

**AKSA ENERJİ ÜRETİM A.Ş. AND  
ITS WHOLLY OWNED SUBSIDIARIES  
CONSOLIDATED FINANCIAL  
STATEMENTS  
TOGETHER WITH INDEPENDENT  
AUDITOR'S REPORT AS OF  
31 DECEMBER 2013**



# Grant Thornton

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**INDEPENDENT AUDITOR'S REPORT OF  
AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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

**Eren Bağımsız Denetim ve  
Yeminli Mali Müşavirlik A.Ş.**  
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1. We have audited the accompanying consolidated financial statements of Aksa Enerji Üretim A.Ş. and its wholly owned subsidiaries (together referred to as the Group) listed under Note 1 to the financial statements comprise the consolidated balance sheets as at 31 December 2013, and the consolidated statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

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

**Auditor's Responsibility**

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

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

**Opinion**

5. In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Aksa Enerji Üretim A.Ş. and its wholly owned subsidiaries as of 31 December 2013 and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

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



Nazım Hikmet  
Partner

Istanbul, 27 February 2014

**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS AS OF 31.12.2013 AND 31.12.2012**  
**(Currency - Turkish Lira)**

<b>ASSETS</b>	<b>Note</b>	<b>31.12.2013</b>	<b>31.12.2012</b>
<b>Current Assets</b>			
Cash and Cash Equivalents	4	22.348.803	40.569.510
Marketable Securities		-	345.577
Trade Receivables	5	142.313.363	245.916.937
Due from/to Related Parties and Shareholders, net	6	-	593.855.109
Inventory	7	249.987.417	135.537.555
Derivative Financial Instruments	26	2.666.029	-
Other Current Assets	8	77.381.201	84.572.714
		494.696.813	1.100.797.402
<b>Non-Current Assets</b>			
Trade Receivables, net	5	1.296.126	-
Investments	9	1.512.300	1.631.875
Property, Plant and Equipment	10	2.109.706.300	1.627.285.323
Goodwill	2	9.522.739	9.522.739
Intangible Assets	11	1.914.616	1.679.566
Other Non-Current Assets	8	113.229.077	87.012.756
Deferred Tax Asset	14	36.665.998	4.109.211
		2.273.847.156	1.731.241.470
<b>TOTAL ASSETS</b>		<b>2.768.543.969</b>	<b>2.832.038.872</b>

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

**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS AS OF 31.12.2013 AND 31.12.2012**  
**(Currency - Turkish Lira)**

<b>LIABILITIES</b>	<b>Note</b>	<b>31.12.2013</b>	<b>31.12.2012</b>
<b>Short Term Liabilities</b>			
Financial Liabilities	12	265.600.604	564.278.583
Trade Payables	13	326.131.640	284.736.320
Due to Related Parties and Shareholders	6	10.276.897	-
Taxation Payable on Income	14	7.456.747	6.620.636
Other Payables and Accrued Liabilities	15	14.845.668	11.676.935
		624.311.556	867.312.474
<b>Long Term Liabilities</b>			
Financial Liabilities	12	1.062.697.918	756.366.842
Retirement Pay Provision	16	3.006.953	2.173.676
Other Payables and Accrued Liabilities	15	1.296.126	-
Deferred Tax Liability	14	3.469.756	2.936.550
		1.070.470.753	761.477.068
<b>Shareholders' Equity</b>			
Share Capital	17	615.157.050	615.157.050
General Reserves	18	342.713.861	121.101.735
Actuarial Gain / (Loss)		(352.840)	(278.315)
Share Premium		247.403.635	247.403.635
Cash Flow Hedge Reserve	26	2.132.824	-
Net Profit / (Loss) for the Year		(133.292.870)	219.865.225
		1.073.761.660	1.203.249.330
Commitments and Contingencies	25		
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>2.768.543.969</b>	<b>2.832.038.872</b>

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

**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS ENDED 31.12.2013 AND 2012**  
(Currency - Turkish Lira)

<b>INCOME STATEMENT</b>	<b>Note</b>	<b>01.01.- 31.12.2013</b>	<b>01.01.- 31.12.2012</b>
Net Sales	19	1.785.968.095	1.840.637.761
Cost of Sales	20	(1.565.917.999)	(1.604.030.970)
<b>Gross Profit</b>		<b>220.050.096</b>	<b>236.606.791</b>
Research and Development Expenses	21	-	-
Marketing and Selling Expenses	21	(2.013.996)	(2.133.093)
General Administrative Expenses	21	(17.977.560)	(16.699.473)
Other operating income	22	5.015.737	6.663.442
Other operating expenses (-)	22	(8.736.651)	(21.410.965)
<b>Basic Operating Profit</b>		<b>196.337.626</b>	<b>203.026.702</b>
Income from investing activities	23	310.831	637.656
Expenses from investing activities (-)	23	(1.147.427)	(378.592)
Financing Income	24	142.803.491	221.023.721
Financing Expenses	24	(494.365.764)	(197.823.626)
<b>Profit / (Loss) Before Tax For The Year</b>		<b>(156.061.243)</b>	<b>226.485.861</b>
Taxation on Profit			
- Current	14	(9.788.414)	(6.620.636)
- Deferred	14	32.556.787	-
<b>NET PROFIT / (LOSS) FOR THE YEAR</b>		<b>(133.292.870)</b>	<b>219.865.225</b>
<b>Other Comprehensive Income:</b>			
<b>Items not to be reclassified to profit or loss in subsequent periods:</b>			
Actuarial gain / (loss)		(93.156)	(133.567)
Tax effect of actuarial loss from employee benefits		18.631	-
<b>Items to be reclassified to profit or loss</b>			
Cumulative gains/losses on hedging		2.666.029	-
		(533.206)	-
<b>Other Comprehensive Income for the period (after tax)</b>		<b>2.058.298</b>	<b>(133.567)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>(131.234.572)</b>	<b>219.731.658</b>
<b>Earnings before interest, tax, depreciation and amortization (EBITDA)</b>	<b>3</b>	<b>311.842.341</b>	<b>323.094.401</b>

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

**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED 31.12.2013 AND 2012**  
(Currency - Turkish Lira)

<b>SHAREHOLDERS' EQUITY</b>	<b>Share Capital</b>	<b>General Reserves</b>	<b>Actuarial Gain / (Loss)</b>	<b>Share Premium</b>	<b>Cash Flow Hedge Reserve</b>	<b>Net Profit / (Loss) for the Period</b>	<b>Total</b>
<b>Balance, 01.01.2012</b>	<b>579.487.932</b>	<b>242.940.489</b>	<b>-</b>	<b>96.523.266</b>	<b>-</b>	<b>(121.983.502)</b>	<b>796.968.185</b>
Adjustments for changing in accounting policies	-	144.748	(144.748)	-	-	-	-
<b>Balance, 01.01.2012 adjusted</b>	<b>579.487.932</b>	<b>243.085.237</b>	<b>(144.748)</b>	<b>96.523.266</b>	<b>-</b>	<b>(121.983.502)</b>	<b>796.968.185</b>
Transfer to reserves	-	(121.983.502)	-	-	-	121.983.502	-
Increase in share capital - in cash	35.669.118	-	-	-	-	-	35.669.118
Actuarial gain / (loss)	-	-	(133.567)	-	-	-	(133.567)
Adjustments for changing in accounting policies	-	-	-	-	-	-	-
Share premium	-	-	-	150.880.369	-	-	150.880.369
Net profit for the year	-	-	-	-	-	219.865.225	219.865.225
<b>Balance, 31.12.2012 adjusted</b>	<b>615.157.050</b>	<b>121.101.735</b>	<b>(278.315)</b>	<b>247.403.635</b>	<b>-</b>	<b>219.865.225</b>	<b>1.203.249.330</b>
<b>Balance, 01.01.2013</b>	<b>615.157.050</b>	<b>120.956.987</b>	<b>-</b>	<b>247.403.635</b>	<b>-</b>	<b>219.731.658</b>	<b>1.203.249.330</b>
Adjustments for changing in accounting policies	-	144.748	(278.315)	-	-	133.567	-
<b>Balance, 01.01.2013 adjusted</b>	<b>615.157.050</b>	<b>121.101.735</b>	<b>(278.315)</b>	<b>247.403.635</b>	<b>-</b>	<b>219.865.225</b>	<b>1.203.249.330</b>
Transfer to reserves	-	219.865.225	-	-	-	(219.865.225)	-
Actuarial gain / (loss)	-	-	(74.525)	-	-	-	(74.525)
Effective portion of changes in fair value of cash hedges	-	-	-	-	2.132.824	-	2.132.824
Acquisition of new companies	-	(445.884)	-	-	-	-	(445.884)
Division effect of Rasa Elektrik	-	2.192.785	-	-	-	-	2.192.785
Dividend paid	-	-	-	-	-	-	-
Net loss for the year	-	-	-	-	-	(133.292.870)	(133.292.870)
<b>Balance, 31.12.2013</b>	<b>615.157.050</b>	<b>342.713.861</b>	<b>(352.840)</b>	<b>247.403.635</b>	<b>2.132.824</b>	<b>(133.292.870)</b>	<b>1.073.761.660</b>

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

**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE YEARS ENDED 31.12.2013 AND 2012**  
**(Currency - Turkish Lira)**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>Note</b>	<b>01.01.- 31.12.2013</b>	<b>01.01.- 31.12.2012</b>
Net profit / (loss) before tax for the period		(156.061.243)	226.485.861
<u>Adjustment for:</u>			
Depreciation and amortization	10	111.783.801	105.320.176
Provision for employee termination benefits	16	1.163.245	365.226
Interest expense accruals on loans	12	(890.043)	(3.967.712)
Unrealised foreign exchange (gains) / losses on loans	12	195.753.185	(61.817.359)
Decrease in value of inventory	7	965.985	10.196.326
Change in allowance for doubtful trade receivables	18	(5.989)	95.000
Change in allowance for doubtful other receivables	8	(54.931)	-
Discount on receivables / (payables), net	5-13	(731.941)	2.059.607
Tax provision	14	(2.331.667)	-
<b>Operating profit before working capital changes</b>		<b>149.590.402</b>	<b>278.737.125</b>
Trade receivables	5	102.746.636	15.210.155
Inventory	7	(115.415.847)	(14.017.536)
Other current assets	8	7.246.444	(7.269.311)
Other non current assets	8	(26.216.321)	(43.623.072)
Trade payables	13	41.694.062	(76.574.356)
Other payables and accrued liabilities	15	4.464.859	(58.689.083)
Retirement Pay Provision	16	(404.492)	(164.650)
Taxes paid	14	(6.620.636)	(4.411.568)
<b>Net Cash Flows Generated From Operating Activities</b>		<b>157.085.107</b>	<b>89.197.704</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Assets Held For Sale	--	-	13.444.193
(Purchases) / Disposals of property, plant and equipment and intangible assets, net	10-11	(395.700.092)	(130.391.058)
Sales of marketable securities		345.577	37.715
<b>Net Cash Flows Used In Investment Activities</b>		<b>(395.354.515)</b>	<b>(116.909.150)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Financial liabilities	12	(187.210.045)	5.430.186
Due from/to related parties and shareholders	6	604.132.006	(233.845.670)
Share Premium		-	150.880.369
Division effect of Rasa Elektrik		2.192.785	-
Effect of Companies Included in Consolidation First Time		(199.066.045)	-
Share capital	17	-	35.669.118
<b>Net Cash Flows Generated From / (Used in) Financing Activities</b>		<b>220.048.701</b>	<b>(41.865.997)</b>
Net Increase / (Decrease) in Cash and Cash Equivalents		(18.220.707)	(69.577.443)
Cash and Cash Equivalents at Beginning of the Year		40.569.510	110.146.953
<b>Cash and Cash Equivalents at the End of the Year</b>		<b>22.348.803</b>	<b>40.569.510</b>

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



1  
**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2013 AND 2012**  
**(Currency - Turkish Lira)**

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**1. Organization and Nature of Activities**

Aksa Enerji Üretim A.Ş. (The Company) was established on 12 March 1997 for production and sale of electricity. The shares of Company have been registered in the Turkish Capital Markets Board (CMB) in May 2010 and the shares are now publicly traded on the Istanbul Stock Exchange. The public portion of the shares is 21,46% , 61,91% of the share capital is owned by Kazancı Holding A.Ş. and 16,62% of the share capital is owned by Goldman Sachs (note 17). As of 31 December 2013, the number of personnel employed by the Company is 259 (31.12.2012: 254) and the total number of personnel employed by the group is 584 (31.12.2012: 611).

The Company has the following electricity production plants:

- **Antalya Power Plant**

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

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

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

- **Manisa Power Plant**

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

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

- **Samsun Power Plant**

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

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

- **İncesu/ Çorum Power Plant**

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

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

- **Mardin Power Plant**

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

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

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**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2013 AND 2012**  
**(Currency - Turkish Lira)**

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The subsidiaries included in the consolidation as of 31 December 2013 are as follows:

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

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

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

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

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

As of 31 December 2013, the number of personnel employed by the Company is 79 (31.12.2012: 65).

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**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2013 AND 2012**  
**(Currency - Turkish Lira)**

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- **Rasa Elektrik Üretim A.Ş.:**

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

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

In November 2013, part of the manufacturing of radiators was split and received the title which was the Rasa Endüstriyel Radyatörler Sanayi ve Ticaret A.Ş..

As of 31.12.2013, Aksa Enerji Üretim A.Ş. does not have any partnership in the company. The company does not consolidated in the financial statements and shown as related party.

Aksa Enerji Üretim A.Ş. have been acquired the Company's 99,96 % shares. As of 31 December 2013, the number of personnel employed by the Company is 18 (31.12.2012: 109).

- **Deniz Elektrik Üretim Limited Şirketi:**

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

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

The Company established to produce electricity from wind energy. In 2004, the Company awarded two wind farm licences located in Sebenova/Hatay and Karakurt/Manisa, the production capacities of which are 30 MW and 10.8 MW respectively.

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

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

As of 31 December 2013, the number of personnel employed by the Company is 32 (31.12.2012: 25).

- **Baki Elektrik Üretim Limited Şirketi:**

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

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

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

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

As of 31 December 2013, the number of personnel employed by the Company is 23 (31.12.2012: 21).

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**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2013 AND 2012**  
**(Currency - Turkish Lira)**

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- **Rasa Enerji Üretim A.Ş.:**

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

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

The Company has licence for naturalgas power plant in Urfa which has a 270 MW capacity. The first construction period is completed in August 2011with an installed capacity of 129 MW and the Company started to generate electricity. The second portion of construction will be completed in 2017 and the total installed capacity of the plant will increase to 270 MW.

Investment of these naturalgas power plant waste-heat boilers and 11.7 MW steam turbine, and combined cycle investment completed and has been activated as of 08.10.2012.

As of 31 December 2013, the number of personnel employed by the Company is 81 (31.12.2012: 83).

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

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

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

As of 31 December 2013, the number of personnel employed by the Company is 18 (31.12.2012:16).

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

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

As of 31 December 2013, the number of personnel employed by the Company is 5 (31.12.2012: 4).

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

As of 17.08.2011, Aksa Enerji Üretim A.Ş. has purchased the 81% stake of from the Alenka's shareholders which has 67.5 MW of wind power plant with a total investment stage in Kırklareli-Kıyıköy, Kiblekayası-Hatay, Hatay-Yurttepe and Tekirdag-Sırakayalar. During 2012, as a result of the purchase of additional shares, the Group's effective ownership increased to 90,45%.

As of 31 December 2013, the number of personnel employed by the Company is 2 (31.12.2012: none).

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- **Aksa Göynük Enerji Üretim A.Ş.:**

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

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

The company targets to complete first phase of the energy power plant which has 135 MW capacity in 2014 and planning to produce 1 billion KWH of energy per year .

As of 31 December 2013, the number of personnel employed by the Company is 57 (31.12.2012: 34).

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

As of 31.05.2013, Aksa Enerji Üretim A.Ş. has purchased the 94% stake of from Kazancı Holding A.Ş. which has 34,85 MW of wind power plant in Balıkesir.

As of 31 December 2013, the number of personnel employed by the Company is 10.

- **Gesa Güç Sistemleri A.Ş.:**

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

As of 31 December 2013, there is no personnel employed by the Company.

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As of 31.12.2013, electricity production licences held by the Group are as follows:

Licence Owner	Area	Type of Facility	Date of Licence Started	Licence Duration	The capacity of the plant (MWe)	The capacity under operation (MWe)
Aksa Enerji	KKTC	Fuel oil			120	120
Aksa Enerji	Belen- Atik (İskenderun-Hatay)	WPP	13.03.2008	49 year	30	4
Aksa Enerji	Antalya	Natural Gas	13.11.2007	30 year	2.050	1.150
Aksa Enerji	Manisa	Natural Gas	21.02.2008	30 year	115	115
Aksa Enerji	İncesu-Ortaköy-Çorum	HPP	29.09.2005	40 year	15	15
Aksa Enerji	Mardin	Fuel oil	14.07.2011	49 year	32	32
Aksa Enerji	Samsun	Natural Gas	28.07.2011	49 year	131	131
Aksa Enerji	Erzincan (*)	HPP	17.01.2008	49 year	85	-
Aksa Enerji	Mersin (*)	HPP	14.06.2007	49 year	20	-
Aksa Enerji	Kayseri (*)	HPP	17.01.2008	49 year	30	-
Aksa Enerji	Bitlis İli, Kor Barajı (*)	HPP	30.10.2008	49 year	26	-
Aksa Enerji	Adana, Yamanlı 1 Reg. (*)	HPP	20.05.2010	49 year	24	-
Aksa Enerji	Bolu	Thermal	25.03.2008	30 year	270	-
Alenka	Kırklareli-Kıyıköy	WPP	04.04.2007	20 year	27	-
Ayres	Ayvacak	WPP	01.11.2007	25 year	5	5
Baki Elektrik	Merkez-Şamlı-Balıkesir	WPP	06.04.2004	49 year	114	114
Deniz Elektrik	Sebenoba-Gözene-Yayladağı-Samandağ-Hatay	WPP	04.06.2004	49 year	60	30
Deniz Elektrik	Karakurt-İlyaslar-Çakaltepe-Manisa	WPP	05.12.2003	49 year	11	11
İdil İki	Şırnak	Thermal	22.03.2007	20 year	24	24
İdil İki	Ordu	HPP	25.04.2008	49 year	62	-
Rasa Enerji	Van	Natural Gas	15.01.2009	49 year	115	115
Rasa Enerji	Şanlıurfa	Natural Gas	12.05.2011	49 year	270	129
Rasa Elektrik	Mardin	Fuel oil	22.03.2007	20 year	33	33
Kapıdağ	Balıkesir	WPP	12.12.2006	49 year	35	24
<b>Total</b>					<b>3.704</b>	<b>2.052</b>

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

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

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

**Basis of Consolidation**

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

The subsidiaries which have been included in consolidation and their shareholding percentages at 31 December 2013 and 31 December 2012 are as follows:

Name of Consolidated Entity	Effective Rate of Ownership (%)	
	31.12.2013	31.12.2012
1. Aksa Enerji Üretim Kıbrıs – Y.Ş. (Northern Cyprus)	100,00	100,00
2. Rasa Elektrik Üretim A.Ş.	99,96	99,96
3. Deniz Elektrik Üretim Limited Şirketi	99,99	99,99
4. Baki Elektrik Üretim Limited Şirketi	95,00	95,00
5. Rasa Enerji Üretim A.Ş.	99,99	99,99
6. İdil İki Enerji Sanayi ve Ticaret A.Ş.	99,99	99,99
7. Ayres Ayvacık Rüzgar Enerjisinden Elektrik Üretim Santrali Ltd. Şti.	99,00	99,00
8. Alenka Enerji Üretim ve Yatırım Ltd. Şti.	90,45	90,45
9. Aksa Göynük Enerji Üretim A.Ş.	99,99	99,99
10. Kapıdağ Rüzgar Enerjisi Elektrik Üretim Sanayi ve Ticaret A.Ş. (*)	94,00	-
11. Gesa Güç Sistemleri A.Ş. (**)	99,99	-

(\*) Kapıdağ Rüzgar Enerjisi Elektrik Üretim Sanayi ve Ticaret A.Ş. was acquired by on 31.05.2013 and was consolidated in financial statements on 31.12.2013 with its respective balance sheet amount and last seven months income statement amount.

(\*\*) Gesa Güç Sistemleri A.Ş. was acquired by on 02.04.2013 and was consolidated in financial statements on 31.12.2013 with its respective balance sheet amount and last nine months income statement amount.

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

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

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**Classification applied to financial statements as of 31 December 2012**

To allow for the detection of financial position and performance trends, the financial statements of the Group for the current period are prepared comparatively with the previous period. To ensure compliance with the presentation of the financial statements for the current period, comparative information may be reclassified when necessary.

- Within the scope of the amendments to IAS 19 – Employee benefits, actuarial gain/loss related to employee termination benefits are recognized under equity. This practice is effective for the periods starting as of 1 January 2013 and has been implemented retrospectively. In its statement of income, the Group has classified the actuarial gain amounting to TL 133.567 under other comprehensive income, which was recognized under “cost of sales” account in the period ended 31 December 2012.
- Income from sales of fixed assets amounting TL 637.656, which were disclosed under other operating income in previous periods are reclassified to income from investment activities.
- Loss from sales of fixed assets amounting TL 378.592, which were disclosed under other operating expense in previous periods are reclassified to expenses from investment activities.
- Discount on trade receivable expense amounting TL 638.677, which were disclosed under financing expense in previous periods are reclassified to other operating expense.
- Discount on trade payable income amounting TL 79.721, which were disclosed under financing income in previous periods are reclassified to other operating income.

**Reporting currency**

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



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**Goodwill**

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

Positive goodwill (included in the balance sheet):

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

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

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

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

<u>Cost (Deniz Elektrik)</u>	
Payment	2.880.310
(-)Positive /( Negative) Fair value of the asset acquired	429.750
<b>Goodwill</b>	<b>2.450.560</b>

As of 12.08.2010, the Group acquired additional 4,99 % and TL 2.450.560 worth of positive goodwill arose.

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

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

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Cost (Kapıdağ)

Payment (31.05.2013)	126.588.793
(-)Positive /( Negative) Fair value of the asset acquired	9.369.391
Goodwill	117.219.402

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

Positive goodwill (included in the income statement):

Cost (Alenka)

Payment	629.064
(-)Positive /( Negative) Fair value of the asset acquired	467.593
Goodwill	161.471

As of 01.10.2011, 80% of the shares of Alenka Enerji Üretim ve Yatırım Ltd. Şti. were acquired by the Group and TL 161.471 positive goodwill arose in the income statements. During 2012, as a result of additional payments amounting to TL 2.243.456 resulted in positive goodwill in the income statement.

Cost (Aksa Göynük)

Payment	1.308.200
(-)Positive /( Negative) Fair value of the asset acquired	518.615
Goodwill	789.585

As of 28.10.2011, 99,99% of the shares of Aksa Göynük Enerji Üretim A.Ş. were acquired by the Group and TL 789.585 positive goodwill arose in the income statement.

Cost (Gesa Güç Sistemleri)

Payment	50.000
(-)Positive /( Negative) Fair value of the asset acquired	-
Goodwill	50.000

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

**Inflation accounting**

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

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**Amendments in International Financial Reporting Standards**

The Group has applied new standards, amendments and interpretations to existing standards published by IASB and IFRIC that are effective as at 1 January 2013 and are relevant to the Group's operations.

**a) Standards, changes and interpretations effective from 1 January 2013:**

- IFRS 1 (Amendment), First Implementation of IFRS
- IFRS 7 (Amendment), Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities
- IAS 1 (Amendment), Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income
- IAS 19 (Amendment), Employee Benefits
- IAS 27 (Amendment), Separate Financial Statements
- IAS 28 (Amendment), Investments in Associates and Joint Ventures
- IFRS 10 (Amendment), Consolidated Financial Statements
- IFRS 11, Joint Arrangements
- IFRS 12, Disclosure of Interests in Other Entities
- IFRS 13, Fair Value Measurement
- IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine
- IFRS 10, IFRS 11 and IFRS 12 (Amendment), Transition Guidance
- Annual Improvements to IFRS 2011 is effective for annual periods beginning on or after 1 January 2013. Amendments effect five standards: IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34.

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

**b) Standards, changes and interpretations not effective on 31 December 2013:**

- IAS 32 (Amendment), Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities
- IFRS 9 Financial Instruments - Classification and Measurement
- IFRS 10 (Amendment), Consolidated Financial Statements
- IAS 36 (Amendment), Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets
- IAS 39 (Amendment), Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting

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

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**3. Summary of Significant Accounting Policies**

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

**Cash and cash equivalents**

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

**Trade receivables and allowance for doubtful receivables**

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

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

**Related parties**

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

**Trade payables**

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

**Derivative financial instruments**

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

**Inventory**

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

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

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

	<u>Year</u>
Buildings	10-50
Machinery and equipment (*)	10-40
Furniture, fixtures and office equipment	5-15
Motor vehicles	5-8
Intangible assets	2-49

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

	<u>Year</u>
Wind Electricity Powerhouse	20
Natural Gas Power Plants	20
Fuel Oil Power Plants	15
Hydroelectric Power Plants	40

**Financial liabilities**

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

Aksa Enerji Üretim A.Ş. has an export credit premium payable in connection with its long term loans used to finance the wind electricity, natural gas and other energy plants. In statutory financial statements, the Company recorded these both at assets (Other current and noncurrent assets – Note 8) and liabilities (Financial liabilities– Note 12) until the time of payment. As of 31 December 2013, TL 42.751.473 (USD 13.141.219, EURO 5.007.379) and 31 December 2012, TL 42.659.093 (USD 16.174.271, EURO 5.879.508) of export credit premium is netted off from assets and liabilities.

Deniz Elektrik Üretim Ltd. Şti. has an export credit premium payable in connection with its long term loans used to finance the wind electricity plant. In statutory financial statements, the Company recorded these both at assets (Other current and noncurrent assets – Note 8) and liabilities (Financial liabilities – Note 12) until the time of payment. As of 31 December 2013, TL 4.052.711 (USD 1.898.848) and 31 December 2012, TL 4.264.427(USD 2.392.251) of export credit premium is netted off from assets and liabilities.

Baki Elektrik Üretim Ltd. Şti. has an export credit premium payable in connection with its long term loans used to finance the wind electricity plant. In statutory financial statements, the Company recorded these both at assets (Other current and noncurrent assets – Note 8) and liabilities (Financial liabilities – Note 12) until the time of payment. As of 31 December 2013, TL 30.367.154 (USD 10.786.645 and EURO 2.501.351) and 31 December 2012, TL 27.781.943 (USD 11.985.161 and EURO 2.728.747) of export credit premium is netted off from assets and liabilities.

Rasa Enerji Üretim A.Ş. has an export credit premium payable in connection with its long term loans used to finance the wind electricity plant. In statutory financial statements, the Company recorded these both at assets (Other current and noncurrent assets – Note 8) and liabilities (Financial liabilities – Note 12) until the time of payment. As of 31 December 2013, TL 9.262.655 (EURO 3.154.318) and 31 December 2012, TL 9.152.949 (EURO 3.892.056) of export credit premium is netted off from assets and liabilities.

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**Impairment of assets**

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

**Taxation and deferred income taxes**

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

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

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

**Employee benefits / retirement pay provision**

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

**Operating expenses**

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

**Revenue recognition**

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

**Research and development costs**

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

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**Segment reporting**

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

**Offsetting**

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

**Foreign currency transactions and translation**

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

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

<b>Currency</b>	<b>31.12.2013</b>	<b>31.12.2012</b>
USD	2,1343	1,7826
EURO	2,9365	2,3517
CHF	2,3899	1,9430
GBP	3,5114	2,8708
JPY	0,0202	0,0207

**Provisions**

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

**Commitments and contingencies**

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

**Use of estimates**

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

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**Significant management judgment in applying accounting policies**

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

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

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

**EBITDA**

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

**4. Cash and Cash Equivalents**

	<b>31.12.2013</b>	<b>31.12.2012</b>
Cash on hand	49.728	87.517
Cash at banks		
- Demand account	6.448.210	15.716.567
- Time deposits and repurchase agreements (*)	13.736.330	24.753.552
Other liquid assets (**)	2.114.535	11.874
	<b>22.348.803</b>	<b>40.569.510</b>

(\*) As of 31 December 2013, the average term of the TL time deposit is 1 day and the effective interest rate on TL time deposit is 5,5% (31.12.2012: average term is between 2-18 days, interest rate is between 5,75%-8,50%).

The average term of the USD time deposit is 4 days and the effective interest rate on USD time deposit is 2,75% (31.12.2012: 4 days, interest rate is 2,75%) and the average term of Euro time deposits is between 31-51 days and the effective interest rate on Euro time deposits is between 0,10-0,60%.

Included in demand and time deposits, as of 31 December 2013 there is an amount of TL 16.623.250 (USD 6.000.000 and EURO 1.300.000) which is blocked as security for the financial liabilities of the Group (31.12.2012: TL 18.036.843 - USD 6.000.000 and EURO 3.121.675).

(\*\*) As of 31 December 2013, the amount consists of B type investment funds amounting to TL 2.114.535 (31.12.2012: TL 11.874).



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**5. Trade Receivables**

<b>Current trade receivables</b>	<b>31.12.2013</b>	<b>31.12.2012</b>
Customers' current accounts <sup>(*)</sup>	76.263.343	124.367.958
Trade receivables from related parties <sup>(**)</sup>	61.397.851	120.036.663
Notes receivable	4.806.690	2.100.036
Unearned interest on trade receivable (-)	(154.521)	(587.720)
Doubtful trade receivables	2.588.425	2.594.414
Provision for doubtful receivables (-)	(2.588.425)	(2.594.414)
	<b>142.313.363</b>	<b>245.916.937</b>

<sup>(\*)</sup> TL 20.264.680 (2012: TL 29.141.127) of trade receivables is assignable. It consists of bills of receivables issued by the Group for TEİAŞ, assigned as collateral for loans to banks.

<sup>(\*\*)</sup> The amount is detailed in note 6.

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

	<b>01.01.- 31.12.2013</b>	<b>01.01.- 31.12.2012</b>
Opening balances at 1 January	2.594.414	2.499.414
Increase in provisions	-	120.937
Reversal of provisions and collections received (-)	(5.989)	(25.937)
<b>Closing balance</b>	<b>2.588.425</b>	<b>2.594.414</b>

<b>Non - Current trade receivables</b>	<b>31.12.2013</b>	<b>31.12.2012</b>
Notes receivable	1.296.126	-
	<b>1.296.126</b>	<b>-</b>

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

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

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

As of 31 December 2013, Aksa Enerji has receivables from Kazancı Holding A.Ş., Koni İnşaat A.Ş. and Aksa Jeneratör Sanayi A.Ş. at a total amount of TL 6.027.503 (31.12.2012: TL 535.713.268) Aksa Jeneratör business valuation report has been prepared by an independent expert and signed on 24.02.2012. The independent value of Aksa Jeneratör A.Ş. is established at TL 752 million. Aksa Jeneratör Sanayi A.Ş. is almost wholly owned by Kazancı Holding A.Ş. Kazancı Holding has given all of Aksa Jeneratör's shares as guarantee in relation to Kazancı Holding, Koni İnşaat and Aksa Jeneratör liability to Aksa Enerji .

As of 31 December 2013 and 31 December 2012 the breakdown of the related parties balances are as follows:

Due from related parties	31.12.2013		31.12.2012	
	Trade	Non-Trade	Trade	Non-Trade
Aksa Afyon Doğalgaz Dağıtım A.Ş.	-	-	-	1.604.690
Aksa Doğal Gaz Toptan Satış A.Ş.	-	-	-	15.852
Aksa Elektrik Perakende Satış A.Ş.	-	772.433	-	51.546.223
Aksa Elektrik Toptan Satış A.Ş.	48.748.528	22	110.477.751	22
Aksa Gaz Dağıtım A.Ş.	-	-	136.124	3.048
Aksa International Ltd.	-	1.565.818	-	1.556.942
Aksa Jeneratör Sanayi A.Ş.	-	4.084	-	111.500.710
Aksa Makina Sanayi A.Ş.	-	-	-	24.236
Aksa Satış Ve Pazarlama A.Ş.	-	283.093	-	284.816
Aksa Servis Ve Yedek Parça A.Ş.	46.772	-	3.320	-
Aksa Teknoloji A.Ş.	-	-	-	93.792
Aksa Turizm İşletmeleri A.Ş.	-	-	-	254.901
Aksa Bilecik Bolu Doğal Gaz Dağıtım A.Ş.	-	-	-	519.181
Ceka Enerji Üretim A.Ş.	-	-	-	146.916
Aksa Çanakkale Doğalgaz Dağıtım A.Ş.	-	-	-	205.973
Çoruh Aksa Elektrik Hizmetleri A.Ş.	-	64.374	-	29.858
Çoruh Elektrik Dağıtım A.Ş.	-	1.504	389.668	-
Çoruh Elektrik Perakende Satış A.Ş.	1.340.441	-	-	-
Jiangyin Aksa Electrical	-	-	-	1.893
Aksa Düzce Ereğli Doğal Gaz Dağıtım A.Ş.	-	-	-	153.029
Aksa Elazığ Doğalgaz Dağıtım A.Ş.	-	-	-	19.798
Elektrik Altyapı Hizmetleri A.Ş.	-	-	49.750	36.906
Fatih Büyüktopçu	11.100.000	-	-	-

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Due from related parties (con't)	31.12.2013		31.12.2012	
	Trade	Non-Trade	Trade	Non-Trade
Fırat Elektrik Perakende Satış A.Ş.	-	4.470	-	-
Aksa Gemlik Doğal Gaz Dağıtım A.Ş.	-	-	-	103.466
Gesa Güç Sistemleri A.Ş.	-	-	-	11.006
Aksa Gümüşhane Bayburt Doğalgaz Dağıtım A.Ş.	-	-	-	3.998.326
Kapıdağ Rüzgar Enerji Santrali Ltd. Şti.	-	-	17.900	14.937.240
Aksa Karadeniz Doğalgaz Dağıtım A.Ş.	-	-	-	283.405
Kazancı Holding A.Ş.	-	-	-	395.640.245
Kazancı Teknik Cihazlar Yedek Parça A.Ş.	305.794	784	-	2.853.876
Koni İnşaat Sanayi A.Ş.	-	398.724	8.987.631	19.584.682
Koni Turizm San. Ve Ticaret A.Ş.	-	-	-	4.234
Aksa Malatya Doğalgaz Dağıtım A.Ş.	-	-	-	281.869
Aksa Mustafa Kemal Paşa Susurluk Doğalgaz Dağıtım A.Ş.	-	-	-	316.827
Onan Enerji Üretim A.Ş.	-	115.800	-	102.717
Aksa Ordu Giresun Doğalgaz Dağıtım A.Ş.	-	-	-	461.002
Rasa Endüstriyel Radyatörler San. A.Ş.	-	3.393.680	-	-
Siirt Akköy Enerji Üretim A.Ş.	-	3.959.541	-	-
Aksa Siirt Batman Doğalgaz Dağıtım A.Ş.	-	-	-	6.274.588
Aksa Şanlıurfa Doğalgaz Dağıtım Ltd. Şti.	-	-	-	807.774
Tasfiye Halinde S.S.Endüstriyel Ürün Üreticileri	-	-	-	2.112
Aksa Tokat Amasya Doğal Gaz Dağıtım A.Ş.	-	-	-	3.144.443
Aksa Trakya Doğal Gaz Dağıtım A.Ş.	-	-	-	19.878
Aksa Van Doğalgaz Dağıtım A.Ş.	-	-	-	743.565
Other	-	12.728	-	20.297
Unearned interest on trade receivables from related parties (-)	(143.684)	-	(25.481)	-
<b>Total</b>	<b>61.397.851</b>	<b>10.577.055</b>	<b>120.036.663</b>	<b>617.590.338</b>

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Due to related parties	31.12.2013		31.12.2012	
	Trade	Non-Trade	Trade	Non-Trade
Aksa Doğal Gaz Toptan Satış A.Ş.	-	-	2.403	4.755
Aksa Doğalgaz Dağıtım A.Ş.	-	-	-	10.766
Aksa Elektrik Perakende Satış A.Ş.	-	72.345	7.542	72.156
Aksa Elektrik Toptan Satış A.Ş.	654.961	205	53.256	60.833
Aksa Far East PTE Ltd.	-	916.448	-	916.448
Aksa Havacılık A.Ş.	84.064	-	291.128	-
Aksa Jeneratör Sanayi A.Ş.	-	665.525	34.887	13.432.801
Aksa Satış Ve Pazarlama A.Ş.	44.550	2.137	5.663	23.722
Aksa Servis Ve Yedek Parça A.Ş.	6.628	-	-	3
Anadolu Doğalgaz Dağıtım A.Ş.	-	-	156	8.156
Aksa Balıkesir Doğalgaz Dağıtım A.Ş.	-	-	1.626	7.892
Aksa Bandırma Doğalgaz Dağıtım A.Ş.	-	-	-	29.050
Aksa Teknoloji A.Ş.	211.919	-	-	-
Çoruh Elektrik Dağıtım A.Ş.	-	128.821	-	5.531
Deriş İnşaat A.Ş.	271.017	-	18.395	35.297
Elektrik Altyapı Hizmetleri Ltd. Şti.	599.290	-	-	32.112
Fırat Aksa Elektrik Hizmetleri A.Ş.	-	-	-	3.292
Fırat Elektrik Dağıtım A.Ş.	-	95.646	-	6.753.320
Aksa Gemlik Doğalgaz Dağıtım A.Ş.	-	-	6.654	-
Gesa Güç Sistemleri A.Ş.	-	-	-	42.168
Aksa Şanlıurfa Doğalgaz Dağıtım Ltd. Şti.	11.260.306	572	1.782.743	-
Kapıdağ Rüzgar Enerji Santrali Ltd. Şti.	-	-	2.026	103.723
Kazancı Holding A.Ş.	-	18.869.146	59.979	498.492
Kazancı Makina Ve Motor Ltd. Şti.	-	-	-	599
Kazancı Teknik Cihazlar Yedek Parça A.Ş.	583.108	-	151.883	114.292
Koni İnşaat Sanayi A.Ş.	14.058	32.176	39.555	820.263
Aksa Manisa Doğalgaz Dağıtım A.Ş.	9.995.820	-	5.504.744	-
Aksa Siirt Batman Doğalgaz Dağıtım A.Ş.	-	27.366	-	-
Rasa Endüstriyel Radyatör San. A.Ş.	-	17.210	-	-
Aksa Sivas Doğal Gaz Dağıtım A.Ş.	-	-	-	450.008
Renk Transmisyon San. A.Ş.	95.189	-	233.077	27.345
Real Makina İthalat İhracat Ltd.	-	-	43.953	279.763
Aksa Van Doğalgaz Dağıtım A.Ş.	10.239.185	-	4.595.674	-
Fırat Elektrik Perakende Satış A.Ş.	25.845	-	-	-
Unearned interest on trade payables from related parties (-)	(78.367)	-	(4.235)	-
Other	191	26.355	540	2.442
<b>Total</b>	<b>34.007.764</b>	<b>20.853.952</b>	<b>12.831.649</b>	<b>23.735.229</b>
<b>Due from / to related parties, net</b>	<b>27.390.087</b>	<b>(10.276.897)</b>	<b>107.205.014</b>	<b>593.855.109</b>

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**7. Inventory**

	31.12.2013	31.12.2012
Raw materials <sup>(*)</sup>	145.629.041	110.881.083
Work in process	31.208.070	357.240
Finished goods	-	7.856.807
Merchandise	119.692	1.340.327
Other inventory	84.669.774	15.578.947
Provision for diminution in value of inventory ( - )	(11.639.160)	(476.849)
	<b>249.987.417</b>	<b>135.537.555</b>

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

The movement for inventory value decrease is as follows:

	01.01.- 31.12.2013	01.01.- 31.12.2012
Opening balances at 1 January	476.849	506.698
Increase in provisions (note 22)	965.985	-
The amount classified as other inventory (note 10)	10.196.326	
Reversal of provisions and collections received (-)	-	(29.849)
<b>Closing balance</b>	<b>11.639.160</b>	<b>476.849</b>

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

<b>Other Current Assets</b>	<b>31.12.2013</b>	<b>31.12.2012</b>
VAT carried forward	29.850.166	18.587.541
Advances given for inventories	17.110.833	8.975.465
Other VAT <sup>(*)</sup>	6.315.359	40.849.407
Advances given for business purposes	6.073.452	592.333
Receivables from tax office	5.763.204	-
Prepaid expenses	5.558.512	3.609.212
Prepaid taxes and funds	5.438.677	10.823.801
Other doubtful receivables	498.451	553.382
Provision for other sundry receivables	(498.451)	(553.382)
Sundry debtors	1.270.998	1.134.955
	<b>77.381.201</b>	<b>84.572.714</b>

<sup>(\*)</sup> As of 31 December 2012, other VAT is related to export registered sales to Akso Elektrik Toptan Satış A.Ş. (a related party).

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

	01.01.- 31.12.2013	01.01.- 31.12.2012
Opening balances at 1 January	553.382	857.299
Increase in provisions	9.269	3.978
Reversal of provisions and collections received (-)	(64.200)	(198.260)
Write off uncollectable receivables	-	(109.635)
<b>Closing balance</b>	<b>498.451</b>	<b>553.382</b>

<b>Other Non Current Assets</b>	<b>31.12.2013</b>	<b>31.12.2012</b>
Advances given (*)	109.929.425	85.431.415
Deposits given (**)	3.282.371	1.542.022
Prepaid expenses	17.281	39.319
	<b>113.229.077</b>	<b>87.012.756</b>

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

(\*\*)As of 31 December 2013 , the amount of TL 1.107.695 (31 December 2012: TL 1.341.199) is related to collateral given to Takasbank in relation to receivables to be collected through TEİAŞ sales transactions.

## 9. Investments

	<b>Participation rate (%)</b>	<b>31.12.2013</b>	<b>31.12.2012</b>
Rasa Radiator (Jiangyin) Co. Ltd.	100,00	1.512.300	1.512.300
Kapıdağ Rüzgar Enerjisi Elektrik Üretim Sanayi ve Ticaret A.Ş.	-	-	119.575
I.S.P. A.Ş.	10,00	42.108	42.108
Provision for impairment of I.S.P. A.Ş.		(42.108)	(42.108)
		<b>1.512.300</b>	<b>1.631.875</b>

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

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**10. Property, Plant and Equipment**

	01.01.2013	Additions	Disposals	Transfer	Acquisition of new companies	Division effect of Rasa Elektrik	Transfer to Inventory	31.12.2013
<b>Cost</b>								
Land, land improvements and buildings	63.250.216	196.316	-	-	344.111	-	-	63.790.643
Leasehold improvements	826.494	46.412	-	-		(244.537)	-	628.369
Machinery and equipment	1.974.813.926	84.189.193	(35.577.728)	103.288.788	117.234.894	(3.216.967)	(965.985)	2.239.766.121
Motor vehicles	3.116.942	189.308	(941.293)	-	53.528	(216.894)	-	2.201.591
Furniture, fixtures and office equipment	12.108.687	891.855	(127.063)	-	96.507	(515.872)	-	12.454.114
Construction in progress	88.362.497	339.105.601	(16.051)	(103.288.788)	82.241.079	-	-	406.404.338
	2.142.478.762	424.618.685	(36.662.135)	-	199.970.119	(4.194.270)	(965.985)	2.725.245.176
<b>Accumulated Depreciation</b>								
Land improvements and buildings	1.321.134	332.010	-	-	11.430	-	-	1.664.574
Leasehold improvements	352.872	30.849	-	-		(154.537)	-	229.184
Machinery and equipment	503.835.688	109.728.225	(8.165.874)	-	1.165.378	(2.689.843)	-	603.873.574
Motor vehicles	1.957.040	247.777	(637.557)	-	36.151	(148.909)	-	1.454.502
Furniture, fixtures and office equipment	7.726.705	992.737	(49.467)	-	76.883	(429.816)	-	8.317.042
	515.193.439	111.331.598	(8.852.898)	-	1.289.842	(3.423.105)		615.538.876
<b>Net Book Value</b>	<b>1.627.285.323</b>	<b>313.287.087</b>	<b>(27.809.237)</b>	<b>-</b>	<b>198.680.277</b>	<b>(771.165)</b>	<b>(965.985)</b>	<b>2.109.706.300</b>

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	01.01.2012	Additions	Disposals	Transfer	Transfers from Assets Held for Sales	Provision for diminution in value of machinery	31.12.2012
<b>Cost</b>							
Land, land improvements and buildings	62.625.440	346.590	(354.471)	-	632.657	-	63.250.216
Leasehold improvements	526.388	300.678	(572)	-	-	-	826.494
Machinery and equipment <sup>(*)</sup>	1.922.447.668	66.053.221	(10.698.895)	6.900.582	307.676	(10.196.326)	1.974.813.926
Motor vehicles	3.513.673	57.321	(456.552)	-	2.500	-	3.116.942
Furniture, fixtures and office equipment	11.333.126	787.417	(186.554)	-	174.698	-	12.108.687
Construction in progress	30.175.848	52.487.847	-	(6.900.582)	12.599.384	-	88.362.497
	2.030.622.143	120.033.074	(11.697.044)	-	13.716.915	(10.196.326)	2.142.478.762
<b>Accumulated Depreciation</b>							
Land improvements and buildings	1.016.709	311.257	(21.573)	-	14.741	-	1.321.134
Leasehold improvements	300.661	52.221	(10)	-	-	-	352.872
Machinery and equipment	407.770.315	103.213.894	(7.261.742)	-	113.221	-	503.835.688
Motor vehicles	1.783.214	467.595	(295.977)	-	2.208	-	1.957.040
Furniture, fixtures and office equipment	6.715.443	1.026.123	(157.413)	-	142.552	-	7.726.705
	417.586.342	105.071.090	(7.736.715)	-	272.722	-	515.193.439
<b>Net Book Value</b>	<b>1.613.035.801</b>	<b>14.961.984</b>	<b>(3.960.329)</b>	<b>-</b>	<b>13.444.193</b>	<b>(10.196.326)</b>	<b>1.627.285.323</b>

<sup>(\*)</sup> The amount is related to provision calculated for damaged gas turbine of Antalya Power Plant.



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During the period ended 31 December 2013, TL 21.371.100 (31 December 2012: TL 8.573.194) of interest expenses and foreign exchange losses have been capitalized in accordance with IAS 23.

(\*\*) As of 31 December 2013, the breakdown of construction in progress are as follows:

	<b>Technical Completion</b>	<b>Investment Expenditures</b>
Bolu Göynük thermal power plant	81%	330.708.297
Kozbükü Ordu – HPP	18%	23.841.356
Sebenoba – Wind PP	90%	13.553.744
Kıyıköy – Wind PP	86%	13.029.397
Belen Atik - Wind PP	81%	9.676.211
Kapıdağ – Wind PP	92%	5.196.143
Other <sup>(*)</sup>		10.399.190
		<b>406.404.338</b>

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

The allocation of current period depreciation and amortization expenses for the periods ended 31 December 2013 and 2012 is as follows:

	<b>31.12.2013</b>	<b>31.12.2012</b>
Cost of sales	110.863.439	104.420.522
Marketing and selling expenses	155	-
General administrative expenses (note 21)	920.207	899.654
	<b>111.783.801</b>	<b>105.320.176</b>

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**11. Intangible Assets, net**

	<b>01.01.2013</b>	<b>Additions</b>	<b>Disposals</b>	<b>Acquisition of new companies</b>	<b>Division effect of Rasa Elektrik</b>	<b>31.12.2013</b>
<b>Cost</b>						
Rights	2.336.643	191.514	(7.750)	57.556	(2.630)	2.575.333
Other intangible assets	149.539	321.874	-	11.086	(119.475)	363.024
	2.486.182	513.388	(7.750)	68.642	(122.105)	2.938.357
<b>Accumulated Depreciation</b>						
Rights	768.213	329.335	(272)	6.708	(135.842)	968.142
Other intangible assets	38.403	122.868	-	2.475	(108.147)	55.599
	806.616	452.203	(272)	9.183	(243.989)	1.023.741
<b>Net Book Value</b>	<b>1.679.566</b>	<b>61.185</b>	<b>(7.478)</b>	<b>59.459</b>	<b>121.884</b>	<b>1.914.616</b>

	<b>01.01.2012</b>	<b>Additions</b>	<b>Disposals</b>	<b>31.12.2012</b>
<b>Cost</b>				
Rights	1.634.337	883.346	(181.040)	2.336.643
Other intangible assets	-	149.539	-	149.539
	1.634.337	1.032.885	(181.040)	2.486.182
<b>Accumulated Depreciation</b>				
Rights	579.805	210.683	(22.275)	768.213
Other intangible assets	-	38.403	-	38.403
	579.805	249.086	(22.275)	806.616
<b>Net Book Value</b>	<b>1.054.532</b>	<b>783.799</b>	<b>(158.765)</b>	<b>1.679.566</b>

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**12. Financial Liabilities**

	<b>31.12.2013</b>	<b>31.12.2012</b>
Short-term bank loans	26.482.120	236.093.416
Current portion of long-term bank loans	183.903.808	183.158.030
Factoring payables	-	91.182.338
Finance lease liabilities, net	42.920.733	40.660.813
Interest expense accruals	12.293.943	13.183.986
<b>Total short-term financial liabilities</b>	<b>265.600.604</b>	<b>564.278.583</b>
Long-term bank loans	969.617.722	665.692.578
Factoring payables	15.643.338	20.338.885
Finance lease liabilities, net	77.436.858	70.335.379
<b>Total long -term financial liabilities</b>	<b>1.062.697.918</b>	<b>756.366.842</b>
<b>Total financial liabilities</b>	<b>1.328.298.522</b>	<b>1.320.645.425</b>

As of 31 December 2013, the effective interest rate of the short term TL loans is between 6,95%-14,4% (31 December 2012: 9%-14,40%), USD loans is between 1,92%-8,81% (31 December 2012: 4,30%-8,00%) and EURO loans is between 2,40%-9,67% (31 December 2012: 3,65%-8,99%) .

As of 31 December 2013, USD loans is between 1,46%-8,64% (31 December 2012: 0,60%-8,67%) and EURO loans is between 1,99%-9,09% (31 December 2012: 1,99%-9,67%). As of 31 December 2013, the Group has no TL loans (31 December 2012: 6,37%-14,4%).

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

As of 31 December 2013, total amounting of corporate guarantees provided by Kazancı Family members and Kazancı Holding companies for the Group's bank borrowings is TL 3.159.136.410 (31 December 2012: TL 2.695.941.843).

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As of 31 December 2013, the repayment schedule of the short term and long term loans is as follows:

<b>Payment Year</b>	<b>EURO</b>	<b>USD</b>	<b>TL</b>	<b>Total TL Equivalent</b>
Payable in 1 year	26.283.800	62.306.022	223.812	210.385.928
Payable in 1-2 years	21.563.176	38.831.013	-	146.197.297
Payable in 2-3 years	18.839.000	47.576.235	-	156.862.682
Payable in 3-4 years	17.034.007	43.221.485	-	142.267.977
Payable in 4-5 years	17.634.487	37.038.506	-	130.834.954
Payable over 5 years	28.403.508	145.269.132	-	393.454.812
<b>Total</b>	<b>129.757.978</b>	<b>374.242.393</b>	<b>223.812</b>	<b>1.180.003.650</b>

**Factoring Payables**

As of 31 December 2013 and 31 December 2012, the breakdown of the factoring payables is as follows:

	<b>31.12.2013</b>	<b>31.12.2012</b>
Short-term:		
Yapı ve Kredi Faktoring A.Ş. (*)	-	29.182.338
Girişim Faktoring A.Ş.	-	37.000.000
Garanti Faktoring A.Ş.	-	25.000.000
Total short term	-	91.182.338
Long-term:		
Yapı ve Kredi Faktoring A.Ş. (*)	15.643.338	20.338.885
Total long term	15.643.338	20.338.885
<b>Total</b>	<b>15.643.338</b>	<b>111.521.223</b>

(\*)As of 31.12.2013, TL 15.643.338 (31.12.2012: TL 49.521.223) of total liabilities has occurred by the service purchase agreement signed via leasing between KIBTEK and the Group which is based on electricity receivable for the future periods by factoring. As of 31 December 2013, TL 20.562.076 (31.12.2012: TL 13.907.457) of KIBTEK receivables is netted off from assets and liabilities.

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**Lease Payables**

The Group acquired machinery and equipment via financial leasing. As of 31 December 2013, the repayment schedule of leasing obligations is as follows:

<b>Payment Year</b>	<b>EURO</b>	<b>USD</b>	<b>Total TL Equivalent</b>
Payable in 1 year	4.933.643	13.321.974	42.920.733
Payable in 1-2 years	4.631.174	10.349.959	35.689.359
Payable in 2-3 years	3.686.381	3.011.124	17.251.700
Payable in 3-4 years	2.194.956	24.187	6.497.110
Payable over 4 years	6.129.300	-	17.998.689
<b>Total</b>	<b>21.575.454</b>	<b>26.707.244</b>	<b>120.357.591</b>

**13. Trade Payables**

	<b>31.12.2013</b>	<b>31.12.2012</b>
Suppliers' current accounts (*)	292.624.349	271.388.807
Trade payables to related parties (**)	34.007.764	12.831.649
Notes payable	-	486.350
Unearned interest on trade payable (-)	(500.473)	(201.731)
Other	-	231.245
	<b>326.131.640</b>	<b>284.736.320</b>

(\*) As of 31.12.2013 TL 148.248.181 (31.12.2012, TL 186.073.238) of the amount is related to letter of credits which are in relation to import of spare parts and small equipments for power plants.

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

**14. Taxation Payable on Income**

The corporation tax rate in Turkey on the profits for the calendar year 2013 is 20% (2012: 20%). Taxable profits are calculated by modifying accounting income for certain exclusions and allowances for tax purposes from the profit disclosed in the statutory income. No other taxes are paid unless profits are distributed. In Turkey, no taxes are withheld from undistributed profits, profits added to share capital (bonus shares) and dividends paid to other resident companies. Other than those, profits distributed in dividends to individuals and non-resident companies are subject to withholding at the rate of 15%.

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

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The tax liabilities included in the accompanying financial statements comprised:

	<b>31.12.2013</b>	<b>31.12.2012</b>
<u>a) Included in the income statement:</u>		
Current tax charge	(9.788.414)	(6.620.636)
Deferred tax	32.556.787	-
	<b>31.12.2013</b>	<b>31.12.2012</b>
<u>b) Included in the balance sheet:</u>		
Taxation payable on income (current)	7.456.747	6.620.636
Deferred tax assets	36.665.998	4.109.211
Deferred tax liabilities	3.469.756	2.936.550

**Deferred taxes**

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

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

	<b>01.01.- 31.12.2013</b>
Restatement differences on fixed assets	(2.182.648)
Foreign currency losses written off	33.342.538
Provision for diminution in value of inventory	2.232.462
Interest expense accruals on bank loans	(708.696)
Other	(249.208)
<b>Deferred tax assets / (liabilities), net</b>	<b>32.434.448</b>
Effect of new companies	(392.235)
Deferred tax assets / (liabilities), net on comprehensive income	514.574
<b>Current period deferred tax income</b>	<b>32.556.787</b>

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15. Other Payables and Accrued Liabilities

Current	31.12.2013	31.12.2012
Taxes and dues payable	5.935.444	5.354.940
Order advances received	4.027.100	2.340.728
Due to personnel	1.788.689	1.471.566
Deposits received	1.268.148	867.102
Social security premiums payable	603.135	520.976
Provision for lawsuits	423.900	423.900
Deferred rent income	361.151	-
Other	438.101	697.723
	<b>14.845.668</b>	<b>11.676.935</b>

Non - Current	31.12.2013	31.12.2012
Order advances received	1.296.126	-
	<b>1.296.126</b>	<b>-</b>

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**16. Retirement Pay Provision**

Under the Turkish Labour Law, the Group is required to pay employment termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). The provision is made in respect of all eligible employees, at a rate of 30 days gross pay for each year of service. The rate of pay is that ruling at the respective balance sheet dates, subject to a maximum of TL 3.254,44 per year as of 31.12.2013 (31.12.2012 : TL 3.033,98 per year).

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

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

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

	31.12.2013	31.12.2012
Discount rate %	9,25	9,25
Inflation rate %	7,00	5,00

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

	01.01.- 31.12.2013	01.01.- 31.12.2012
Balance at 1 January	2.173.676	1.839.533
Service cost	1.247.002	402.072
Interest cost	72.397	63.933
Payments	(156.154)	( 265.429)
Actuarial difference	93.156	133.567
Acquisition of new companies	4.136	--
Division effect of Rasa Elektrik	(427.258)	
<b>Balance at the end of the year</b>	<b>3.006.953</b>	<b>2.173.676</b>

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

	01.01.- 31.12.2013	01.01.- 31.12.2012
Cost of Sales	981.045	159.599
General administrative expenses (Note21)	182.200	40.977
	<b>1.163.245</b>	<b>200.576</b>



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**17. Share Capital**

The issued and paid up share capital of Aksa Enerji Üretim A.Ş. comprised 613.169.118 (31 December 2012: 613.169.118) shares of par value TL 1 each at 31 December 2013.

	31.12.2013	%	31.12.2012	%
Kazancı Holding A.Ş.	379.622.977	61,91	500.005.330	81,54
Goldman Sachs	101.911.765	16,62	81.529.412	13,30
Public Share	131.600.000	21,46	31.600.000	5,15
Other	34.376	(*)	34.376	(*)
Historic share capital	613.169.118	100,00	613.169.118	100,00
Inflation adjustment to share capital	1.987.932		1.987.932	
<b>Inflation adjusted share capital</b>	<b>615.157.050</b>		<b>615.157.050</b>	

(\*) Less than 0.01

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

**18. General Reserves**

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

The legal reserves are appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. The legal reserves are not available for distribution unless they exceed 50% of the paid-in share capital but may be used to offset losses in the event that the general reserve is exhausted.

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

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**19. Net Sales**

	01.01.- 31.12.2013	01.01.- 31.12.2012
<b>Total Sales – MWH / Unit</b>		
Energy sales – MWH <sup>(*)</sup>	9.108.576	9.783.623
Radiator sales – unit	8.039	9.623
Generator sales – unit	8	-
<b>Total Sales – Amount</b>	<b>01.01.- 31.12.2013</b>	<b>01.01.- 31.12.2012</b>
Electricity Sales	1.764.294.823	1.799.188.748
Total Lignite Sales and Transportation Income	7.819.974	3.585.318
Radiator Sales	7.206.199	8.871.231
Natural Gas Equipments	61.045	20.799.985
Other	6.586.054	8.192.479
<b>Total Sales</b>	<b>1.785.968.095</b>	<b>1.840.637.761</b>

<sup>(\*)</sup> In 2013, the Group have produced 7.803,78 Gwh (2012: 8.808 Gwh) electricity , in addition to the production, the Group have received from TEİAŞ's Load Rejection Order (YAT: Yük Atma Talimatı) and therefore sold 1.304,79 Gwh (2012: 976 Gwh) additional electricity. Thereby, the total amount of electricity sales reached to 9.108,57 Gwh (2012: 9.784 Gwh) and according to the calculation made by considering the weighted averages the average selling price is 183,33 TL/mws (2012: 178 TL/mws) . The Group's average capacity utilization rate is 55,83% (2012: 60%).

Total amount of balancing invoices issued by TEİAŞ in 01.01.-31.12.2013 is TL 94.449.676 (01.01.-31.12.2012: TL 52.788.091), which has been added to the cost of sales account.

**20. Cost of Sales**

	01.01.- 31.12.2013	01.01.- 31.12.2012
Cost of Energy Sales	1.554.559.510	1.565.844.898
Cost of Lignite Sales	10.280.434	4.493.697
Cost of Radiator Sales	5.816.099	7.358.548
Cost of Natural Gas Equipments Sales	59.214	20.237.371
Cost of Other Sales	(4.797.258)	6.096.456
<b>COST OF SALES</b>	<b>1.565.917.999</b>	<b>1.604.030.970</b>

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

	<b>01.01.- 31.12.2013</b>	<b>01.01.- 31.12.2012</b>
Marketing, selling and distribution expenses	2.013.996	2.133.093
General administrative expenses	17.977.560	16.699.473
	<b>19.991.556</b>	<b>18.832.566</b>

Breakdown of operating expenses are as follows:

	<b>01.01.- 31.12.2013</b>	<b>01.01.- 31.12.2012</b>
<b>Marketing, selling and distribution expenses</b>		
Freight and freight insurance	1.591.664	1.424.814
Personnel salaries and bonus payments	109.889	132.290
Travelling expenses	38.590	20.873
Advertising expenses	32.520	170.030
Motor vehicle expenses	27.231	9.901
Other marketing expenses	214.102	375.185
	<b>2.013.996</b>	<b>2.133.093</b>

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	01.01.- 31.12.2013	01.01.- 31.12.2012
<b>General administrative expenses</b>		
Personnel expenses	9.716.898	7.582.046
Traveling expenses	1.565.670	1.915.976
Consultancy expenses	1.021.498	842.355
Depreciation and amortisation expenses (note 10)	920.207	899.654
Taxes paid	689.148	1.685.492
Office expenses	572.191	137.597
Court and notary expenses	287.084	288.778
Motor vehicle expenses	263.880	65.613
Rent expenses	234.269	206.108
CMB enrollment deposit	211.374	634.870
Repair and maintenance expenses	196.402	451.957
Retirement pay provision expense (note 16)	182.200	40.977
Electricity and water expenses	180.119	175.682
Fuel expenses	166.605	253.069
Representation expenses	118.549	199.103
Communication expenses	110.289	188.185
Insurance expenses	107.968	78.676
Doubtful debts provision expense (note 5-8)	9.269	124.915
Provision for court case	-	399.750
Other	1.423.940	528.670
	<b>17.977.560</b>	<b>16.699.473</b>

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

	01.01.- 31.12.2013	01.01.- 31.12.2012
<b>Other Income</b>		
Income on insurance claims	2.442.307	2.113.085
Return of Osmaniye OSB Land	457.198	-
Return of expropriation	433.215	-
Discount on trade payable	728.310	79.721
Doubtful debt provision released	70.189	224.197
Tax provision released	-	1.565.897
Severance pay provision released	-	31.083
Warranty provision released	-	29.849
Other income	884.518	2.619.610
	<b>5.015.737</b>	<b>6.663.442</b>

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<b>Other Expenses</b>	<b>01.01.- 31.12.2013</b>	<b>01.01.- 31.12.2012</b>
Letter of guarantee payment <sup>(*)</sup>	(5.078.425)	-
Decrease in value of machinery and equipments (notes 7-10) <sup>(**)</sup>	(965.985)	(10.196.326)
Compensation and penalty expenses	(855.246)	(3.567.435)
Donation and grants	(442.132)	(328.261)
Discount on trade receivable	(263.382)	(638.677)
Reversal of licence fee	-	(1.727.580)
Positive goodwill from the acquisition of Alenka and Aksa Göynük	-	(2.996.107)
Other expense	(1.131.481)	(1.956.579)
	<b>(8.736.651)</b>	<b>(21.410.965)</b>

<sup>(\*)</sup>Cancellation expenses of gurantees deposited at Turkisch Coal Authority in relation to Karlıova, Bingöl (TL 3.002.000) and termination of electricity licences paid to EMRA in relation to Kiblekayası and Sırakayalar (TL 2.076.425).

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

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

	01.01.- 31.12.2013	01.01.- 31.12.2012
<b>Income from investing activities</b>		
Profit on sale of fixed assets	310.831	637.656
	<b>310.831</b>	<b>637.656</b>

	01.01.- 31.12.2013	01.01.- 31.12.2012
<b>Expenses from investing activities (-)</b>		
Loss on sale of fixed assets	(1.147.427)	(378.592)
	<b>(1.147.427)</b>	<b>(378.592)</b>

**24. Financing Income and Financing Expenses**

	01.01.- 31.12.2013	01.01.- 31.12.2012
<b>Financing income</b>		
Foreign exchange gains	101.443.872	148.431.573
Interest income on related parties	29.220.296	62.682.187
Interest income on time deposits at banks	12.139.323	9.909.961
	<b>142.803.491</b>	<b>221.023.721</b>

	01.01.- 31.12.2013	01.01.- 31.12.2012
<b>Financing expenses</b>		
Foreign exchange losses	(388.884.437)	(85.268.829)
Interest expense on bank loans	(88.756.458)	(91.827.414)
Letters of guarantee and bank commission expenses	(12.402.842)	(12.681.148)
Interest expense on related parties	(4.240.792)	(8.000.511)
Other	(81.235)	(45.724)
	<b>(494.365.764)</b>	<b>(197.823.626)</b>

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**25. Commitments and Contingencies**

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

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

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<b>31.12.2012</b>	<b>TL</b>	<b>USD</b>	<b>EUR</b>	<b>TL Equivalent</b>
Botaş-Petroleum Pipeline Corporation	-	11.084.184	-	19.758.666
Municipalities	780	-	-	780
Commerzbank AG	-	-	1.000.000	2.351.700
Ministry of environment and forestry	-	-	-	-
Public Waterworks Administration	3.076.000	-	-	3.076.000
Electricity distribution companies	1.670.424	-	-	1.670.424
The Electricity Generation Company	-	-	-	-
Energy Market Regulatory Authority (EMRA)	76.457.122	1.000.000	-	78.239.722
Custom offices	58.010	-	-	58.010
Undersecretariat of customs	-	-	250.000	587.925
Enforcement offices	670.944	-	-	670.944
Electricity Authority of KKTC	-	3.000.000	-	5.347.800
Special provincial administration	39.646	-	-	39.646
Republic of Turkey Prime Ministry	-	30.000.000	-	53.478.000
Privitization Administration	-	-	-	-
Turkey Electricity Distribuiton Company (TEDAS)	-	-	-	-
Turkey Electricity Transmission Company (TEIAS)	11.491.938	3.454.290	-	17.649.555
General Directorate of Turkish Coal	14.691.825	-	-	14.691.825
Other	150.000	-	-	150.000
<b>Total</b>	<b>108.306.689</b>	<b>48.538.474</b>	<b>1.250.000</b>	<b>197.770.997</b>



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

<b>Guarantee Types – 31.12.2013</b>	<b>Foreign Currency</b>	<b>Currency Amount</b>	<b>Total (TL)</b>
Commercial Enterprise Pledge <sup>(*)</sup>	USD	133.000.000	283.861.900
Machinery and Equipment Pledge <sup>(**)</sup>	EUR	24.914.673	73.161.937
Bank Deposit Blockage (Note 4)	EUR	1.300.000	3.817.450
Bank Deposit Blockage (Note 4)	USD	6.000.000	12.805.800
Surety Ship	TL	513.179.500	513.179.500
Surety Ship	USD	1.057.931.034	2.257.942.206
Surety Ship	EUR	115.394.212	338.855.104
Surety Ship	GBP	14.000.000	49.159.600
Assignment of Claim	TL	227.400.000	227.400.000
Collateral Bond	EUR	856.856	2.516.158
Letters of guarantee	USD	6.772.700	14.454.974
Letters of guarantee	EUR	21.526.000	63.211.099
<b>Total</b>			<b>3.840.365.727</b>

<sup>(\*)</sup> The amount is related to Antalya power plant.

<sup>(\*\*)</sup> As of 31.12.2013, a collateral of TL 73.161.937 (EURO 24.914.673) (31.12.2012: TL 58.591.836 (EURO 24.914.673)) have been pledged on the machinery and equipment at the powerplant of Rasa Enerji Üretim A.Ş., a consolidated subsidiary.

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

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

The Group has signed a assignment agreement total amounting to TL 686.500.000 (31.12.2012: TL 839.000.000) in relation to the current financial debts. As of 31.12.2013, open risk amounted of assignment agreements is TL 227.400.000 (31.12.2012: TL 436.800.000).

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<b>Guarantee Types – 31.12.2012</b>	<b>Foreign Currency</b>	<b>Currency Amount</b>	<b>Total (TL)</b>
Mortgage	EUR	12.000.000	28.220.400
Commercial Enterprise Pledge	USD	133.000.000	237.085.800
Machinery and Equipment Pledge	EUR	24.914.673	58.591.836
Bank Deposit Blockage	EUR	3.121.676	7.341.245
Bank Deposit Blockage	USD	6.000.000	10.695.600
Surety Ship	TL	399.539.500	399.539.500
Surety Ship	USD	1.182.356.034	2.107.667.866
Surety Ship	EUR	63.164.212	148.543.277
Surety Ship	GBP	14.000.000	40.191.200
Assignment of Claim	TL	436.800.000	436.800.000
Collateral Bond	EUR	1.285.288	3.022.611
<b>Total</b>			<b>3.477.699.335</b>

**c) Guarantees given to related parties**

As of 31 December 2013, the amount of corporate guarantees granted to Kazancı Group companies in relation to their bank loans is at TL 1.402.259.559 (31.12.2012: TL 1.285.639.106). However, based on the Group's management presentation, the exposure risk relating to the Group's financial liabilities amounted to TL 102.585.618 as of 31.12.2013 (31.12.2012: TL 100.270.707).

As of 31 December 2013, there are 8 lawsuits pending in favour of the Group at the amount of TL 4.938.366 and there are 33 lawsuits pending against the Group at the amount of TL 3.190.497.

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

**26. Derivative Financial Instruments**

<b>Current derivative financial instruments asset</b>	<b>31.12.2013</b>	<b>31.12.2012</b>
Interest rate swap	2.666.029	-
<b>Total</b>	<b>2.666.029</b>	<b>-</b>

As of 31 December 2013, the Group uses interest rate derivatives to manage its exposure to interest rate fluctuations on its bank borrowings amount of TL 409.785.600 (USD 192.000.000).

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

The table below summarizes the foreign monetary position risk of the Group as of 31 December 2013 and 31 December 2012, the recorded amounts of the foreign monetary assets are kept by the Group and those of the payables in terms of total amounts and foreign exchange are as follows:

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

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<b>31.12.2012</b>	<b>USD</b>	<b>EUR</b>	<b>GBP</b>	<b>OTHER</b>	<b>TL Equivalent</b>
Cash and cash equivalents	6.970.549	4.012.011	13.707	4.812	21.904.909
Trade receivables	138.117	201.948	-	-	721.128
Due from related parties	882.746	-	-	-	1.573.583
Other non-current assets	234.325	29.156.075	-	-	68.984.049
Total foreign currency assets	8.225.737	33.370.034	13.707	4.812	93.183.669
Financial liabilities	491.680.469	145.568.549	-	-	1.218.803.157
Trade payables	66.150.394	31.619.270	50.144	-	192.422.683
Other current liabilities	-	75.900	-	-	178.494
Total foreign currency liabilities	557.830.863	177.263.719	50.144	-	1.411.404.334
<b>Net foreign currency position</b>	<b>(549.605.126)</b>	<b>(143.893.685)</b>	<b>(36.437)</b>	<b>4.812</b>	<b>(1.318.220.665)</b>

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**Supplementary Disclosures on financial instruments**

(a) Capital Management Policies and Procedures

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

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

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

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

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

The following table sets out the gearing ratios as of 31 December 2013 and 31 December 2012:

	<b>31.12.2013</b>	<b>31.12.2012</b>
Total financial liabilities	1.328.298.522	1.320.645.425
Less: cash and cash equivalents	(22.348.803)	(40.569.510)
Net financial debt	1.305.949.719	1.280.075.915
Total equity	1.073.761.660	1.203.249.330
Total financing used	2.379.711.379	2.483.325.245

<b>Gearing ratio (net financial debt to overall financing used ratio)</b>	<b>55%</b>	<b>52%</b>
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(b) Financial instruments and categories

**Financial assets**

Cash and cash equivalents	22.348.803	40.569.510
Trade receivables	143.609.489	245.916.937
	165.958.292	286.486.447

**Financial liabilities**

Financial payables	1.328.298.522	1.320.645.425
Trade payables	326.131.640	284.736.320
	1.654.430.162	1.605.381.745

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(c) Market risk

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

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

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

(d) Foreign currency risk

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

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

(e) Interest rate risk management

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

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

(f) Price risk

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

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**28. ADDITIONAL INFORMATION**

- a) The ISE material disclosure made by the Company on 09.11.2012:

The electricity sale agreement made in 2011 between shareholders of the Group, Kazancı Holding A.Ş.'s subsidiary, related company Akşa Elektrik Toptan Satış A.Ş. and Syria extended for one year for the annual 2 billion kWh (+ / - 25%) of energy exports to be made. Capacity of 500 MW in Syria than 1 year official approvals are required for the export of energy. Requirements for Syria to export 500 MW energy for one more year are approved officially. Proportion of energy needs of Syria, as well as 2011 and 2012, starting from now, will continue to purchase one more year. Akşa Elektrik Toptan Satış A.Ş. will supply energy to export from Akşa Enerji Üretim A.Ş. and its subsidiaries. On the other side, the current contract obligations are secured by the parties and Akşa Elektrik Toptan Satış A.Ş. has no receivables that is not collected. During 2013, the Company does not have electricity sales to Syria according to this agreement.

- b) According to the IMKB announcement of the Group as of 30.04.2013, published in the Official Gazette dated 30.03.2013, within the new Electricity Market Law No. 6446 Article 9, which entered into force, an application to EMRA (EPDK) for termination of the electricity production licences of the parent Company's interim Kuletaşı-Gümüşhane (30MW) and Kuru-Gümüşhane (15MW), the subsidiary, included in the consolidation İdil İki Enerji Sanayi ve Ticaret A.Ş.'s Olur-Erzurum (60MW), the subsidiary included in the consolidation Alenka Enerji Üretim ve Yatırım Ltd Şti.'s Yurttepe-Hatay (14MW) have been submitted.

In addition, the electricity production licences of consolidated subsidiary Alenka Enerji Üretim ve Yatırım Ltd Şti.'s Sırakayalar - Tekirdağ (12MW) and Kiblekayası - Hatay (15MW) and the Parent Company's Ayşehatun - Bitlis (82MW) have been terminated according to Licensing Regulation Article 15.. 24 MW power plant in the region of Hakkari on imported energy supplies fuel oil to be used as spare capacity due to increased transport of Mardin and Hakkari license applications have been submitted to EMRA (EPDK) for termination.

On the other hand, Rasa Enerji Üretim A.Ş., included in the consolidation as a subsidiary, entitled to receive a license for Akçay-1/Denizli (15MW) and Akçay-2/Denizli (10MW) projects, has acquired all of the shares of Gesa Güç Sistemleri A.Ş. with a price of TL 50.000.

**29. SUBSEQUENT EVENTS**

As of 31.12.2013 the construction in progress is comprised of the investment related to the wind power plant Project in Belen/Atik with 30 MW installed capacity. As of 15.02.2014 the phase with 14 MW capacity has been activated with the Ministry permission.

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**Appendix 1: Related Parties**

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

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



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

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

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

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

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

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1 Rasa Radiator (Jiangyin) Co. Ltd.

Radiator