals as contra account. Invoices made out by TEİAŞ are added to cost figure and recorded as Expense Accruals.

Payments to TEİAŞ are made daily according to estimated consumption and recorded to 159 Advances Given. Account will be deducted by making out invoices.

Odaş, production company; purchase datas taken from system will be explained on the system of Market Financial Settlement Center (“PMUM”) between following month’s 15-20<sup>th</sup> day. Within the same day, after explanation invoice will be made out. Amount of invoices made out to TEİAŞ are added to sales as matching principle at the end of the periods and recorded as Income Accruals as contra account. Invoices made out by TEİAŞ are added to cost figure and recorded as Expense Accruals.

Production figure is conjecturally recorded to PMUM system daily and production cost put into bank account following day. Amount in the bank account is recorded to Advances Taken Account and advances will be deducted by making out invoices.

Detail of income accruals are as below:

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Accrued electricity sales income	14.923.404	20.597.146
Accrued interest income of time deposit	89.432	40.077
Other accrued interest income	903.153	507.802
Other accrued income	42.280	34.626
<b>TOTAL</b>	<b>15.958.268</b>	<b>21.179.651</b>

**Other Tangible Fixed Assets**

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Given advances (*)	10.702.675	54.918.957
<b>TOTAL</b>	<b>10.702.675</b>	<b>54.918.957</b>

(\*) The given advances as of 30.06.2015 includes expenses for Çan-2 Kömür thermal power plant in the amount of 1.780.194 TRY, expenses for Köprübaşı Hydroelectric Power Plant in the amount of 6.739.986 TRY and Yel Enerji mine investment in the amount of 2.182.495 TRY.

**.Other short term liabilities**

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Accrued expenses (*)	15.071.000	16.469.288
<b>TOTAL</b>	<b>15.071.000</b>	<b>16.469.288</b>

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**29.OTHER ASSETS AND LIABILITIES (Continued)**

(\*)Accrued expenses details are as follows:

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Accrued electricity purchase cost	13.508.720	14.131.993
Accrued distribution company cost	1.420.206	2.249.674
Accrued interest expenses	92.329	80.885
Other accrued expenses	49.745	6.736
<b>Total</b>	<b>15.071.000</b>	<b>16.469.288</b>

**30. EQUITY, RESERVES AND OTHER EQUITIES**

**Paid-in Capital**

Paid-in Capital structure of the Company between December 31, 2015 and December 31, 2014 given on the following table:

Nominal capital of the company is 47.600.180 TRY and the upper limit of registered capital is 210.000.000 TRY. Details about the equity as follows;

**Equity**

	<b>June 30, 2015</b>		<b>December 31,2014</b>	
	<b>Share Amount</b>	<b>Rate</b>	<b>Share Amount</b>	<b>Rate</b>
Korkut Özal	7.500.000	%15,76	7.500.000	17,86%
A. Bahattin Özal	7.300.000	%15,34	7.500.000	17,86%
Burak Altay	7.300.000	%15,34	7.500.000	17,86%
BB Enerji Yatırım San. Ve Tic. A.Ş.	7.500.000	%15,76	7.500.000	17,86%
Public Share	18.000.180	%37,80	12.000.000	28,57%
<b>Paid-in Capital</b>	<b>47.600.180</b>	<b>%100</b>	<b>42.000.000</b>	<b>100%</b>

The company's issued capital is 47.600.180 TRY and aforesaid issued capital is paid in cash and fully by means free collusion.

This capital is divided into two registered share with total 47.600.180 TRY. One is 3.000.000 TRY with nominal value, (A) share group and other is 44.600.180 TRY with nominal value, (B) share group.

The company has decided to arise existing 42.000.000 TRY capital to 50.500.000 TRY by adding 8.500.000 TRY by restricting the pre-emptive rights of existing shareholders with the Board of Director's decision 12.02.2015 dated and 2015/04 numbered. It is decided that increased 8.500.000 TRY nominal valued shares will be sold qualified investors rather than public offering.

Because the capital increase from 42.000.000 TRY to 47.600.180 TRY in the scope of approval 8.500.000 TRY nominal fees document with the decision of Capital Market Board 16.04.2015 dated and 10/491 numbered, issued 5.600.180 numbered shares with 1 TRY nominal value is sold in Borsa Istanbul A.Ş., 27.04.2015. The capital increase is registered in June 29, 2015.

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**30.EQUITY, RESERVES AND OTHER EQUITY (Continued)**

Lot shares has been sold for total 400.000 shares consist of 200.000 number shares belongs to one of the company's partner Abdülkadir Bahattin Özal and 200.000 number shares belongs to company's partner Burak Altay in 26.05.2015.

In accordance with General Loan Contracts signed between Yapı Kredi Bankası A.Ş. and ODAŞ Elektrik Üretim Sanayi Ticaret A.Ş., as an assurance of borrowings given, pledge of share agreements are made over all shares of ODAŞ Elektrik Üretim Sanayi Ticaret A.Ş.'s shareholders on behalf of Yapı Kredi Bankası A.Ş. The total value of the amount pledged 30,000,000 shares with a nominal value of TRY 1. Agreements are valid until liabilities are wholly paid in accordance with pledge of share agreements.

In the framework of this agreement's 7,8, and 10 articles (The Board of Directors, nominate to the Board, president and vice president elected, representing the company and right to vote in the General Assembly), (A) group shares has the right of determination of board member and use of the right to vote in the General Assembly. (B) group shares has no special rights and privileges.

In capital increases, to represent the increased capital (A) Group shares ratio to (A) Group share and (B) Group shares ratio (B) Group share will be issued. In capital increases, when board of directors decided to issue only (B) group, right to receive shares is given to (A) group the ratio of its capital.

The Board of Directors is authorized to take decisions to increase the issued share capital , limiting the right to buy new shares to be issued ,preference shares to be issued and The issue of share issue premium by issuing new shares of (A) and / or ( B) group up to the registered capital in accordance with Capital Market Law and Capital Market Board's regulations between the years 2014-2018. The shares representing the capital are monitored in records within the framework of dematerialization principles.

Authority to restrict the right to buy new shares is not used in a manner to cause inequality among shareholders. New shares cannot be issued unless issued shares are fully sold.

When shares representing five per cent or more of the Company's capital with direct or indirect acquisition by a natural or legal person or as a result of the acquisition of shares that does not exceed five percent of the share capital of the entities belonging to a common or transfer of shares results of falling below ratio compared to above belonging to one common share EMRA approval will be received each time and required disclosures will be stated in accordance with the Capital Market Legislation. This provision also valids if the voting rights is acquisitioned.

Board of Directors is authorized to take decisions for not given approval to transfer and refusing from registration in the share register while transferring (A) group share within the framework of TTK 493 showing reason for carrying out company's goal and protection of independency of company. To transfer (B) group share will be traded in stock market can not be restricted.

**Share Premium**

The amount of 48.000.000 difference occured as a result of selling of newly issued 12.000.000 shares offered to public higher price than nominal cost has been recognized as share premium. The amount of 2.865.131 TRY expenses for new issue shares and its public offer, in accordance with, have been deducted from share premium

Besides, The amount of 44.241.422 difference occured as a result of selling of newly issued 5.600.180 shares offered to public higher price than nominal cost has been recognized as share premium. The amount of 1.182.229 TRY expenses for new issue shares and its process of issuance and selling, in accordance with, have been deducted from share premium and shown at equity.

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**30.EQUITY, RESERVES AND OTHER EQUITY (Continued)**

	<b>30 June 2015</b>	<b>31 December 2014</b>
Share Premium	88.194.062	45.134.689
<b>TOTAL</b>	<b>88.194.062</b>	<b>45.134.689</b>

**Actuarial gain / loss of funds**

Actuarial gain / loss of movement of funds are as follows.

	<b>30 June 2015</b>	<b>31 December 2014</b>
Beginning period balance	27.756	105.555
Current period actuarial gains / (losses)	(11.438)	(77.799)
<b>TOTAL</b>	<b>16.318</b>	<b>27.756</b>

**Previous Years' Profit/Loss**

Accumulated profit/loss except net profit for the period is shown like below.;

<b>Retained earnings</b>	<b>30 June 2015</b>	<b>31 December 2014</b>
Retained earnings/(loss)	7.335.449	14.428.699
Dividend Distribution (-)	(5.000.000)	-
Legal Reserves (-)	(639.252)	-
Transfer (-)	(216.256)	-
Period profit/(loss)	27.153.014	(7.093.250)
<b>TOTAL</b>	<b>28.632.955</b>	<b>7.335.449</b>

**Dividend Distribution**

Publicly trading companies distribute its dividends according to the regulations that came into force by the CMB on February 1<sup>st</sup>, 2014, dividend notification code II-19.1

The partners distribute their profits according to the profit distribution policy and legislative provisions determined by the general assembly. A minimum distribution rate under the declared notification has not been determined. Companies pay dividends based on their contacts or based on dividend distribution policies. Dividend can be paid in fixed or varying installments, if agreed during the general meeting. As for payments in installments; dividend notification No. II-19.1 of the provisions contained in Article 5 shall be complied with. In addition to that, partnerships whose shares are traded in the stock exchange can distribute cash dividends in advance, according to their earnings obtained on their interim financial statements.

According to the TCC, as long as the reserves to be set aside and the dividend rate stated in the real agreement or dividend distribution policy are not separated; another reserve cannot be set aside, any profit cannot be transferred to the following year, and the usufruct of their prospective owners, board members, partners and everyone else other than shareholders will not be given any dividends from the obtained profit, just as well as if the shareholders are not paid their determined dividend fully in cash.

The total amount of the dividends to be distributed can only be distributed if dividend distribution amount could be met from net profit available for distribution on legal records (Recors according to Tax Procedure Law) or other reserves. Group has a decision which held in 25.05.2015 in General Assembly to distribute

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total 5.000.000 TRY gross dividend after leaving the legal provisions of 2014 profit as of 29.05.2015. Dividend payment has been done in June.

**30.EQUITY, RESERVES AND OTHER EQUITY (Continued)**

**Legal Reserves**

According to Turkish Commercial Code, legal reserves divided into two; I. and II. Legal Reserves. According to Turkish Commercial Code, primary reserve is 5% of statutory profit until reached 20% of paid capital. Secondary reserve is 10% of distributed profit which exceeds 5% of paid capital. According to Turkish Commercial Code, until legal reserves doesn't exceed 50% of paid capital, can be used just to clarify losses. There is no possibility to use in another way.

As of 30 June 2015, the amount of restricted reserves is 639.252 TRY. (31.12.2014: None). This all amount consist of legal reserves.

**Minority Interest**

Details of minority interest are shown below;

<b>Minority Interest</b>	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Capital	2.377.381	1.109.907
Retained earnings/(loss)	51.287	(161.220)
Period profit/(loss)	(195.692)	(28.444)
<b>TOTAL</b>	<b>2.232.976</b>	<b>920.243</b>

***The Affect Of Business Combinations Including Common Controlled Entity or Companies***

Accounting Standarts of Business Combinations Under Common Control was determined with "Principle Decision For Implementation of Turkish Accounting Standarts". The subject of principle decision is "Accounting of Business Combinations Under Common Control". The principle decision numbered 2013-2, was published by KGK and become effective on July 21 of 2013 with the Official Journal numbered 28174.

According to decision, goodwill result from business combinations could not be existed on financial statements due to "pooling of interest" accounting method. Goodwill amount of 26.340.830 TRY result from acquisition of companies under common control was shown under equity on a offset account called "Affect of Busines Combinations Including Common Controlled Entity or Companies" as of 30 June, 2015.

Business Combinations Under Common Controlled Companies has been explained at TFRS-3 Business Combinations Standart, article b1- and b4. According to standart, TFRS-3 Business Combinations Standart will not be applicable for business combinations under common control.

A business combination under common control is a transaction in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the transaction. These combinations often occur in group reorganisations in which the direct ownership of subsidiaries changes but the ultimate parent remains the same. Such combinations can arise prior to an initial public offering or a sale of combined entities.

Some of individuals are counted as "controlling the company" when they have the controlling ability for financial and operational policies in order to utilize the company's operations as a result of agreements related to contracts. So that, as a result of agreements related to contracts, mentioned group has the control power to manage opeartional and finacial politics of the companyin order to utilizw company operations and that power is not temporary, that kind of business combination lie beyond the scope of TFRS 3 Business Combinations.

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**30.EQUITY, RESERVES AND OTHER EQUITY (Continued)**

There is no connection between the scale of uncontrolled shares (minority interests) of each combined companies and determining the if business combinations include common controlled companies. Likewise, the reality does not have any connection to determine the business combinations does include the companies under common control.

As a result of that, transactions classified as Goodwill at financial statements on 31 December, 2013. Goodwill amounts are reclassified at Equity under Affect of Business Combinations Including Common Controlled Entity or Companies” account in accordance with TAS-8 Accounting Policies, Changes in Accounting Estimates and Errors paragraph 10-12 on 30 June 2015, 31 December 2014 and 31 December 2013. Business combinations under common control is added to consolidation since the beginning period of common control.

Amounts that has been resulted from business combinations under common control and take place on “The Affect Of Business Combinations Including Common Controlled Entity or Companies” are shown as below;

<b>Company Name</b>	<b>Acquisition Cost</b>	<b>Acquired equity Share Value</b>	<b>Ventures or businesses under common control, Including Effects of Mergers</b>
Voytron Elektrik	23.342.950	(729.287)	24.072.237
Hidro Enerji	150.490	51.398	99.092
Ağrı Elektrik	70.000	20.616	49.384
Küçük Enerji	2.065.876	44.768	2.021.108
Yel Enerji	-	(96.256)	96.256
Anadolu Export	-	(2.753)	2.753
<b>Total</b>	<b>25.629.316</b>	<b>(711.514)</b>	<b>26.340.830</b>

**31. REVENUE AND COST OF GOODS SOLD**

Details of sales are given below;

**Revenue:**

	<b>01 Jan - 30 June 2015</b>	<b>01 Jan - 30 June 2014</b>	<b>01 April - 30 June 2015</b>	<b>01 April - 30 June 2014</b>
<b>Domestic sales</b>	217.446.128	268.635.238	118.981.571	131.705.732
<i>Free Consumer Electricity Sales</i>	125.012.958	151.943.346	74.513.519	76.272.435
<i>Electricity Sales income from TEİAŞ</i>	81.631.931	84.945.344	39.088.276	41.334.999
<i>Bilateral Agreements Electricity Sales</i>	2.494.293	16.810.312	1.254.182	4.988.483
<i>Sales to Group Companies</i>	690.381	-	690.381	-
<i>PFK Sales</i>	-	8.260.859	-	5.072.074
<i>Solar Energy Sales</i>	65.601	50.178	43.212	28.701
<i>Income from GDDK</i>	27.592	128.334	25.597	941
<i>Distribution Companies Income from Natural Gas Sales</i>	7.430.371	6.422.874	3.273.403	3.934.107
<i>Energy Imbalance</i>	-	5.083	-	5.083
<i>Other Incomes</i>	93.000	68.909	93.000	68.909
<b>Electricity Export Sales</b>	-	143.534	-	143.534



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<b>Sales returns (-)</b>	(104.322)	(428.506)	(45.216)	(79.125)
<b>Total</b>	<b>217.341.805</b>	<b>268.350.267</b>	<b>118.936.353</b>	<b>131.770.141</b>

**31. REVENUE AND COST OF GOODS SOLD (Continued)**

The details of electricity sales arise from production are given below:

	<b>01 Jan - 30 June 2015</b>	<b>01 Jan - 30 June 2014</b>	<b>01 April - 30 June 2015</b>	<b>01 April - 30 June 2014</b>
<b>Domestic sales</b>	75.423.613	87.808.370	35.459.211	43.707.945
<i>Electricity Sales income from TEİAŞ(*)</i>	74.667.631	79.128.492	34.725.618	38.528.713
<i>Free Consumer Electricity Sales</i>	-	294.849	-	4.465
<i>Sales to Group Companies</i>	690.381	-	690.381	-
<i>PFK Sales</i>	-	8.260.859	-	5.072.074
<i>Solar Energy Sales</i>	65.601	50.178	43.212	28.701
<i>Energy Imbalance</i>	-	5.083	-	5.083
<i>Other Incomes</i>	-	68.909	-	68.909
<b>Total</b>	<b>75.423.613</b>	<b>87.808.370</b>	<b>35.459.211</b>	<b>43.707.945</b>

(\*) 81% of the sales from production activity is made to Türkiye Elektrik İletim A.Ş.

The details of container sales is given below:

	<b>01 Jan - 30 June 2015</b>	<b>01 Jan - 30 June 2014</b>	<b>01 April - 30 June 2015</b>	<b>01 April - 30 June 2014</b>
Other Incomes	93.000	-	93.000	-
<i>Container Sales</i>	93.000	-	93.000	-
<b>Total</b>	<b>93.000</b>	<b>-</b>	<b>93.000</b>	<b>-</b>

The details of electricity sales from wholesale activity are shown below;

	<b>01 Jan - 30 June 2015</b>	<b>01 Jan - 30 June 2014</b>	<b>01 April - 30 June 2015</b>	<b>01 April - 30 June 2014</b>
<b>Domestic sales</b>	134.499.144	174.403.994	80.155.957	84.059.072
<i>Free Consumer Electricity Sales</i>	125.012.958	151.648.497	74.513.519	76.263.362
<i>Electricity Sales income from TEİAŞ</i>	6.964.300	5.816.852	4.362.658	2.806.287
<i>Bilateral Agreements Electricity Sales</i>	2.494.293	16.810.312	1.254.182	4.988.483
<i>Income from GDDK</i>	27.592	128.334	25.597	941
<b>Electricity Export Sales</b>	-	143.534	-	143.534
<b>Sales discounts (-)</b>	(104.322)	(428.506)	(45.216)	(74.518)
<b>Total</b>	<b>134.394.822</b>	<b>174.119.023</b>	<b>80.110.741</b>	<b>84.128.089</b>

The details of natural gas sales from wholesale activity are shown below;

	<b>01 Jan - 30 June 2015</b>	<b>01 Jan - 30 June 2014</b>	<b>01 April - 30 June 2015</b>	<b>01 April - 30 June 2014</b>
<b>Domestic sales</b>	7.430.370	6.422.874	3.273.402	3.934.107
<i>Natural Gas Sales Income</i>	7.430.370	6.422.874	3.273.402	3.934.107

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<b>Total</b>	<b>7.430.370</b>	<b>6.422.874</b>	<b>3.273.402</b>	<b>3.934.107</b>
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**31.REVENUE AND COST OF GOODS SOLD (Continued)**

Teiaş Electricity Sales; Market participant's sales made in market reconciled by PMUM (Market Financial Settlement Center) and sales arising from settlement center due to presence of the free market.

Free Consumer Electricity Sales; according to consumer limit is published by EMRA, sales made to all consumers within the definition of free consumer. (For example; While this limit is 4,500 kwh per year in 2014, it was taken 4,000 kwh per year in 2015)

Bilateral Agreements Electricity Sales; Physical or service sales to both wholesale companies or private manufacturing companies. Primary Frequency Control (PFC) contains service sales related with power plants liability in relevant legislations to transfer this liability to someone else.

Energy Imbalance; According to legislation, all imbalance receivables and payables are reconciled within responsible party when group companies are merged to create balance group. The responsible party for the balance distributes this amount of compensation to group members. Group imbalance items contains the amount of positive imbalance receivables, negative imbalance payables and zero balance payable/receivable.

List of the companies according to electricity sales of productive activity between January 1, - June 30, 2015 period are as follow;

<b>Title</b>	<b>Ratio</b>
Türkiye Elektrik İletim A.Ş.	81%
Limak Yatırım Enerji Üretim İşl. Hiz. ve İnş. A.Ş.	5%
Other Companies	5%
Boyabat Elektrik Üretim ve Tic. A.Ş.	3%
Bosen Enerji Elektrik Üretim A.Ş.	2%

List of top ten firms of wholesale activity between January 1, - June 30, 2015 period are as follow;

<b>Title</b>	<b>Ratio</b>
İstanbul İkitelli Organize Sanayi Bölgesi Başkanlığı	39%
Vodafone Telekomünikasyon A.Ş.	32%
Other Companies	16%
Türkiye Elektrik İletim A.Ş.	5%
Bir Enerji Elektrik Toptan Satış İth. İhr. A.Ş.	2%

List of the companies according to natural gas sales of wholesale activity between January 1, - June 30, 2015 period are as follow;

<b>Title</b>	<b>Ratio</b>
Odaş Elektrik Üretim San. Tic. A.Ş.	86%
BOTAŞ - Boru Hatları ile Petrol Taşıma A.Ş.	6%
Doğal Enerji İthalat A.Ş.	4%
Cengiz Enerji San. Tic. A.Ş.	2%

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**31.REVENUE AND COST OF GOODS SOLD (Continued)**

Cost of goods sold consists of following;

	<b>01 Jan - 30 June 2015</b>	<b>01 Jan - 30 June 2014</b>	<b>01 April - 30 June 2015</b>	<b>01 April - 30 June 2014</b>
Cost of goods sold (production)	22.491.595	79.740.366	10.979.152	36.661.981
Cost of goods sold (trade)	173.873.218	176.105.761	96.864.377	84.942.960
Other Costs	92.560	-	92.560	-
<b>Total</b>	<b>196.457.373</b>	<b>255.846.128</b>	<b>107.936.089</b>	<b>121.604.941</b>

**32. CONSTRUCTION CONTRACTS**

(None ,December 31, 2014.)

**33. GENERAL OPERATING EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES**

	<b>01 Jan - 30 June 2015</b>	<b>01 Jan - 30 June 2014</b>	<b>01 April - 30 June 2015</b>	<b>01 April - 30 June 2014</b>
Marketing, sales and distribution expenses	823.100	742.960	503.877	385.658
General administration expenses	3.984.601	3.386.565	1.551.887	1.669.994
<b>Total</b>	<b>4.807.701</b>	<b>4.129.523</b>	<b>2.055.764</b>	<b>2.055.652</b>

**Marketing, sales and distribution expenses**

Details of marketing, sales and distribution expenses according to their nature between 1 January – 30 June 2015 and 1 January –30 June 2014 periods are like below;

	<b>01 Jan - 30 June 2015</b>	<b>01 Jan -30 June 2014</b>	<b>01 April - 30 June 2015</b>	<b>01 April - 30 June 2014</b>
Personnel expense	370.569	495.427	200.541	245.109
Electricity sales commission expense	166.893	90.547	135.007	65.014
Consultancy expenses	35.162	62.597	27.500	40.097
Other expenses	6.922	62.020	4.123	4.875
Advertising expense	3.742	3.923	942	2.117
Annual license costs	89.994	19.424	60.990	19.424
Shipping expense	72.311	7.732	32.737	7.732
Travel expenses	-	1.290	-	1.290
Tax expense	45.252	-	24.265	-
Fuel expense	9.348	-	5.967	-
Vehicle rent expense	22.907	-	11.806	-

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<b>TOTAL</b>	<b>823.100</b>	<b>742.960</b>	<b>503.877</b>	<b>385.658</b>
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**33.GENERAL OPERATING EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES (Countinued)**

**General Administration Expenses**

Details of general administration expenses according to their nature 1 January – 30 June 2015, and 1 January – 30 June 2014, periods are as below;

	<b>01 Jan - 30 June 2015</b>	<b>01 Jan - 30 June 2014</b>	<b>01 April - 30 June 2015</b>	<b>01 April - 30 June 2014</b>
Personnel expense	1.875.157	1.509.620	921.696	733.539
Office rent expense	610.497	378.144	316.438	184.065
Consultancy expense	257.633	586.987	159.985	345.919
Amortization	200.053	205.737	-345.991	106.462
Tax expenses	274.455	172.781	140.483	64.643
Travel expenses	125.832	65.164	33.857	7.364
Dues contribution share	-	-	-	-
Shipping expense	8.261	68.089	4.015	29.934
Sharing common expenses	95.608	62.857	55.561	46.714
Provision for unused vacation	54.455	97.822	10.327	39.912
Notary expense	22.499	-	14.134	-
Severance payment provisions	1.075	5.193	-763	1.442
Fuel expense	22.314	21.576	13.064	12.841
Insurance expense	-	-	-	-
Representation and hospitality expenses	20.359	-	11.987	-
Accounting and Financial Advisor expenses	193.178	-	80.133	-
Declaration and Agreement stamp tax	-	-	-	-
Other expenses	223.225	212.594	136.960	97.161
<b>TOPLAM</b>	<b>3.984.601</b>	<b>3.386.565</b>	<b>1.551.887</b>	<b>1.669.994</b>

There is no Research and Development Expenses belong to date of 1 January-30 June 2015 and 1 January-30 June 2014.

**34. OTHER OPERATIONAL INCOME AND EXPENSE**

**Other Operational Income**

	<b>01 Jan - 30 June 2015</b>	<b>01 Jan - 30 June 2014</b>	<b>01 April - 30 June 2015</b>	<b>01 April - 30 June 2014</b>
Rediscount interest income	12.192.855	2.386.893	2.735.874	1.022.488
Prior Year Revenues and Profits	129.835	21.574	129.835	-
Other Income and Profits related to operations	459.900	1.141.100	188.756	549.693
Provision no longer required	3.123	129.274	3.123	-

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Other Extraordinary Income	51.479	3.380	33.966	1.725
<b>Total</b>	<b>12.837.191</b>	<b>3.682.220</b>	<b>3.091.552</b>	<b>1.573.906</b>

**34. OTHER OPERATIONAL INCOME AND EXPENSE (Continued)**

**Other Operational Expense**

	<b>01 Jan - 30 June 2015</b>	<b>01 Jan - 30 June 2014</b>	<b>01 April - 30 June 2015</b>	<b>01 April - 30 June 2014</b>
Provisions Expenses	170.048	-	170.048	-
Rediscount interest expense	12.724.346	4.478.452	2.558.663	2.796.768
Other Extraordinary Expenses and Losses	600.056	405.067	367.256	95.720
Prior Period Expenses and Losses	8.290	2.505.149	8.290	2.505.142
Other Ordinary Expenses and Losses	273.593	704.028	132.399	701.610
Idle Capacity Expenses and Losses	171.525	-	156.361	-
<b>Total</b>	<b>13.947.857</b>	<b>8.092.695</b>	<b>3.393.016</b>	<b>6.099.241</b>

**35. EXPENDITURES AND REVENUES FROM INVESTING ACTIVITIES**

**Revenues from investing activities**

	<b>01 Jan - 30 June 2015</b>	<b>01 Jan - 30 June 2014</b>	<b>01 April - 30 June 2015</b>	<b>01 April - 30 June 2014</b>
Gain on sale of fixed assets (*)	44.949	-	44.949	-
<b>Total</b>	<b>44.949</b>	<b>-</b>	<b>44.949</b>	<b>-</b>

(\*) Income arising from selling fixed assets (vehicles) in relevant period.

**36. EXPENSES CLASSIFIED BY PRINCIPLE TYPES**

Details of expenses according to principle types are like below;

<b>Depreciation and amortization expense</b>	<b>01 Jan - 30 June 2015</b>	<b>01 Jan - 30 June 2014</b>	<b>01 April - 30 June 2015</b>	<b>01 April - 30 June 2014</b>
Cost of sales	2.244.490	2.193.970	1.503.299	1.101.490
General administration expenses	200.053	205.737	345.991	106.462
Idle Capacity Expenses and Losses	141.196	-	141.196	0
<b>TOTAL</b>	<b>2.585.739</b>	<b>2.399.707</b>	<b>1.298.504</b>	<b>1.207.952</b>

<b>Personnel expenses</b>	<b>01 Jan - 30 June 2015</b>	<b>01 Jan - 30 June 2014</b>	<b>01 April - 30 June 2015</b>	<b>01 April - 30 June 2014</b>
Cost of sales	1.408.489	1.131.792	749.116	593.174
General administration expenses	1.875.157	1.509.620	921.696	733.539
Marketing, sales and distribution expenses	370.569	495.427	200.541	245.109
<b>TOTAL</b>	<b>3.654.215</b>	<b>3.136.839</b>	<b>1.871.353</b>	<b>1.571.822</b>

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**36. EXPENSES CLASSIFIED BY PRINCIPLE TYPES (Continued)**

<b>Insurance expenses</b>	<b>01 Jan - 30 June 2015</b>	<b>01 Jan - 30 June 2014</b>	<b>01 April - 30 June 2015</b>	<b>01 April - 30 June 2014</b>
Cost of sales	507.285	407.538	230.183	241.707
General administration expenses	-	-	-	-
<b>TOTAL</b>	<b>507.285</b>	<b>407.538</b>	<b>230.183</b>	<b>241.707</b>

<b>Consultancy expenses</b>	<b>01 Jan - 30 June 2015</b>	<b>01 Jan - 30 June 2014</b>	<b>01 April - 30 June 2015</b>	<b>01 April - 30 June 2014</b>
Marketing, sales and distribution expenses	35.162	62.597	27.500	40.097
General administration expenses	257.633	586.987	159.985	345.919
<b>TOTAL</b>	<b>292.795</b>	<b>649.584</b>	<b>187.485</b>	<b>386.016</b>

**37. FINANCIAL EXPENSE AND INCOME**

<b>Financial Income</b>	<b>01 Jan - 30 June 2015</b>	<b>01 Jan - 30 June 2014</b>	<b>01 April - 30 June 2015</b>	<b>01 April - 30 June 2014</b>
Interest income	6.982.755	2.394.221	3.550.739	654
Gain on sale of marketable securities	19	407	-	407
Foreign exchange gain	5.107.526	9.733.894	(1.338.085)	6.180.733
<b>TOTAL</b>	<b>12.090.301</b>	<b>12.128.521</b>	<b>2.212.655</b>	<b>6.181.794</b>

<b>Financial Expense (-)</b>	<b>01 Jan - 30 June 2015</b>	<b>01 Jan - 30 June 2014</b>	<b>01 April - 30 June 2015</b>	<b>01 April - 30 June 2014</b>
Loss on sale of marketable securities	-	204	-	-
Foreign exchange losses	12.508.537	3.161.405	4.899.624	4.902.574
Interest and commission expense	13.660.573	14.671.623	5.608.806	8.008.972
<b>TOTAL</b>	<b>26.169.110</b>	<b>17.833.232</b>	<b>10.508.430</b>	<b>3.106.398</b>

**38. ANALYSIS OF OTHER COMPREHENSIVE INCOME**

Details of other comprehensive income/(expense) as of June 30, 2015 and June 30, 2014 periods are as below;

<b>Not reclassified on gain/(loss)</b>	<b>01 Jan - 30 June 2015</b>	<b>01 Jan - 30 June 2014</b>	<b>01 April - 30 June 2015</b>	<b>01 April - 30 June 2014</b>
Actuarial gains/(loss) (Note:27)	(14.928)	52.330	12.622	(3.895)
Deferred tax revenue/(expense) (Note:40)	2.810	(10.466)	(2.524)	779
<b>TOTAL</b>	<b>(11.438)</b>	<b>41.864</b>	<b>10.098</b>	<b>(3.116)</b>

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**39. FIXED ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS**

Share transfer agreement was signed with FERRIT S.R.O (Czech Republic) on 29 June 2015, regarding the selling of all stocks which company has 80 percent of Ena Elektrik Üretim Ltd. Şti in group portfolio. Transfer of shares has not been realized yet, will be held after licensing process by EMRA. As of June 30 2015, Ena Elektrik Üretim Ltd. Şti is classified as assets held for sale. As of 30 June 2015, the net assets of Ena Elektrik is 619.729 TRY.

The sale process is evaluated as discounted operations in accordance with TFRS 5 standard “ Fixed Assets Held for Sale and Discounted Operations” and net profit/loss arising from Ena Elektrik Üretim Ltd. Şti.’s operations in 30.06.2015 is classified as income and expenses related discounted operations in the 30.06.2015 consolidation profit or loss and comprehensive income statement. Toward this application the same classification is made in the 30.06.2015 profit or loss and comprehensive income statement.

Comparatively income statement of Ena Elektrik Üretim Ltd. Şti is as follow;

	<b>01 Jan - 30 June 2015</b>	<b>01 Jan - 30 June 2014</b>	<b>01 April - 30 June 2015</b>	<b>01 April - 30 June 2014</b>
Incomes	5.197	5.144	26	587
Expenses (-)	(54.549)	(27.546)	(10.138)	(22.302)
<b>Period income before tax</b>	<b>(49.352)</b>	<b>(22.402)</b>	<b>(10.112)</b>	<b>(21.715)</b>
Tax (-)	8.801	2.893	759	2.691
<b>Period Net Profit/Loss</b>	<b>(41.271)</b>	<b>(19.509)</b>	<b>(9.353)</b>	<b>(18.754)</b>

**40. TAXATION ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)**

Tax expense/income in income statement for periods ended at 30 June 2015 - 31 December 2014, is like below :

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Tax expense for the period	(10.996)	(3.991.525)
Deferred tax income/ expense	(161.522)	(3.012.183)
Deferred tax reflected in equity (*)	(2.860)	(19.450)
<b>Total Tax Income/Expense</b>	<b>(175.378)</b>	<b>(7.023.158)</b>

(\*)TAS 19 Employee benefits changes made to the standard actuarial gains / losses is the amount of deferred tax on the amount.(Note:38)

**Current Tax**

Corporate tax rate is 20% in Turkey. This rate can be applied to the amount after addition of expenses which are not accepted to discount according to Turkish law to company’s operating income and deduction of exceptions in tax law like subsidiary income and discounts like investment discount from company’s operating income.

According to the Corporate Tax Law numbered with 5520, corporate tax rate is %20. This rate is applied to the tax bases in accordance with the laws of corporate income tax to be added to deductible expenses, exemptions which place at tax laws (such as affiliation privilege) and usage of deductions (like investment incentives). As of December 31, 2003, there was an act which predicted to change in Tax Procedure Law,

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**40. TAXATION ON INCOME (Continued)**

Income Tax Law and Corporate Tax Law (“Act numbered as 5024”), it predicts that income and corporate taxpayer, who determines its profit according to statement of financial position base, keep their financial statements with inflation adjustment starting after January 1, 2004. These taxpayers also have to make inflation adjustment for their financial statements at December 31, 2003. It is an obligation that taxpayers, who have to make inflation adjustment according to the general declaration published by Ministry of Finance as of 28 February 2004, have to make adjustments in their statement of financial position after January 1, 2004 if there is the case which obligates adjustment.

Company will calculate tax amount for the period according to declaration numbered 338 if there are conditions (such as increase in price index in last 12 periods at 100% and 10% for current period) needs for adjustments in the direction of 5024 numbered Law and mentioned declarations.

There are not taking of withholding tax for corporate who obtain income in Turkey with a base or permanent representative and dividend payment to corporate that has a base in Turkey. Dividend payment except these above is taxable for withholding tax at 15% (10% before July 22nd, 2006). Adding profit to capital cannot be count as distribution of dividend and applied for withholding tax.

Companies calculate pre-paid corporate tax at 20% on their profit for each 3 months and they declare that amount at fourteenth day of second month in following period and they pay it till evening of seventeenth day of same month. Pre-paid taxes which are paid in the year belong to same year and it will be deducted from corporate tax amount which is calculated according to corporate tax declaration for the following year. Pre-paid corporate tax remained after deduction can be deducted from any financial payables to government.

75% of profit from sales of property, subsidiary’s shares, management shares, shares for which company has first right of purchase which company kept in hand at least 2 years is count as exception in condition that they can be kept under a fund account as equity item for 5 years in liabilities and collection of total sales amount has to be finished not exceeding second year after sales made.

**Current period tax assets:**

The details of current period tax assets at 30 June 2015 - 31 December 2014, is like below

	<b>June 30 2015</b>	<b>December 31, 2014</b>
Prepaid taxes and funds (*)	181.814	53.653
<b>Total</b>	<b>181.814</b>	<b>53.653</b>

(\*) Current period tax assets is a tax assets related to group that has no corporate tax base in releveant years but has prepaid advance tax and stoppage in year or to companies that have prepaid advance tax and stoppage more than corporate tax base.

**Current period tax expense:**

Period profit and calculation as of 30 June 2015 - 31 December 2014, is like below

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Profit/loss before tax	54.078	37.099.552
Non-deductible expenses	900	164.014
To be offset prior year losses	-	(17.305.941)
<b>Corporate tax base</b>	<b>54.978</b>	<b>19.957.625</b>
<b>Tax Expense For The Period (*)</b>	<b>10.996</b>	<b>3.991.525</b>



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**40. TAXATION ON INCOME (Continued)**

(\*) It consists 01.01.2015-30.06.2015 period tax expenses group's subsidiaries of Odaş Doğalgaz.

Due to the absence of the tax base in the parent company and other subsidiaries (absence of tax base, if there is financial loss for period or companies in which financial profit after deduction of previous years' losses) tax expense is not calculated.

**Deferred Tax**

Company calculates deferred tax assets and liabilities with recorded values in statement of financial position items by considering difference effects which occurs as a result of evaluation for values in statement of financial position items and Tax Procedure Law.

Differences in question generally sourced from accounting of expenses and incomes for different reporting periods according to CMB declarations and Tax Law. The rate which will apply for deferred tax receivables and liability which is calculated according to liability methods on temporary differences will occur after December 31, 2008 is 20%.

Turkish tax legislation makes possible that the main partner of company can organize tax statement via financial statement of its consolidated subsidiaries and affiliates. Therefore, with company has deferred tax assets and company has deferred liabilities are not net off their tax position. It is stated seperately.

The deferred assets and deferred tax liabilities in the consolidated financial statements are reflected as of 30 June 2015 - 31 December 2014 in the following manner;

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Deferred Tax Assets	2.408.558	1.343.167
Deferred Tax Liabilities	(11.572.895)	(10.342.539)
<b>Total</b>	<b>(9.164.337)</b>	<b>(8.999.372)</b>

Detail of accumulated temporary differences using tax rates of deferred tax assets and liabilities as of June 30, 2015, and December 31, 2014 is as below:

<b>Deferred Tax Assets / (Liabilities)</b>	<b>Accumulated Temporary Differences</b>		<b>Tax Rate</b>	<b>Deferred Tax Assets / (Liabilities)</b>	
	<b>30.06.2015</b>	<b>31.12.2014</b>		<b>30.06.2015</b>	<b>31.12.2014</b>
Accumulated Deductible Losses	10.585.335	3.770.150	20%	2.117.067	754.030
Fixed Assets	(57.353.865)	(49.197.725)	20%	(11.470.773)	(9.839.545)
Severance Indemnities and Provisions	133.865	(33.383)	20%	26.773	(6.677)
Rediscount	(44.650)	(238.565)	20%	(8.930)	(47.713)
Doubtful Receivables	573.715	403.665	20%	114.743	80.733
Establishment and Formation Expenses	11.565	11.565	20%	2.313	2.313
Prepaid Expenses	15.015	30.030	20%	3.003	6.006
Provisions for Other Payables and Expenses	114.345	111.515	20%	22.869	22.303
Expense Accrual	142.990	145.890	20%	28.598	29.178
<b>Total</b>	<b>(45.821.685)</b>	<b>(44.996.860)</b>		<b>(9.164.337)</b>	<b>(8.999.372)</b>

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**40. TAXATION ON INCOME (Continued)**

The deferred tax assets and liabilities of Odaş and its subsidiaries as of June 30, 2015, and December 31, 2014, is like below;

<b>Odaş Deferred Tax Assets / Liabilities</b>	<b>30.06.2015</b>	<b>31.12.2014</b>
Opening balance	(9.349.413)	(5.926.677)
Current year deferred tax gain/(expense)	(1.598.101)	(3.414.531)
Deferred tax reflected in shareholders' equity	(1.410)	(8.204)
<b>Deferred Tax Assets / (Liabilities)</b>	<b>(10.948.924)</b>	<b>(9.349.413)</b>

<b>Subsidiaries Deferred Tax Assets / Liabilities</b>	<b>30.06.2015</b>	<b>31.12.2014</b>
Balance from the previous period, the deferred tax	350.041	(41.062)
Transferring deferred tax of exclude subsidiary from consolidation	(539)	-
Purchased Company prior period deferred tax	(44)	-
Current year deferred tax income / (expense)	1.436.579	402.348
Deferred tax in equity	(1.450)	(11.245)
<b>Deferred Tax Assets / (Liabilities)</b>	<b>1.784.587</b>	<b>350.041</b>

Balances related to subsidiaries' deferred tax assets and liabilities as of June 30, 2015, and December 31, 2014, is like below;

<b>Subsidiaries Deferred Tax Assets</b>	<b>30.06.2015</b>	<b>31.12.2014</b>
Odaş Doğalgaz Toptan Sat. San. ve Tic. A.Ş.	2.396	143.902
Voytron Elektrik Toptan Satış Dış Tic. A.Ş.	2.281.100	1.198.550
Ena Elektrik Üretim Ltd. Şti.	-	539
YS Madencilik San. Tic. Ltd. Şti.	-	176
Küçük Enerji Üretim ve Tic. Ltd. Şti.	125.061	-
<b>Deferred Tax Assets</b>	<b>2.408.558</b>	<b>1.343.167</b>

<b>Subsidiaries Deferred Tax Liabilities</b>	<b>30.06.2015</b>	<b>31.12.2014</b>
Ağrı Elektrik Üretim San. A.Ş.	(3.391)	(2.670)
Çan Kömür ve İnşaat A.Ş.	(567.956)	(881.226)
Hidro Enerji Elektrik Üretim San. A.Ş.	(2.856)	(1.104)
Küçük Enerji Üretim ve Tic. Ltd. Şti.	-	(70.030)
Anadolu Export Maden Sanayi ve Ticaret A.Ş.	(2.040)	-
Yel Enerji Elektrik Üretim Sanayi A.Ş.	(46.422)	(38.096)
YS Madencilik San. Tic. Ltd. Şti.	(1.306)	-
<b>Deferred Tax Liabilities (-)</b>	<b>(623.971)</b>	<b>(993.126)</b>

The distribution of accumulated financial loses and amortization period by years as of June 30, 2015, and December 31, 2014, is like below;

<b>Amortization Date</b>	<b>June 30, 2015</b>		<b>December 31,2014</b>	
	<b>Recorded Part</b>	<b>Unrecorded Part</b>	<b>Recorded Part</b>	<b>Unrecorded Part</b>
2015	-	31.342,13	-	-
2016	-	34.820,71	-	43.088
2017	-	296.231	-	40.424
2018	2.117.067	2.782.757	-	362.670
2019	-	12.263.926	754.030	12.594.149
	<b>2.117.067</b>	<b>15.409.078</b>	<b>754.030</b>	<b>15.847.636</b>

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**40. TAXATION ON INCOME (Continued)**

Subsidiaries have deductible tax losses that can be net off from taxable income for the next period (oncoming 5 years) as of balance sheet date, is shown above table. Deferred tax assets consisting of tax losses which was predicted to be unusable losses is not recorded.

Voytron Elektrik Toptan Satış Dış Tic. A.Ş., one of the subsidiaries has deductible loses, only expects profit in 2015. In the projections, 2.117.067 TRY useable financial loss is recorded as tax asstes over the total 10.585.334 TRY taxable profit. The subsidiary has 2.587.618 TRY financial loss transferred from 2013 and will be ended in 2018 and 11.754.761,60 TRY financial loss transferred from 2014 and will be ended in 2019. Besides, the subsidiary has 7.385.089,04 TRY taxable profit in the first 6 months of 2015.

The main partner, Odaş Elektrik Üretim San. Tic. A.Ş. has resulted 36.722.254,70 TRY tax base in 2014, 17.074.623,78 TRY Accumulated Financial Loss was not recorded deferred tax assets in the perivious period has been set off from tax base.

Since other subsidiaries have useable tax loses are in investment stage, prices in the energy market can not be predicted in the long-term and show excessive volatility, other useable financial losses is not recorded as deferred tax assets.

Besides, the subsidiary of Çan Kömür has useable reduced corporate tax related investment incentive certificate which details are given “23. Government Incentives”.

The investment of Çan Kömür is on stage II but because investment involves primary investment subjects according to fifth article of special conditions of investment incentive certificate, it will take advantage from 5. Zone support. Accordingly, the investment contribution rate is 40% and Reduced Corporate Tax is 80%. This means, company can benefit the amount of 64.822.544 TRY (40% of total investment which is 162.056.360 \*40%) reduced corporate tax related investment gain. If it used as advance, reduced corporate tax can bu used until 50% of total investment until investment is done. Tax deduction to be applied will be 16% (20%\*0,80).

If company has gain from other oepations related those amounts, it can benefit from advance reduced corporate tax. However, Çan Kömür has no other gain to benefit from advance reduced corporate tax. The only operation is to mine coal and use it in thermic power plant. The company has just been investment stage.

To acceptance Çan Kömür starts investment, it will be needed 5 million TRY investment spending in the scope of incentive certificate and recorded to investment certificate by applying Ministry. Because the investment has not been completed yet, there is even no partially operations regarding investment, gain obtained from investment is not certain and there is not other gain to use advance reduced corporate tax, when there is gain from investment, the useable reduced corporate tax will be reflected to financial statements as assets when the date of investment is done or partially operated. Besides, there are things may cause risk in deferred tax assets like transfer, selling of investment before completed.

**41. EARNING PER SHARE**

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Net profit /(loss)	914.107	27.153.014
Weighted average number of ordinary share	42.933.363	42.000.000
<b>Profit/(loss) per share with nominal value of 1 TRY</b>	<b>0,02113</b>	<b>0,646500</b>

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**42. SHARE-BASED PAYMENT**

None. (None, 31 December 2014.)

**43. INSURANCE CONTRACTS**

None. (None, 31 December 2014.)

**44. THE EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATE**

None. (None, 31 December 2014.)

**45. FINANCIAL REPORTING IN HYPERINFLATION ECONOMIES**

Prepared financial tables before the period of January 01,2005, in order to show change of purchasing power of TRY, inflations adjustments were made using general wholesale price index under TAS 29. In this standard, financial tables prepared with currency on the high inflation periods, conditioning using adjustment coefficient, financial statements of Money expressed in terms of current purchasing power is predicted.

CMC took a decision on March 17,2005, with this decision, companies who operate in Turkey and prepare financial table in accordance with accounting and reporting principles which are adopted by CMC ( CMC Financial Reporting Standard) proclaimed unnecessary application of inflation accounting as of 01.01.2005. Therefore, conditioning with started on 01.01.2005, Financial Reporting on the high inflation economies standard (TAS 29) that is published by IASC, were not applied.

**46. DERIVATIVE INSTRUMENTS**

None. (None, 31 December 2014.)

**47. FINANCIAL INSTRUMENTS**

**Short-Term Financial Liabilities**

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Bank loans	40.003.097	61.555.163
Finance lease liabilities (*)	1.335.740	1.263.629
Deferred lease costs (-) (**)	(166.648)	(180.547)
Installments of principal and interest of loans	170.882.770	41.921.271
<b>Short-Term Financial Liabilities - Net</b>	<b>212.054.959</b>	<b>104.559.516</b>

(\*)Finance lease liabilities: Renters and that those who lease term debt not exceeding one year are followed.

(\*\*)Deferred lease costs (-): Financial leasing liabilities at the date of lease rental payments on the leased asset represents the difference between the present value of lease borrowing costs not yet paid are monitored.

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**47. FINANCIAL INSTRUMENTS (Countined)**

**Long-Term Financial Liabilities**

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Bank loans	123.751.500	131.772.746
Finance lease liabilities (*)	4.300.295	4.699.954
Deferred lease costs (-) (**)	(433.317)	(528.673)
<b>Long-Term Financial Liabilities - Net</b>	<b>127.618.477</b>	<b>135.944.027</b>

(\*)Finance lease liabilities: Tenants who lease maturity of one year and the debt which is to be monitored.

(\*\*)Deferred lease costs (-): Financial leasing liabilities at the date of lease rental payments on the leased asset represents the difference between the present value of lease borrowing costs not yet paid are monitored.

Cycle power plant used in the lease is made for motors and transformers.

As of June 30, 2015 redemption schedule of long-term loan liabilities are as follows:

<b>Liabilities Long-Term Loans</b>	<b>June 30, 2015</b>
1 - 2 Years	21.710.755
2 - 3 Years	38.981.707
3 - 4 Years	23.638.333
4 - 5 Years	20.870.430
5 Years and Above	18.550.274
<b>Total</b>	<b>123.751.500</b>

<b>Liabilities Long-Term Loans</b>	<b>June 30, 2015</b>
2016	21.710.755
2017	38.981.707
2018	23.638.333
2019	20.870.430
2020	11.457.306
2021	3.379.789
2022	2.558.124
2023	1.155.055
<b>Total</b>	<b>123.751.500</b>

As of June 30, 2015 redemption schedule of long-term finance lease liabilities is as follows:

<b>Payment Year</b>	<b>Finance Lease Obligations</b>	<b>Deferred Financial Leasing Costs</b>
2016	667.870	102.324
2017	1.335.740	159.358
2018	918.671	101.795
2019	918.671	57.993
2020	459.342	11.847
<b>Total</b>	<b>4.300.295</b>	<b>433.317</b>

**Other Financial Liabilities**

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Other financial liabilities (*)	24.329	3.336
<b>Total</b>	<b>24.329</b>	<b>3.336</b>

(\*) Made with a credit card belonging to the Company consists of debt in relation to expenditure.

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**47. FINANCIAL INSTRUMENTS (Continued)**

The maturity of the Group's loans and interest amounts are as follows:

	<u>Annual Interest Rate %</u>		<u>Exchange Value</u>		<u>TRY</u>	
	<b>June 30, 2015</b>	<b>December 31, 2014</b>	<b>June 30, 2015</b>	<b>December 31, 2014</b>	<b>June 30, 2015</b>	<b>December 31, 2014</b>
TRY Loans	10-13%	11-15%	-	-	40.003.097	61.555.163
<b>Short-term Loans</b>			-	-	<b>40.003.097</b>	<b>61.555.163</b>
EURO Loans	3%-6,50%	6%-9%	56.205.692	14.264.680	167.616.615	40.236.384
USD Loans	6,50%	6%-9%	1.215.857	712.689	3.266.155	1.652.655
TRY Loans	-	11%-15%	-	-	-	32.234
<b>Short-term payments and interests of loans</b>					<b>170.882.770</b>	<b>41.921.271</b>
<b>Total short-term loans</b>					<b>210.885.867</b>	<b>103.476.435</b>
EURO Loans	3%-6,50%	6%-9%	32.920.147	38.543.901	98.408.333	180.720.781
USD Loans	6,50%	6%-9%	9.273.402	9.940.905	25.343.166	23.051.965
<b>Total long-term loans</b>					<b>123.751.500</b>	<b>131.772.746</b>

## **48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

### **a) Capital Risk Management**

While group tries to ensure the continuity of its activities , on the other hand, aims to increase its profitability by using the optimization of the debt and equity balance.

The capital structure of the group consist of; borrowings includes financial payables stated at note:47, cash and cash equivalents stated at note:53 and equity instruments contain prepaid capital, capital reserves, profit reserves and retained earnings.

The risks associated with each class of capital with the capital cost are evaluated by senior management. The management aims to balance structure of capital via obtain new payable or repayment of existing debt or dividend payments, issued new shares based on its evaluation.

Group used long-term USD and EURO loan for investments. Group is trying to minize short-term loan liability by equivalent debt structure to holding period of existing investment. Regarding used EURO and USD loan if it is used as TRY , the risks are recorded as stated note:37.

Group analyses equity according to leverage ratio which is consistent with other companies. Aforesaid ratio is calculated by dividing net debt to total equity. Net debt (the current and non-current loan as shown in the balance sheet) is obtained by subtracting cash and cash equivalents from total loans.

The Group's strategy in 2014 is unchanged since 2013, the ratio of equity to borrowings as of December 31, 2014 - December 31, 2013, is like below;

Group management aims to reach a higher level profit and equity in order to manage existing debts.

Group's current period capital risk management strategy does not differ compared to previous periods .

### **b) Financial Risk Factors**

Group is exposed to market risk (exchange rate risk, fair value interest rate risk, cash flow interest rate risk and price risk) credit risk and liquidity risk due its operations. The Group's overall risk management program focus on the minize the impact of uncertainty in financial markets on group's potential financial performance.

#### **b.1) Credit risk**

The risk of financial loss to group due to default of agreement of one of the parties is defined as credit risk. The Group has operations only dealing with creditworthy counterparties and try to reduce the risk of credit by obtaining sufficient collateral where possible. Credit risk and customers credit ratings that group exposure to them are continuously monitored.

Credit evaluations are performed continuously over the balance of customers' trade receivables.

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**48.FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**

Credit risk exposure as types of financial instruments are shown in the table below.

June 30, 2015	Receivables				Bank Deposits	Derivatives	Other
	Trade Receivables		Other Receivables				
	Related Parties	Other Parties	Related Parties	Other Parties			
<b>As at reporting date maximum amount of credit risk exposed (A+B+C+D+E) *</b>	-	<b>40.403.192</b>	<b>5.650.987</b>	<b>573.549</b>	<b>122.114.811</b>	-	<b>24.424.717</b>
- Maximum amount of risk exposed	-	68.672	-	-	-	-	-
- Part of the risk covered by guarantees	-	-	-	-	-	-	-
A. Net value of financial assets neither due nor impaired	-	36.667.914	5.650.987	573.549	122.114.811	-	24.424.717
B. Conditions renegotiated, otherwise to be classified as past due or impaired	-	-	-	-	-	-	-
C. Past due but not impaired	-	3.666.606	-	-	-	-	-
D. Net book value of Impaired assets	-	-	-	-	-	-	-
-Past due (gross book value)	-	573.715	-	-	-	-	-
- Impairment (-)	-	(573.715)	-	-	-	-	-
- Part covered by guarantess	-	-	-	-	-	-	-
- Undue (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Part covered by guarantess	-	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-	-

\* In determining the amount, the increase in credit reliability such as guarantees received are not taken into account.



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**48.FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**

Aging of assets that is overdue but is not impairment as follows;

June 30, 2015	Receivables				Bank Deposits	Derivatives	Other
	Trade Receivables		Other Receivables				
	Related Parties	Other Parties	Related Parties	Other Parties			
Overdue 1-30 days	-	1.460.945	-	-	-	-	-
Overdue 1-3 months	-	1.188.156	-	-	-	-	-
Overdue 3-12 months	-	1.017.506	-	-	-	-	-
Overdue 1-5 years	-	-	-	-	-	-	-
Overdue above 5 years	-	-	-	-	-	-	-
Part covered by guarantess	-	-	-	-	-	-	-
<b>Total</b>		<b>3.666.606</b>					

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**48.FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**

Credit risk exposure as types of financial instruments are shown in the table below.

December 31, 2014	Receivables				Bank Deposits	Derivatives	Other
	Trade Receivables		Other Receivables				
	Related Parties	Other Parties	Related Parties	Other Parties			
<b>As at reporting date maximum amount of credit risk exposed (A+B+C+D+E) *</b>	-	<b>28.837.979</b>	<b>5.119.864</b>	<b>297.241</b>	<b>70.766.388</b>	-	<b>59.681.633</b>
- Maximum amount of risk exposed	-	284.064	-	-	-	-	-
- Part of the risk covered by guarantees	-	-	-	-	-	-	-
A. Net value of financial assets neither due nor impaired	-	25.115.774	5.119.864	297.241	70.766.388	-	59.681.633
B. Conditions renegotiated, otherwise to be classified as past due or impaired	-	-	-	-	-	-	-
C. Past due but not impaired	-	3.438.141	-	-	-	-	-
D. Net book value of Impaired assets	-	-	-	-	-	-	-
-Past due (gross book value)	-	403.667	-	-	-	-	-
- Impairment (-)	-	(403.667)	-	-	-	-	-
- Part covered by guarantess	-	-	-	-	-	-	-
- Undue (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Part covered by guarantess	-	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-	-

\* In determining the amount, the increase in credit reliability such as guarantees received are not taken into account.

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**48.FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**

Aging of assets that is overdue but is not impairment as follows;

December 31, 2014	Receivables				Bank Deposits	Derivatives	Other
	Trade Receivables		Other Receivables				
	Related Parties	Other Parties	Related Parties	Other Parties			
Overdue 1-30 days	-	2.323.330	-	-	-	-	-
Overdue 1-3 months	-	910.007	-	-	-	-	-
Overdue 3-12 months	-	204.804	-	-	-	-	-
Overdue 1-5 years	-	-	-	-	-	-	-
Overdue above 5 years	-	-	-	-	-	-	-
Part covered by guarantess	-	-	-	-	-	-	-
<b>Total</b>	-	<b>3.438.141</b>	-	-	-	-	-

#### **48.FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**

Risk control for customers are not secured by collateral, financial position for the customers, past experience and other factors, taking into account, individual limits are determined results from customer credit quality of the evaluation and the use of credit limit is regularly monitored.

**The details of credit quality for receivables that is not due, is not subject to impairment and conditions have been met again.**

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Group 1	733.977	214
Group 2	48.494.946	30.483.482
Group 3	2.114.369	49.183
<b>Total</b>	<b>51.343.292</b>	<b>30.532.879</b>

Group 1 – New customers (less than 3 months)

Group 2 – Existing customers have no default in the previous years (customer exist more than 3 months)

Group 3 - Existing customers have default in the previous years but collection is done although delayed.

#### **b.2) Liquidity Risk**

Main responsibility relevant with liquidity risk management belongs to Board of Directors. The board short of the Group management has built an appropriate liquidity risk management for medium and long term funding and liquidity requirements. The Group manages liquidity risk by following forecast and actual cash flows regularly and ensuring the continuation of adequate of funds and reserves by matching the maturity profiles of financial assets and liabilities.

In this context, taken care to compitable maturity of receivables and payables, net working capital management objectives are being put in order to protect short-term liquidity and kept at a certain level of balance sheet ratios.

Medium and long- term liquidity management is done according to the group's cash flow projections based on the dynamics of financial markets and industry, cash flow cycle is monitored and tested according to various scenarios.

The following table shows the maturity of the Group's derivative financial liabilities. Non-derivative financial liabilities are required to be paid at the earliest date and is based on an undiscounted. Payable interest over aforesaid liabilities included in the table below. The amounts when receivables or payables are not constant is determined by using interest rate acquired reporting date yield curve.

#### **b.3) Market Risk**

Market is risk is the risk of fluctuations of fair value of financial liabilities due to changes occurring in market prices or future cash flows will adversely affect the business.

These, foreign currency risk, interest rate risk and financial instruments or commodity price changes risk.

In the current year, there is no change on market risk that group exposed or methods that management or measurement of exposed risk.

**48.FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**

**b.3.1) Foreign Currency Risk Management**

Transactions denominated in foreign currencies causes exchange rate risk. These risks are monitored and classified by analysis of foreign currency position.

The distribution of monetary and non-monetary assets and liabilities in terms of foreign currency are as follows:

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**48.FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**

**Currency Position**

	30.06.2015				31.12.2014			
	TRY (Functional Currency)	USD	EURO	GBP	TRY	USD	EURO	GBP
1. Trade Receivables	-	-	-	-	-	-	-	-
2a. Monetary financial assets (including cash and cash equivalents)	67.717.349	125.808	22.593.262	419	51.973.429	2.848.786	16.083.254	375
2b. Non-monetary financial assets	12.317	205	3.945	-	852.280	-	302.152	-
3. Other	-	-	-	-	-	-	-	-
<b>4. Current Assets (1+2+3)</b>	<b>67.729.666</b>	<b>126.013</b>	<b>22.597.207</b>	<b>419</b>	<b>52.825.710</b>	<b>2.848.786</b>	<b>16.385.406</b>	<b>375</b>
5. Trade Receivables	-	-	-	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	44.300.026	-	15.705.330	-
7. Other	-	-	-	-	-	-	-	-
<b>8. Non-current assets (5+6+7)</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>44.300.026</b>	-	<b>15.705.330</b>	-
<b>9. Total Assets (4+8)</b>	<b>67.729.666</b>	<b>126.013</b>	<b>22.597.207</b>	<b>419</b>	<b>97.125.735</b>	<b>2.848.786</b>	<b>32.090.737</b>	<b>375</b>
10. Trade payables	10.005.090	3.778	3.351.533	-	4.277.902	116.830	1.420.564	-
11. Financial Liabilities	20.689.404	-	6.937.631	-	3.635.461	169.980	1.149.110	-
12a. Monetary financial liabilities	-	-	-	-	-	-	-	-
12b. Non-monetary financial liabilities	-	-	-	-	-	-	-	-
<b>13. Short Term Liabilities (10+11+12)</b>	<b>30.694.494</b>	<b>3.778</b>	<b>10.289.165</b>	<b>0,00</b>	<b>7.913.363</b>	<b>286.810</b>	<b>2.569.674</b>	-
14. Trade Payables	-	-	-	-	-	-	-	-
15. Financial Liabilities	272.387.588	-	91.337.800	-	176.123.634	10.470.000	53.832.294	-
16a. Other monetary liabilities	-	-	-	-	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-	-	-	-	-
<b>17. Long Term Liabilities (14+15+16)</b>	<b>272.387.588</b>	<b>0,00</b>	<b>91.337.800</b>	<b>0,00</b>	<b>176.123.634</b>	<b>10.470.000</b>	<b>53.832.294</b>	-
<b>18. Total Liabilities (13+17)</b>	<b>303.082.082</b>	<b>3.778</b>	<b>101.626.965</b>	<b>0,00</b>	<b>184.036.997</b>	<b>10.756.810</b>	<b>56.401.968</b>	-
<b>19. Off-balance Sheet Derivatives Net Asset/Liabilities Position (19a-19b)</b>	-	-	-	-	-	-	-	-
19a. Amount of Hedge Total Asset	-	-	-	-	-	-	-	-
19b. Amount of Hedge Total Liabilities	-	-	-	-	-	-	-	-
<b>20. Net Foreign Currency asset/ (liabilities) Position (9-18)</b>	<b>(235.352.417)</b>	<b>122.235</b>	<b>(79.029.758)</b>	<b>419</b>	<b>(86.911.262)</b>	<b>(7.908.024)</b>	<b>(24.311.231)</b>	<b>375</b>
<b>21. Net asset/liabilities position of foreign currency monetary items. (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(235.364.734)</b>	<b>122.030</b>	<b>(79.033.703)</b>	<b>419</b>	<b>(132.063.568)</b>	<b>(7.908.024)</b>	<b>(40.318.714)</b>	<b>375</b>
<b>22. Fair Value of Financial Instruments used for foreign Exchange Hedge</b>	-	-	-	-	-	-	-	-
<b>23. Export</b>	-	-	-	-	-	-	-	-
<b>24. Import</b>	-	-	-	-	<b>44.300.026</b>	-	<b>15.705.330</b>	-
	(282.422.900)	146.682	(94.835.709)	503	(104.293.515)	(9.489.629)	(29.173.477)	450

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**48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**

The Group is mainly exposed to USD and EURO exchange rate risk.

The table below shows the Group's US dollar and Euro exchange rate and a 10% increase in sensitivity to a decrease. 20% rate is the rate used by senior management when reporting foreign currency risk the expected rate in question refers to a possible change in foreign exchange rates. The sensitivity analysis covers only the period at the end of the open foreign currency denominated monetary items and shows the effects of changes in exchange rates of 20% at the end of the period of aforesaid items. Stated positive increase in Positive value , profit / loss and other equity items.

Sensitivity Analysis of Foreign Exchange Position

Sensitivity Analysis of Foreign Exchange Position				
30.06.2015				
	Profit / Loss		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
<b>Change in 20% of the U.S. Dollar against TRY;</b>				
1 - Net asset / liability of USD	146.682	(146.682)	-	-
2 - Amount hedged for USD risk (-)	-	-	-	-
<b>3- Net Effect of U.S. Dollar (1+2)</b>	<b>146.682</b>	<b>(146.682)</b>	<b>-</b>	<b>-</b>
<b>Change in 20% of the EURO against TRY;</b>				
4 - Net asset / liability of EUR	(94.835.709)	94.835.709	-	-
5 - Amount hedged for EUR risk (-)	-	-	-	-
<b>6- Net Effect of EURO (4+5)</b>	<b>(94.835.709)</b>	<b>94.835.709</b>	<b>-</b>	<b>-</b>
<b>Change in 20% of the GBP against TRY;</b>				
7- Other foreign currency net asset / liability	503	(503)	-	-
8- Part of hedged protected from other currency risk (-)	-	-	-	-
<b>9- Net Effect of GBP (7+8)</b>	<b>503</b>	<b>(503)</b>	<b>-</b>	<b>-</b>
<b>TOTAL (3+6+9)</b>	<b>(94.688.524)</b>	<b>94.688.524</b>	<b>-</b>	<b>-</b>

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**48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**

<b>December 31, 2014</b>				
	<b>Profit / Loss</b>		<b>Equity</b>	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
<b>Change in 20% of the U.S. Dollar against TRY;</b>				
1 - Net asset / liability of USD	(9.489.629)	9.489.629	-	-
2 - Amount hedged for USD risk (-)	-	-	-	-
<b>3- Net Effect of U.S. Dollar (1+2)</b>	<b>(9.489.629)</b>	<b>9.489.629</b>	<b>-</b>	<b>-</b>
<b>Change in 20% of the EURO against TRY;</b>				
4 - Net asset / liability of EUR	(29.173.477)	29.173.477	-	-
5 - Amount hedged for EUR risk (-)	-	-	-	-
<b>6- Net Effect of EURO (4+5)</b>	<b>(29.173.477)</b>	<b>29.173.477</b>	<b>-</b>	<b>-</b>
<b>Change in 20% of the GBP against TRY;</b>				
7- Other foreign currency net asset / liability	450	(450)	-	-
8- Part of hedged protected from other currency risk (-)	-	-	-	-
<b>9- Net Effect of GBP(7+8)</b>	<b>450</b>	<b>(450)</b>	<b>-</b>	<b>-</b>
<b>TOTAL (3+6+9)</b>	<b>(38.662.656)</b>	<b>38.662.656</b>	<b>-</b>	<b>-</b>



#### **48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**

##### **b.3.2) Interest rate risk management**

Leading to fluctuations in the fair value of financial instruments or future cash flows by changes in market interest rates cause the necessity of dealing with interest rate risk of the Group.

Hedging is evaluated as regular in order to be compatible with interest rate expectations and defined risk. Thus, it is aimed that the creation of optimal hedging strategy, reviewing of the balance sheet and keeping interest expenses under control at different interest rates.

##### **b.3.3) Price Risk**

Because there are no share certificates as classified trading financial assets at group's financial statement, price is not available. (31.12.2014: None)

#### **49.FINANCIAL INSTRUMENTS (FAIR VALUE EXPLANATION AND PROTECTION OF FINANCIAL HEDGE ACCOUNTING EXPLANATION)**

##### **Fair Value**

Fair value is defined as price between willing parties who are into making a sale or purchase.

Financial assets and liabilities in foreign currency are converted to market prices at statement of financial position date.

Methods and assumptions below are used to predict fair value of each financial instrument in case when it is possible to determine fair value of these instruments.

##### **Financial Assets**

The fair value of certain financial assets carried at cost, including cash at banks, marketable securities plus the respective accrued interest are considered to approximate their respective carrying values. The carrying values of the trade receivables net of provisions for uncollectible receivables are considered to approximate their fair values. The carrying value of the financial assets is considered to approximate their fair values.

##### **Financial Liabilities**

Values of monetary liabilities and trade payables are considered close to their fair value because of short term nature. Bank loans are stated with their discounted cost and transaction cost will be added to initial cost of loans. Book value of loans is considered close to its fair value because of updates in changed market conditions and interest rates. Book value of trade payables is considered as close to its fair value cause of being short termed.

The fair value of financial assets and liabilities are determined as follows:

*First Level:* Financial assets and liabilities are appricated from stock price traded in active market for similiar assets and liabilities.

*Second Level:* Financial assets and liabilities are appricated from inputs used determining observable price in the market as direct or indirect with the exception of the price is stated in first level.

*Third Level:* Financial assets and liabilities are appricated from inputs based on unobservable data in the market in determining the fair value of an asset or liability.

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**49.FINANCIAL INSTRUMENTS (FAIR VALUE EXPLANATION AND PROTECTION OF FINANCIAL HEDGE ACCOUNTING EXPLANATION) (Continued)**

Level classification of financial instruments with fair value is as follows;

Because there are no financial assets with its fair value, are not included level classification table.

**30.06.2015**

	<b>Financial Assets with Fair Value</b>	<b>Loans and Receivables (Includes Cash and Cash Equivalent)</b>	<b>Financial Assets Available for Sale</b>	<b>Financial Liabilities with Amortized Value</b>	<b>Book Value</b>	<b>Notes</b>
<b>Financial Assets</b>						
Cash and Cash Equivalent	-	122.130.470	-	-	122.130.470	53
Trade receivables	-	40.334.520	-	-	40.334.520	6-7
Other receivables	-	6.255.241	-	-	6.255.241	6-9
<b>Financial Liabilities</b>						
Financial payables	-	-	-	339.697.765	339.697.765	47
Trade payables	-	-	-	53.827.282	53.827.282	6-7
Other payables	-	-	-	5.722.902	5.722.902	6-9

**31.12.2014**

	<b>Financial Assets with Fair Value</b>	<b>Loans and Receivables (Includes Cash and Cash Equivalent)</b>	<b>Financial Assets Available for Sale</b>	<b>Financial Liabilities with Amortized Value</b>	<b>Book Value</b>	<b>Notes</b>
<b>Financial Assets</b>						
Cash and Cash Equivalent	-	70.907.968	-	-	70.907.968	53
Trade receivables	-	28.553.915	-	-	28.553.915	6-7
Other receivables	-	5.417.105	-	-	5.417.105	6-9
<b>Financial Liabilities</b>						
Financial payables	-	-	-	240.506.879	240.506.879	47
Trade payables	-	-	-	39.552.629	39.552.629	6-7
Other payables	-	-	-	3.963.524	3.963.524	6-9

The Group's management believes that the recorded values of financial instruments reflects their fair values .

**Derivative Financial Instruments (Futures Agreements)**

The Group does not engage in derivative transactions in the foreign exchange markets.

**50. SUBSEQUENT EVENTS**

1) It is decided to increase the capital of Çan Kömür ve İnşaat A.Ş. from 25.500.000 TRY to 102.000.000 TRY in the scope of 20th article of Electric Market License Regulation of Energy Market Regulatory Authority and this general assembly is registered by İstanbul Registry of Commerce in 24.07.2015.

2) The company plans to the coal supply and sales center form near its mine in Çanakkale. In the scope of this strategy, the mining license İR:17517 numbered is purchased by the subsidiary of Yel Enerji Elektrik Üretim Sanayi Ticaret A.Ş. in the district of Bayramiçi, Çanakkale and transferred procedures are completed.

**50.SUBSEQUENT EVENTS (Continued)**

The coal reserves in foresaid mining license area doesn't consist of a single large vessel like in Çan when we compare with primary reserve in Çan. It consists of various individual shallow sediments close to ground. This situation allows determined scale of coal minig and sales possibility before starting main production of our primary coal reserve in Çan together with thermic power plant.

It is evaluated the cost of outdoor business and market conditions in the scope of transferring mining license terms. In this framework, transfer cost will be calculated for the coal which is stripping less than 1/15 ratio in outdoor business mining and proved above the 3.200 kcal value. The amount of 1 million tons of coal which is stripped 1/15 ratio and 3.200 kcal at least will be prospected to transfer cost limited maximum 4 million USD. How little the amount of foresaid standard coal, the cost of transfer will be reduced at the same ratio. There will be no transfer cost for coal reserves which is not reached 1/15 outdoor business stripping and 3.200 kcal value. The 1 million USD advance is paid together with this transfer, the balance depending on the realization of the aforementioned criterion will be paid along 2 years after the date of 30.11.2017. Besides, the seller has a right of coal drawing in the amount of 35.000 tons. It is expected that this situation allows to start early for coal trade.

**51. OTHER ISSUES THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR REQUIRED FOR UNDERSTANDING OF THE FINANCIAL STATEMENTS**

None.

**52. FIRST IMPLEMENTATION OF TURKEY ACCOUNTING STANDARTS**

None.

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**53. EXPLANATION TO CASH FLOW STATEMENT**

**Cash and Cash Equivalents**

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Cash	15.359	12.511
Bank	122.114.811	70.766.388
- <i>Demand deposit</i>	2.960.089	-
- <i>Time deposit</i>	119.154.722	-
- <i>Blocked deposit</i>	-	-
Demand Checks	-	128.669
Other Current Assets	300	400
<b>TOTAL</b>	<b>122.130.470</b>	<b>70.907.968</b>

As of June 30, 2015 there is no blocked deposits of the Group (None December 31, 2014)

Amount of time deposits as of June 30, 2015 concerning the details are as follows:

<b>Currency Time Deposits</b>	<b>Maturity</b>	<b>Interest rate</b>	<b>June 30, 2015 TRY</b>
TRY	02.07.2015	9,00%	6.020.000
TRY	15.07.2015	9,35%	28.280.000
TRY	01.07.2015	7,25%	65.000
TRY	01.07.2015	9,00%	4.400.000
TRY	01.07.2015	7,25%	80.000
TRY	01.07.2015	7,25%	300.000
TRY	01.07.2015	10,25%	3.500.000
TRY	01.07.2015	10,25%	4.500.000
TRY	01.07.2015	10,25%	3.250.000
TRY	01.07.2015	10,25%	4.750.000
<b>TOTAL</b>			<b>55.145.000</b>

<b>Currency Time Deposits</b>	<b>Maturity</b>	<b>Interest rate</b>	<b>June 30, 2015 USD</b>
USD	01.07.2015	0,70%	123.000
<b>TOTAL</b>			<b>123.000</b>

<b>Currency Time Deposits</b>	<b>Maturity</b>	<b>Interest rate</b>	<b>June 30, 2015 EURO</b>
EURO	14.07.2015	1,55%	3.500.000
EURO	02.07.2015	0,25%	9.118.131
EURO	27.07.2015	1,50%	4.000.000
EURO	31.07.2015	1,50%	2.500.000
EURO	01.07.2015	0,30%	2.235.000
<b>TOTAL</b>			<b>21.353.131</b>

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**53. EXPLANATION TO CASH FLOW STATEMENT (Continued)**

As at December 31, 2014 amounting details on time deposits are as follows:

Currency Time Deposits	Maturity	Interest rate	December 31, 2014	
			USD	TRY
TRY	02.01.2015	7,00%	163.795	785.000
TRY	05.01.2015	7,75%	1.000.000	5.200.000
TRY	02.01.2015	10,00%	1.677.259	10.100.000
TRY	02.01.2015	8,25%	6.809.433	765.627
TRY	05.01.2015	7,75%	3.500.000	700.000
TRY	05.01.2015	7,75%	5.765.000	450.000
TRY	02.01.2015	8,23%	16.074.433	1.313
<b>TOTAL</b>			<b>2.841.054</b>	<b>18.001.940</b>

Currency Time Deposits	Maturity	Interest rate	December 31, 2014	
			USD	TRY
USD	12.01.2015	1,95%	163.795	379.823
USD	12.01.2015	2,00%	1.000.000	2.318.900
USD	26.01.2015	2,25%	1.677.259	3.889.395
<b>TOTAL</b>			<b>2.841.054</b>	<b>6.588.118</b>

Currency Time Deposits	Maturity	Interest rate	December 31, 2014	
			EUR	TRY
EUR	02.01.2015	0,04%	5.765.000	16.261.336
EUR	07.01.2015	1,75%	3.500.000	9.872.450
EUR	20.01.2015	1,90%	6.809.433	19.207.367
<b>TOTAL</b>			<b>16.074.433</b>	<b>45.341.153</b>

**54. EXPLANATIONS RELATED WITH EQUITY CHANGE TABLE**

The company's equity change table is presented as appropriate for explanatory notes and financial tables of basics which are published on June 07, 2013 and with no 2103/19 weekly newsletter by CMB.

Effect of accountant politics changes that explain in note 2, effect of accumulated gains/losses account and effects of accumulated other comprehensive incomes/expenses as proffit/loss restrospective which is shown in other comprehensive income are shown that equity change table.

**55. INTEREST, TAX, PROFIT BEFORE DEPRECIATION (EBITDA)**

This financial data, that is calculated as an income before finance, tax and depreciation is an indication of measured income without taking notice of finance, tax, expenses that are not required cash outflows, depreciation and redemption expenses of the company. This financial data also specified in the financial statements by some investors due to use in the measurement of the company's ability to repay the loans and/or additional loan. However, EBITDA should not be consider independently from financial statements. Also, EBITDA should not evaluate as an alternative to net income(loss), net cash flow derived from operating, investing and financing activities, financial data obtained from investing and financial activities or prepared according to IAS / IFRS, or other inputs obtained from financial instruments such as, business operating performance. This financial information should be evaluated together with other financial inputs that are contained in the statement of cash flow.

As the date of June 30, 2015 the amount of interest, tax, profit before depreciation is 18.662.471 TRY. (June 30, 2014: 10.770.955 TRY)