

**AKSA ENERJİ ÜRETİM A.Ş. AND  
ITS WHOLLY OWNED SUBSIDIARIES  
CONSOLIDATED FINANCIAL  
STATEMENTS  
TOGETHER WITH INDEPENDENT  
AUDITOR'S REPORT AS OF  
31 DECEMBER 2012**

**INDEPENDENT AUDITOR'S REPORT OF  
AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**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 2012, 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.

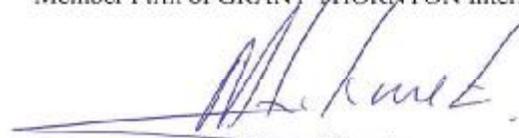
**Opinion**

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 2012 and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

**Emphasis of Matter**

6. The new shareholding structure and the capital increase amounting to TL 35.669.118 in November 2012 is not registered in the Turkish Trade Registry as of the report date (note 17).

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



Nazım Hikmet  
Partner

Istanbul, 06 March 2013

**AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS AS OF 31.12.2012 AND 31.12.2011**  
**(Currency - Turkish Lira)**

<b>ASSETS</b>	<b>Note</b>	<b>31.12.2012</b>	<b>31.12.2011</b>
<b>Current Assets</b>			
Cash and Cash Equivalents	4	40.569.510	110.146.953
Marketable Securities		345.577	383.292
Trade Receivables	5	245.916.937	261.469.390
Due from/to Related Parties and Shareholders, net	6	593.855.109	360.009.439
Inventory	7	135.537.555	121.520.019
Other Current Assets	8	84.572.714	77.303.403
		1.100.797.402	930.832.496
<b>Assets Held For Sale</b>	24	-	13.444.193
<b>Non-Current Assets</b>			
Investments	9	1.631.875	1.631.875
Property, Plant and Equipment	10	1.627.285.323	1.613.035.801
Goodwill	2	9.522.739	9.522.739
Intangible Assets	11	1.679.566	1.054.532
Other Non-Current Assets	8	87.012.756	43.389.684
Deferred Tax Asset	14	4.109.211	4.109.211
		1.731.241.470	1.672.743.842
<b>TOTAL ASSETS</b>		<b>2.832.038.872</b>	<b>2.617.020.531</b>

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

**AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS AS OF 31.12.2012 AND 31.12.2011**  
**(Currency - Turkish Lira)**

<b>LIABILITIES</b>	<b>Note</b>	<b>31.12.2012</b>	<b>31.12.2011</b>
<b>Short Term Liabilities</b>			
Financial Liabilities	12	564.278.583	489.549.669
Trade Payables	13	284.736.320	359.498.367
Taxation Payable on Income	14	6.620.636	4.411.568
Other Payables and Accrued Liabilities	15	11.676.935	70.366.018
		<b>867.312.474</b>	<b>923.825.622</b>
<b>Long Term Liabilities</b>			
Financial Liabilities	12	756.366.842	891.450.641
Retirement Pay Provision	16	2.173.676	1.839.533
Deferred Tax Liability	14	2.936.550	2.936.550
		<b>761.477.068</b>	<b>896.226.724</b>
<b>Shareholders' Equity</b>			
Share Capital	17	615.157.050	579.487.932
General Reserves	18	120.956.987	242.940.489
Share Premium		247.403.635	96.523.266
Net Profit / (Loss) for the Year		219.731.658	(121.983.502)
		<b>1.203.249.330</b>	<b>796.968.185</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>2.832.038.872</b>	<b>2.617.020.531</b>

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

**AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS ENDED 31.12.2012 AND 31.12.2011**  
(Currency - Turkish Lira)

INCOME STATEMENT	Note	01.01.- 31.12.2012	01.01.- 31.12.2011
Net Sales	19	1.840.637.761	1.315.389.404
Cost of Sales	20	(1.604.164.537)	(1.088.025.556)
<b>Gross Profit</b>		<b>236.473.224</b>	<b>227.363.848</b>
Research and Development Expenses	21	-	(18.468)
Marketing and Selling Expenses	21	(2.133.093)	(3.048.577)
General Administrative Expenses	21	(16.699.473)	(16.021.120)
<b>Basic Operating Profit</b>		<b>217.640.658</b>	<b>208.275.683</b>
Other Income	22	7.221.377	1.683.251
Other Expenses	22	(21.150.880)	(52.953.876)
Financing Income	23	221.103.442	108.080.638
Financing Expenses	23	(198.462.303)	(381.605.696)
<b>Profit / (Loss) Before Tax For The Year</b>		<b>226.352.294</b>	<b>(116.520.000)</b>
Taxation on Profit			
- Current	14	(6.620.636)	(5.453.222)
- Deferred	14	-	-
<b>Profit / (Loss) After Tax For The Year</b>		<b>219.731.658</b>	<b>(121.973.222)</b>
Discontinued Operations	24	-	(10.280)
<b>NET PROFIT / (LOSS) FOR THE YEAR</b>		<b>219.731.658</b>	<b>(121.983.502)</b>
<b>Earnings before interest, tax, depreciation and amortization (EBITDA)</b>	3	<b>322.960.834</b>	<b>300.768.899</b>

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

**AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED 31.12.2012 AND 31.12.2011**  
**(Currency - Turkish Lira)**

<b>SHAREHOLDERS' EQUITY</b>	<b>Share Capital</b>	<b>General Reserves</b>	<b>Share Premium</b>	<b>Net Profit / (loss) for the Year</b>	<b>Total</b>
<b>Balance, 01.01.2011</b>	<b>579.487.932</b>	<b>173.652.620</b>	<b>95.999.686</b>	<b>69.427.025</b>	<b>918.567.263</b>
Transfer to reserves	-	69.427.025	-	(69.427.025)	-
Effect of first time aggregation of Ayres Ayvacık Rüzgar Enerjisi	-	(134.612)	-	-	(134.612)
Share premium	-	-	523.580	-	523.580
Dividend paid	-	(4.544)	-	-	(4.544)
Net loss for the year	-	-	-	(121.983.502)	(121.983.502)
<b>Balance, 31.12.2011</b>	<b>579.487.932</b>	<b>242.940.489</b>	<b>96.523.266</b>	<b>(121.983.502)</b>	<b>796.968.185</b>
Increase in share capital - in cash	35.669.118	-	-	-	35.669.118
Share premium	-	-	150.880.369	-	150.880.369
Transfer to reserves	-	(121.983.502)	-	121.983.502	-
Net profit for the year	-	-	-	219.731.658	219.731.658
<b>Balance, 31.12.2012</b>	<b>615.157.050</b>	<b>120.956.987</b>	<b>247.403.635</b>	<b>219.731.658</b>	<b>1.203.249.330</b>

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

**AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE YEARS ENDED 31.12.2012 AND**  
**31.12.2011**  
**(Currency - Turkish Lira)**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>Note</b>	<b>01.01.- 31.12.2012</b>	<b>01.01.- 31.12.2011</b>
Net profit / (loss) for the year		219.731.658	(121.983.502)
<u>Adjustment for:</u>			
Depreciation and amortization	10	105.320.176	92.545.581
Provision for employee termination benefits	16	365.226	531.785
Interest expense accruals on loans	12	(3.967.712)	5.087.288
Unrealised foreign exchange (gains) / losses on loans	12	(61.817.359)	228.166.957
Decrease in value of machinery and equipments	10	10.196.326	-
Effect of first time aggregation of Ayres, Alenka and Aksa Göynük	18	-	(134.612)
Change in allowance for doubtful trade receivables	5	95.000	326
Discount on receivables / (payables), net	5-13	2.059.607	(1.352.331)
Tax provision	14	6.620.636	4.411.568
<b>Operating profit before working capital changes</b>		<b>278.603.558</b>	<b>207.273.060</b>
Trade receivables	5	15.210.155	(148.550.812)
Inventory	7	(14.017.536)	(40.196.100)
Other current assets	8	(7.269.311)	(18.733.858)
Other non current assets	8	(43.623.072)	(23.117.808)
Trade payables	13	(76.574.356)	163.327.086
Other payables and accrued liabilities	15	(58.689.083)	60.446.867
Retirement Pay Provision	16	(31.083)	(24.164)
Taxes paid	14	(4.411.568)	(13.471.828)
<b>Net Cash Flows Generated From Operating Activities</b>		<b>89.197.704</b>	<b>186.952.443</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Assets Held For Sale	24	13.444.193	(530.814)
(Purchases) / Disposals of property, plant and equipment and intangible assets, net	10-11	(130.391.058)	(330.244.025)
Goodwill	2	-	(3.498.840)
Sales of marketable securities		37.715	(383.292)
(Purchase) / Disposal of equity participations, net	9	-	16.937
<b>Net Cash Flows Used In Investment Activities</b>		<b>(116.909.150)</b>	<b>(334.640.034)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Financial liabilities	12	5.430.186	(68.867.914)
Due from/to related parties and shareholders	6	(233.845.670)	247.859.824
Share Premium		150.880.369	523.580
Dividend Paid		-	(4.544)
Share capital	17	35.669.118	-
<b>Net Cash Flows Generated From / (Used in) Financing Activities</b>		<b>(41.865.997)</b>	<b>179.510.946</b>
Net Increase / (Decrease) in Cash and Cash Equivalents		(69.577.443)	31.823.355
Cash and Cash Equivalents at Beginning of the Year		110.146.953	78.323.598
<b>Cash and Cash Equivalents at the End of the Year</b>		<b>40.569.510</b>	<b>110.146.953</b>

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

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**AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2012 AND 2011**  
**(Currency - Turkish Lira)**

**1. Organization and Nature of Activities**

Aksa Enerji Üretim A.Ş. (The Company) was established on 12 March 1997 for production and sale of electricity. The shares of Company have been registered in the Turkish Capital Markets Board (CMB) in May 2010 and the shares are now publicly traded on the Istanbul Stock Exchange. The public portion of the shares is 5,15% , 0,26% of public shares part and 81,54% of the share capital is owned by Kazancı Holding A.Ş. and 13,30% of the share capital is owned by Goldman Sachs (note 17). As of 31 December 2012, the number of personnel employed by the Company is 254 (31.12.2011: 290) and the total number of personnel employed by the group is 611 (31.12.2011:660).

The subsidiaries included in the consolidation as of 31 December 2012 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	Northern Cyprus	100,00
2. Rasa Elektrik Üretim A.Ş.	Radiatorand	Turkey	99,96
3. Deniz Elektrik Üretim Limited Şirketi	Electricity production	Turkey	99,99
4. Baki Elektrik Üretim Limited Şirketi	Electricity production	Turkey	95,00
5. Rasa Enerji Üretim A.Ş.	Electricity production	Turkey	99,99
6. İdil İki Enerji Sanayi ve Ticaret A.Ş.	Electricity production	Turkey	99,99
7. Ayres Ayvacık Rüzgar Enerjisinden Elektrik Üretim Santrali Ltd. Şti.	Electricity production	Turkey	99,00
8. Alenka Enerji Üretim ve Yatırım Ltd. Şti.	Electricity production	Turkey	90,45
9. Aksa Göynük Enerji Üretim A.Ş.	Electricity production	Turkey	99,99

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

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

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

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

As of 31 December 2012, the number of personnel employed by the Company is 65 (31.12.2011: 55).

• **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 Konis İnşaat A.Ş. until 31.12.2012, the factory land is the property of Aksa Enerji Üretim A.Ş.

Aksa Enerji Üretim A.Ş. have been acquired the Company's 99,96 % shares. As of 31 December 2012, the number of personnel employed by the Company is 109 (31.12.2011: 105).

**AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2012 AND 2011**  
**(Currency - Turkish Lira)**

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- **Deniz Elektrik Üretim Limited Şirketi:**

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

In May 2004, Akxa Enerji Üretim A.Ş. acquired 95% of the shares of the Company. On 13.08.2010, Akxa Enerji Üretim A.Ş. has made the purchase of new shares participate in Deniz Elektrik Üretim Ltd. Şti. and raised its shares to 99.99%.

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

Karakurt/Manisa Wind Power Plant and Sebenova/Hatay Wind Power Plant became operational in June 2007 and April 2008, respectively. The Company sold its production to TEIAS and Akxa 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 2012, the number of personnel employed by the Company is 25 (31.12.2011: 50).

- **Baki Elektrik Üretim Limited Şirketi:**

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

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

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

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

As of 31 December 2012, the number of personnel employed by the Company is 21 (31.12.2011: 24).

**AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**(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 Akxa 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 120 MW capacity. The construction period is completed in August 2011 and the Company started to generate electricity. 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 2012, the number of personnel employed by the Company is 83 (31.12.2011: 81).

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

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

The Company's 99.99% shares have been acquired by Akxa Enerji Üretim A.Ş. at 05.03.2010 from Koni İnşaat Sanayi A.Ş..

As of 31 December 2012, the number of personnel employed by the Company is 16 (31.12.2011: 21).

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

The Company has a wind power plant in Çanakkale Ayvacık with a capacity of 5 MW. The Company's 99.00% shares have been acquired by Akxa Enerji Üretim A.Ş. at 18.04.2011 from one of the related parties of Kazancı Holding.

As of 31 December 2012, the number of personnel employed by the Company is 4 (31.12.2011: 5).

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

As of 17.08.2011, Akxa 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-Yurtepe 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 2012, there is no personnel employed by the Company (31.12.2011: none).

**AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**(Currency - Turkish Lira)**

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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 99.993% 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 2012, the number of personnel employed by the Company is 34 (31.12.2011: 29).

**AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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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	Hakkari	Fuel oil	18.10.2007	10 year	24	24
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	30	30
Aksa Enerji	Samsun	Natural Gas	28.07.2011	49 year	130	130
Aksa Enerji	Bolu (*)	Thermal	25.03.2008	30 year	270	--
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	Pazarköy-Akyazı-Sakarya (*)	HPP	10.02.2005	40 year	26	--
Aksa Enerji		HPP	05.03.2009	49 year	30	--
Aksa Enerji	Gümüşhane İli, Kuletaşı Barajı (*)					
Aksa Enerji	Bitlis İli, Kor Barajı (*)	HPP	30.10.2008	49 year	26	--
Aksa Enerji	Koru Barajı (*)	HPP	17.06.2009	49 year	15	--
Aksa Enerji	Adana, Yamanlı 1 Reg. (*)	HPP	20.05.2010	49 year	24	--
Aksa Enerji		WPP	13.03.2008	49 year	30	--
	EğrikayaSırtı-Atikboynutepe- Atıkayasıtepe-Alacıkayatepe- Çardaklıtepe-İskenderun-Hatay (*)					
Alenka	Hatay-Yurttepe	WPP	04.04.2007	20 year	14	-
Alenka	Hatay-Meydan Kiblekayası	WPP	04.04.2007	20 year	15	-
Alenka	Tekirdağ-Sırakayalar	WPP	04.04.2007	20 year	12	-
Alenka	Kırklareli-Kıyıköy	WPP	04.04.2007	20 year	27	-
Ayres	Ayvacık	WPP	01.11.2007	25 year	5	5
Baki Elektrik	Merkez-Şanlı-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		WPP	05.12.2003	49 year	11	11
	Karakurt-İlyaslar-Çakaltepe-Manisa					
İdil İki	Şırnak	Thermal	22.03.2007	20 year	24	24
İdil İki	Ordu (*)	HPP	25.04.2008	49 year	62	--
İdil İki	Erzurum (*)	HPP	06.09.2007	49 year	60	--
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
<b>Total</b>					<b>3.862</b>	<b>2.045</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. and Aksa Göynük Enerji Üretim 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 2012 and 31 December 2011 are as follows:

Name of Consolidated Entity	Effective Rate of Ownership (%)	
	31.12.2012	31.12.2011
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	81,00
9. Aksa Göynük Enerji Üretim A.Ş. (***)	99,99	99,99

(\*) Ayres Ayvacık Rüzgar Enerjisinden Elektrik Üretim Santrali Ltd. Şti. was acquired on 18.04.2011 and was consolidated in financial statements on 31.12.2011 with its respective balance sheet amount and last six months income statement amount.

(\*\*) Alenka Enerji Üretim ve Yatırım Ltd. Şti. was acquired on 17.08.2011 and was consolidated in financial statements on 31.12.2011 with its respective balance sheet amount and last three months income statement amount.

(\*\*\*) Aksa Göynük Enerji Üretim A.Ş. was acquired on 28.10.2011 and was consolidated in financial statements on 31.12.2011 with its respective balance sheet amount and last two 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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**Reporting currency**

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

**Goodwill**

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

Positive goodwill (included in the balance sheet):

Cost (Baki Elektrik)	
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.

Cost (İdil İki)	
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.

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

As of 13.08.2010, the Group acquired additional 4.99 % and TL 2.450.560 worth of positive goodwill arose.

Cost (Ayres)	
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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Positive goodwill (included in the income statement):

<u>Cost (Alenka)</u>	
Payment	629.064
(-)Positive /( Negative) Fair value of the asset acquired	467.593
<u>Goodwill</u>	<u>161.471</u>

As of 01.10.2011, 81% 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.

<u>Cost (Aksa Göynük)</u>	
Payment	1.308.200
(-)Positive /( Negative) Fair value of the asset acquired	518.615
<u>Goodwill</u>	<u>789.585</u>

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.

**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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**Adoption of New and Revised International Financial Reporting Standards**

The Group applied the revised standards and interpretations that are relevant to its operations, published by International Accounting Standards Board (IASB) and International Accounting Standards Committee (IASC) and effective for financial statement which belong the period of 31 December 2012:

- IAS 24 (Revised), “Statements of Related Parties”
- IAS32 (Amendment), “Financial Tools: Presentation”
- IFRIC 14 (Amendment), “Advance Payment of Minimum Funding Requirement”
- IFRIC 19 (Interpretation), “Payment of Financial Debts with Financial Tools Based on Equity Capital”
- IFRS 3 (Amendment), “Business Combinations”
- IFRS 7 (Improvement), “Financial Tools: Explanations”
- IAS 1 (Improvement), “Presentation of Financial Statements”
- IAS 27 (Improvement), “Consolidated and Non-consolidated Financial Statements”
- IFRIC 13 (Improvement), “Customer Loyalty Programs”
- IAS 34 (Improvement), “Intermediary Period Financial Reporting”

**Standards, amendments and interpretations in issue but not yet effective and not early adopted by the Group:**

Following standarts and interpretations have published while this financial statements approving but it has not became effective yet:

- IFRS 9, “Financial Instruments”  
Effective from 01 January 2015
- IFRS 10, “Consolidated Financial Statements”  
Effective from 01 January 2013
- IFRS 11, “Common Regulations”  
Effective from 01 January 2013
- IFRS 12, “Explanations Concerning the Shares in Other Operations”  
Effective from 01 January 2013
- IFRS 13, “Fair value Measurement”  
Effective from 01 January 2013
- IAS 19, “Employee Benefits”  
Effective from 01 January 2013
- IAS 27, “Consolidated and Seperate Financial Statements”  
Effective from 01 January 2013
- IAS 28, “Investments in Associates and Joint Ventures”  
Effective from 01 January 2013
- IFRS 7 (Amendment), “Financial Instruments - Disclosures”  
Effective from 01 January 2013
- IAS 32 (Amendment), “Financial Instruments – Presentation: Offsetting Financial Assets and Financial Liabilities”  
Effective from 01 January 2014

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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.

**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.

**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

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(\* ) 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 2012, TL 42.659.093 (USD 16.174.271, EURO 5.879.508) and 31 December 2011, TL 47.138.486 (TL 104.874, USD 16.441.785 and EURO 6.537.258) 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 2012, TL 4.264.427(USD 2.392.251) and 31 December 2011, TL 5.450.711 (USD 2.885.653) 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 2012, TL 27.781.943 (USD 11.985.161 and EURO 2.728.747)and 31 December 2011, TL 32.126.869 (USD 13.183.677 and EURO 2.956.142) 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 2012, TL 9.152.949 (EURO 3.892.056) and 31 December 2011, TL 14.256.958 (TL 63.205, USD 1.017.917 and EURO 5.021.282) of export credit premium is netted off from assets and liabilities.

**Impairment of assets**

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

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**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.

**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.

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**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:

Currency	31.12.2012	31.12.2011
USD	1,7826	1,8889
EURO	2,3517	2,4438
CHF	1,9430	2,0062
GBP	2,8708	2,9170
JPY	0,0207	0,0243

**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.

**Significant management judgment in applying accounting policies**

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

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

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

**EBITDA**

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

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**4. Cash and Cash Equivalents**

	<b>31.12.2012</b>	<b>31.12.2011</b>
Cash on hand	87.517	156.601
Cash at banks		
- Demand account	15.716.567	49.044.997
- Time deposits and repurchase agreements (*)	24.753.552	45.945.366
Other liquid assets (**)	11.874	14.999.989
	<b>40.569.510</b>	<b>110.146.953</b>

(\*) As of 31 December 2012, the average term of the TL time deposit is 2-18 days and the effective interest rate on TL time deposit is between 5,75%- 8,50 % (31.12.2011: 1-4 days, interest rate is between 8,50%- 9,50%).

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

(\*) Included in time deposits, as of 31 December 2012 there is an amount of TL 18.036.843 (USD 6.000.000 and EURO 3.121.675) which is blocked as security for the financial liabilities of the Group (31.12.2011: TL 8.843.640 - USD 3.000.000 and EURO 1.300.000).

(\*\*) As of 31 December 2012, the amount consists of B type investment funds amounting to TL 11.874 (31.12.2011: TL 14.999.989).

**5. Trade Receivables**

	<b>31.12.2012</b>	<b>31.12.2011</b>
Customers' current accounts (*)	126.962.372	60.658.042
Trade receivables from related parties (*)	120.036.663	201.389.840
Notes receivable	2.100.036	2.261.344
Unearned interest on trade receivable (-)	(587.720)	(340.422)
Provision for doubtful receivables (-)	(2.594.414)	(2.499.414)
	<b>245.916.937</b>	<b>261.469.390</b>

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

(\*) TL 29.141.127 (2011: TL 3.178.700) of trade receivables is assignable.

The movement of the allowance for doubtful trade receivables is as follows:

	<b>31.12.2012</b>	<b>31.12.2011</b>
Opening balances at 1 January	2.499.414	2.499.088
Increase in provisions	120.937	326
Reversal of provisions and collections received (-)	(25.937)	-
<b>Closing balance</b>	<b>2.594.414</b>	<b>2.499.414</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.

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 535.713.268 (31.12.2011: TL 353.053.438) 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 2012 and 31 December 2011 the breakdown of the related parties balances are as follows:

Due from related parties	31.12.2012		31.12.2011	
	Trade	Non-Trade	Trade	Non-Trade
Aksa Afyon Doğalgaz Dağıtım A.Ş.	-	1.604.690	-	1.592
Aksa Elektrik Perakende Satış A.Ş.	-	51.546.223	-	1.898.650
Aksa Elektrik Toptan Satış A.Ş.	110.477.751	22	162.507.595	22
Aksa Gaz Dağıtım A.S.	136.124	3.048	7.781.097	-
Aksa International Ltd.	-	1.556.942	399.442	1.827.741
Aksa Jeneratör Sanayi A.Ş.	-	111.500.710	870.098	301.347
Aksa Power Generation Co.	-	14.750	9.135.428	-
Aksa Power Generation Fze.	-	-	-	1.394.782
Aksa Satış Ve Pazarlama A.Ş.	-	284.816	1.795	378.163
Anadolu Doğalgaz Dağıtım A.Ş.	-	196	-	1.062.139
Aksa Balıkesir Doğal Gaz Dağıtım A.Ş.	-	-	721.382	1.092
Aksa Bandırma Doğal Gaz Dağıtım A.Ş.	-	-	105.058	165
Aksa Bilecik Bolu Doğal Gaz Dağıtım A.Ş.	-	519.181	489.751	208
Ceka Enerji Üretim A.Ş.	-	146.916	-	50.859
Aksa Çanakkale Doğalgaz Dağıtım A.Ş.	-	205.973	431.227	1.526
Çoruh Elektrik Dağıtım A.Ş.	389.668	-	2.086.184	444
Aksa Düzce Ereğli Doğal Gaz Dağıtım A.Ş.	-	153.029	3.247.248	6.046
Aksa Gemlik Doğal Gaz Dağıtım A.Ş.	-	103.466	177.655	-
Gesa Güç Sistemleri A.Ş.	-	11.006	57.433	357.709
Aksa Gümüşhane Bayburt Doğalgaz Dağıtım A.Ş.	-	3.998.326	2.293.523	1.060.963
Kapıdağ Rüzgar Enerjisi Elektrik Üretim Sanayi ve Ticaret A.Ş.	17.900	14.937.240	-	43.246
Aksa Karadeniz Doğalgaz Dağıtım A.Ş.	-	283.405	-	47
Kazancı Holding A.Ş.	-	395.640.245	-	351.877.959
Kazancı Teknik Cihazlar Yedek Parça A.Ş.	-	2.853.876	-	1.949.572
Koni İnşaat Sanayi A.Ş.	8.987.631	19.584.682	-	4.034
Aksa Malatya Doğalgaz Dağıtım A.Ş.	-	281.869	1.884.712	69
Aksa Manisa Doğalgaz Dağıtım A.Ş.	-	-	523.890	440

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<b>Due from related parties (continuing)</b>	<b>31.12.2012</b>		<b>31.12.2011</b>	
	<b>Trade</b>	<b>Non-Trade</b>	<b>Trade</b>	<b>Non-Trade</b>
Aksa Mustafa Kemal Paşa Susurluk Doğalgaz Dağıtım A.Ş.	-	316.827	-	480
Onan Enerji Üretim A.Ş.	-	102.717	-	131.050
Aksa Ordu Giresun Doğalgaz Dağıtım A.Ş.	-	461.002	1.856.725	1.065
Aksa Siirt Batman Doğalgaz Dağıtım A.Ş.	-	6.274.588	1.924.936	458
Aksa Şanlıurfa Doğalgaz Dağıtım Ltd. Şti.	-	807.774	881.439	2.989.577
Aksa Tokat Amasya Doğal Gaz Dağıtım A.Ş.	-	3.144.443	-	5
Aksa Trakya Doğal Gaz Dağıtım A.Ş.	-	19.878	418.287	290.098
Aksa Van Doğalgaz Dağıtım A.Ş.	-	743.565	3.560.681	415.437
Other	53.070	488.932	34.254	1.127.884
Unearned interest on trade receivables from related parties (-)	(25.481)	-	-	-
<b>Total</b>	<b>120.036.663</b>	<b>617.590.337</b>	<b>201.389.840</b>	<b>367.174.869</b>

<b>Due to related parties</b>	<b>31.12.2012</b>		<b>31.12.2011</b>	
	<b>Trade</b>	<b>Non-Trade</b>	<b>Trade</b>	<b>Non-Trade</b>
Aksa Far East PTE Ltd.	-	916.448	-	860.367
Aksa Havacılık A.Ş.	291.128	-	185.836	-
Aksa Jeneratör Sanayi A.Ş.	34.887	13.432.802	790	1.779
Fırat Aksa Elektrik Hizmetleri A.Ş.	-	3.292	-	4.364.638
Fırat Elektrik Dağıtım A.Ş.	-	6.753.320	-	-
Aksa Şanlıurfa Doğalgaz Dağıtım Ltd. Şti.	1.782.743	-	-	102
Kapıdağ Rüzgar Enerjisi Elektrik Üretim Sanayi ve Ticaret A.Ş.	2.026	103.723	5.939	309
Kazancı Holding A.Ş.	59.979	498.492	-	-
Kazancı Teknik Cihazlar Yedek Parça A.Ş.	151.883	114.292	81.267	1.706
Koni İnşaat Sanayi A.Ş.	39.555	820.263	198.338	257.820
Aksa Manisa Doğalgaz Dağıtım A.Ş.	5.504.744	-	-	3.000
Aksa Sivas Doğal Gaz Dağıtım A.Ş.	-	450.008	-	632.732
Renk Transmisyon San. A.Ş.	233.077	27.345	-	-
Real Makina İthalat İhracat Ltd.	43.953	279.763	11.088	260.763
Aksa Van Doğalgaz Dağıtım A.Ş.	4.595.674	-	-	40.500
Unearned interest on trade payables from related parties (-)	(4.235)	-	-	-
Other	96.235	335.480	46.564	741.714
<b>Total</b>	<b>12.831.649</b>	<b>23.735.228</b>	<b>529.822</b>	<b>7.165.430</b>

<b>Due from / to related parties, net</b>	<b>107.205.014</b>	<b>593.855.109</b>	<b>200.860.018</b>	<b>360.009.439</b>
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**7. Inventory**

	<b>31.12.2012</b>	<b>31.12.2011</b>
Raw materials (*)	110.881.084	96.062.742
Other inventory	15.578.946	10.728.879
Finished goods	7.856.807	1.932.647
Merchandise	1.340.327	13.030.001
Work in process	357.240	272.448
Provision for diminution in value of inventory ( - ) (**)	(476.849)	(506.698)
	<b>135.537.555</b>	<b>121.520.019</b>

(\*) Raw materials are mainly comprised of fuel oil which is purchased on the basis of CIF (Cost, Insurance, and Freight Inclusive).

(\*\*) The movement for allowance for decrease in value of inventories

	<b>31.12.2012</b>	<b>31.12.2011</b>
Opening balance, 1 January	506.698	506.698
Cancelled (note 22)	(29.849)	--
<b>At the end of the year</b>	<b>476.849</b>	<b>506.698</b>

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

<b>Other Current Assets</b>	<b>31.12.2012</b>	<b>31.12.2011</b>
Other VAT (*)	40.849.407	36.176.813
VAT carried forward	18.587.541	4.902.759
Prepaid taxes and funds	10.823.801	6.127.826
Advances given for inventories	8.975.465	22.183.857
Prepaid expenses	3.609.212	6.280.769
Other doubtful receivables	553.382	857.299
Provision for other sundry receivables	(553.382)	(857.299)
Sundry debtors	1.727.288	1.631.379
	<b>84.572.714</b>	<b>77.303.403</b>

(\*) As of 31.12.2012 and 2011, other VAT is related to export registered sales to Akxa Elektrik Toptan Satış A.Ş. (a related party).

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The movement of the allowance for doubtful receivables is as follows:

	<b>31.12.2012</b>	<b>31.12.2011</b>
Opening balances at 1 January	857.299	2.353.312
Increase in provisions	3.978	14.832
Reversal of provisions and collections received (-)	(198.260)	(1.510.845)
Write off uncollectable receivables	(109.635)	-
<b>Closing balance</b>	<b>553.382</b>	<b>857.299</b>
<b>Other Non Current Assets</b>	<b>31.12.2012</b>	<b>31.12.2011</b>
Advances given (*)	85.431.415	42.670.267
Deposits given (**)	1.542.022	704.347
Prepaid expenses	39.319	15.070
	<b>87.012.756</b>	<b>43.389.684</b>

(\*) As of 31 December 2012 and 31 December 2011, advances given is mainly related to Akxa Göynük thermal power plant and other energy production power plants (note 1).

(\*\*) As of 31 December 2012 , the amount of 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>31.12.2012</b>	<b>31.12.2011</b>
Rasa Radiator (Jiangyin) Co. Ltd.	1.512.300	1.512.300
Kapıdağ Rüzgar Enerjisi Elektrik Üretim Sanayi ve Ticaret A.Ş.	119.575	119.575
I.S.P. A.Ş.	42.108	42.108
Provision for impairment of I.S.P. A.Ş.	(42.108)	(42.108)
	<b>1.631.875</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**

	01.01.2012	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 <sup>(**)</sup>	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>

(\*) The amount is related to provision calculated for damaged gas turbine of Antalya Power Plant (note 22).

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	01.01.2011	Additions	Disposals	Transfer	Acquisition of Ayres, Alenka and Göynük	31.12.2011
<b>Cost</b>						
Land, land improvements and buildings	61.757.220	903.073	(50.302)	-	15.449	62.625.440
Leasehold improvements	430.328	96.060	-	-	-	526.388
Machinery and equipment	1.282.518.015	412.110.611	(13.804.057)	240.541.742	1.081.357	1.922.447.668
Motor vehicles	3.489.748	542.982	(619.021)	-	99.964	3.513.673
Furniture, fixtures and office equipment	9.134.322	3.477.990	(1.287.422)	-	8.236	11.333.126
Construction in progress	349.527.035	(91.859.240)	-	(240.541.742)	13.049.795	30.175.848
	1.706.856.668	325.271.476	(15.760.802)	-	14.254.801	2.030.622.143
<b>Accumulated Depreciation</b>						
Land improvements and buildings	683.688	331.992	-	-	1.029	1.016.709
Leasehold improvements	240.623	60.038	-	-	-	300.661
Machinery and equipment	322.689.400	90.588.166	(5.516.262)	-	9.011	407.770.315
Motor vehicles	1.639.568	445.788	(313.804)	-	11.662	1.783.214
Fixtures and fittings	5.863.650	943.709	(92.658)	-	742	6.715.443
	331.116.929	92.369.693	(5.922.724)	-	22.444	417.586.342
<b>Net Book Value</b>	<b>1.375.739.739</b>	<b>232.901.783</b>	<b>(9.838.078)</b>	<b>-</b>	<b>14.232.357</b>	<b>1.613.035.801</b>

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As of 31 December 2012 the insurance amount on the Group's property plant and equipment is EURO 401.831.067 and USD 243.521.025 (31 December 2011, EURO 268.048.799, USD 202.720.973 and TL 166.880.215).

During the year ended 31 December 2012, TL 8.573.194 (31 December 2011 TL 41.220.101) of interest expenses and foreign exchange losses has been capitalized.

(\*\*) As of 31 December 2012, the breakdown of construction in progress are as follows:

	<b>Completion</b>	<b>Project value</b>
Bolu Göynük thermal power plant	39%	43.989.109
Cyprus Kalecik – Mobile PP	95%	13.287.716
Kıyıköy – Wind PP	22%	8.726.329
Sebenoba – Wind PP	23%	9.865.728
Other (*)	-	12.493.615
		<b>88.362.497</b>

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

The allocation of current period depreciation and amortization expenses for the years ended 31 December 2012 and 2011 is as follows:

	<b>31.12.2012</b>	<b>31.12.2011</b>
Cost of sales	104.420.522	92.143.684
General administrative expenses (note 21)	899.654	349.532
Discontinued operations	-	52.365
	<b>105.320.176</b>	<b>92.545.581</b>

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**11. Intangible Assets, net**

	<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>
	<b>01.01.2011</b>	<b>Additions</b>	<b>Acquisition of Ayres, Alenka and Göynük</b>	<b>31.12.2011</b>
<b>Cost</b>				
Rights	1.055.904	574.452	3.981	1.634.337
	1.055.904	574.452	3.981	1.634.337
<b>Accumulated Depreciation</b>				
Rights	403.754	175.888	163	579.805
	403.754	175.888	163	579.805
<b>Net Book Value</b>	<b>652.150</b>	<b>398.564</b>	<b>3.818</b>	<b>1.054.532</b>

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**12. Financial Liabilities**

	<b>31.12.2012</b>	<b>31.12.2011</b>
Short-term bank loans	236.093.416	174.963.109
Current portion of long-term bank loans	183.158.030	239.002.008
Factoring payables	91.182.338	26.800.114
Finance lease liabilities, net	40.660.813	31.632.740
Interest expense accruals	13.183.986	17.151.698
<b>Total short-term financial liabilities</b>	<b>564.278.583</b>	<b>489.549.669</b>
Long-term bank loans	665.692.578	769.181.009
Factoring payables	20.338.885	35.039.305
Finance lease liabilities, net	70.335.379	87.230.327
<b>Total long -term financial liabilities</b>	<b>756.366.842</b>	<b>891.450.641</b>
<b>Total financial liabilities</b>	<b>1.320.645.425</b>	<b>1.381.000.310</b>

As of 31 December 2012, the effective interest rate of the short term TL loans is between 9%-14,40% (2011: 7,65% - 18,62%), USD loans is between 4,30%-8,00%(2011: 3,65% - 8,25%) and EURO loans is between 3,65%-8,99% (2011: 2,70% - 7,12%) .

As of 31 December 2012, the effective interest rate of the long term TL loans is between 6,37%-14,40% (2011: 6,37% -14,40%), USD loans is between 0,60%-8,67% (2011: 0,60% - 8,66%) and EURO loans is between 1,99%-9,67% (2011: 2,32% - 6,24%).

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 (note 25-b).

As of 31 December 2012, total amounting of corporate guarantees provided by Aksa Group Companies and the Kazancı Family members for the Group's bank borrowings is TL 2.695.941.844 (31 December 2011: TL 2.747.665.576)

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As of 31 December 2012, the repayment schedule of the short term and long term loans is as follows:

Payment Year	EURO	USD	TL	Total TL Equivalent
2013	28.975.233	182.135.073	26.436.411	419.251.446
2014	21.370.521	76.979.444	221.874	187.702.485
2015	18.097.511	41.094.308	-	115.814.630
2016	14.602.971	28.120.721	-	84.469.804
2017	14.100.054	25.657.675	-	78.896.468
2018	12.708.248	21.069.521	-	67.444.515
2019	9.123.132	20.139.711	-	57.355.919
2020	4.935.932	11.090.722	-	31.378.152
2021	3.489.142	6.238.971	-	19.327.005
2022	2.042.353	6.238.973	-	15.924.595
2023	1.592.757	-	-	3.745.687
2024	1.544.975	-	-	3.633.318
<b>Total</b>	<b>132.582.829</b>	<b>418.765.119</b>	<b>26.658.285</b>	<b>1.084.944.024</b>

**Factoring Payables**

As of 31 December 2012 and 31 December 2011, the breakdown of the factoring payables is as follows:

	31.12.2012	31.12.2011
Short-term:		
Yapı ve Kredi Faktoring A.Ş. (*)	29.182.338	26.800.114
Girişim Faktoring A.Ş.	37.000.000	
Garanti Faktoring A.Ş.	25.000.000	-
<b>Total short term</b>	<b>91.182.338</b>	<b>26.800.114</b>
Long-term:		
Yapı ve Kredi Faktoring A.Ş. (*)	20.338.885	35.039.305
<b>Total long term</b>	<b>20.338.885</b>	<b>35.039.305</b>
<b>Total</b>	<b>111.521.223</b>	<b>61.839.419</b>

(\*)As of 31.12.2012, TL 49.521.223 (31.12.2011: TL 61.839.419) 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 2012, TL 13.907.457 (31.12.2011: TL 16.010.891) 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 2012, the repayment schedule of leasing obligations is as follows:

Payment Year	EURO	USD	Total TL Equivalent
2013	3.494.752	18.199.375	40.660.813
2014	3.042.527	12.864.562	30.087.479
2015	2.878.811	10.265.360	25.069.131
2016	1.968.451	3.805.719	11.413.281
2017	967.825	-	2.276.034
2018	633.354	-	1.489.454
<b>Total</b>	<b>12.985.720</b>	<b>45.135.016</b>	<b>110.996.192</b>

**13. Trade Payables**

	31.12.2012	31.12.2011
Suppliers' current accounts (*)	271.388.807	357.008.526
Trade payables to related parties (**)	12.831.649	529.822
Notes payable	486.350	-
Unearned interest on trade payable (-)	(201.731)	(2.014.040)
Other	231.245	3.974.059
	<b>284.736.320</b>	<b>359.498.367</b>

(\*) TL 186.073.238 (31.12.2011: TL 195.937.484) 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 2012 is 20% (2011: 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>31.12.2012</b>	<b>31.12.2011</b>
<b>a) Included in the income statement:</b>		
Current tax charge	(6.620.636)	(5.453.222)
	<b>31.12.2012</b>	<b>31.12.2011</b>
<b>b) Included in the balance sheet:</b>		
Taxation payable on income (current)	6.620.636	4.411.568
Deferred tax assets	4.109.211	4.109.211
Deferred tax liabilities	2.936.550	2.936.550

**Deferred taxes**

As of 31 December 2012 and 31 December 2011, the Group does not have material timing differences which will be reversed in the foreseeable future. Accordingly, the Group does not create any provision for deferred taxation.

**15. Other Payables and Accrued Liabilities**

<b>Current</b>	<b>31.12.2012</b>	<b>31.12.2011</b>
Taxes and dues payable	5.354.940	4.620.937
Order advances received	2.340.728	175.946
Due to personnel	1.471.567	1.493.373
Deposits received	867.102	1.157.226
Social security premiums payable	520.976	976.614
Provision for lawsuits	423.900	24.150
Provision for payment to EÜAŞ regarding Samsun Power Plant (note 22) (*)	-	54.572.496
Licence fee accrual to DSİ regarding Erzurum HPP(**)	-	7.200.000
Other	697.722	145.276
	<b>11.676.935</b>	<b>70.366.018</b>

(\*) Regarding to Akxa Enerji Üretim A.Ş.'s Samsun Power Plant, the ongoing disputed status with EÜAŞ since 2003, has been terminated by peace between the parties in 2011 and on 11.04.2011, a protocol was signed for the cost of rent paid by EÜAŞ in prior periods will be repaid by Akxa Enerji Üretim A.Ş. According this protocol, the accrued liability is to be paid by the Group with monthly installments between the dates of 10.01.2012 - 10.10.2012. As of 31.12.2012, the liability has been fully paid.

(\*\*) A protocol was reached with DSİ (Public Water Works Administration ) about HPP in Erzurum. According to this protocol, the liability to DSİ is to be paid by the Group with monthly installments (TL 600.000) in 2012. As of 31.12.2012, the liability has been fully paid.

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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 3.033,98 per year as of 31.12.2012 (31.12.2011 : TL 2.731,85 per year).

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

As of 31 December 2012 and 31 December 2011 in the accompanying financial statements in accordance with revised IAS 19 (Employee Benefits) the Group reflected a liability for termination benefits based upon factors derived using their experience of personnel terminating their services and being eligible to receive retirement pay and discounted to present value at the balance sheet date by using average market yield, expected inflation rate (5,0 %) and an appropriate discount rate (9,25 %).

	<b>31.12.2012</b>	<b>31.12.2011</b>
Balance at 1 January	1.839.533	1.331.912
Acquisition of new companies	-	65.463
Increase in employment termination benefits during the year	365.226	531.785
Provision released (note 22)	(31.083)	(89.627)
<b>Balance at end of the year</b>	<b>2.173.676</b>	<b>1.839.533</b>

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

	<b>01.01- 31.12.2012</b>	<b>01.01- 31.12.2011</b>
Cost of Sales	324.249	447.072
Marketing, selling and distribution expenses	--	25.375
General administrative expenses	40.977	59.338
	<b>365.226</b>	<b>531.785</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 2011: 577.500.000) shares of par value TL 1 each at 31 December 2012.

	<b>31.12.2012</b>	<b>%</b>	<b>31.12.2011</b>	<b>%</b>
Kazancı Holding A.Ş.	500.005.330	81,54	545.865.624	94,52
Goldman Sachs	81.529.412	13,30	-	-
Public Share	31.600.000	5,15	31.600.000	5,47
Other	19.251	(*)	19.251	(*)
Aksa Makina Sanayi A.Ş.	15.125	(*)	15.125	(*)
<b>Historic share capital</b>	<b>613.169.118</b>	<b>100,00</b>	<b>577.500.000</b>	<b>100,00</b>
Inflation adjustment to share capital	1.987.932		1.987.932	
<b>Inflation adjusted share capital</b>	<b>615.157.050</b>		<b>579.487.932</b>	

(\*) Less than 0.01

Kazancı Holding A.Ş., being the Parent Company of Aksa Enerji, has secured 400 million USD long term credit facility arranged by Goldman Sachs, China Development Bank, Garanti Bankası and İş Bankası. Class B shares representing 65.54% of issued capital of Aksa Enerji are pledged as security of the credit facility to Garanti Bankası acting as Security Agent.

The new shareholding structure and the capital increase amounting to TL 35.669.118 in November 2012 is not registered in the Turkish Trade Registry as of the report date.

**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**

	<b>01.01.-</b>	<b>01.01.-</b>
	<b>31.12.2012</b>	<b>31.12.2011</b>
<b>Total Sales – MWH / Unit</b>		
Energy sales – MWH (*)	9.783.624	6.181.436
Radiator sales – unit	9.623	10.091
Generator sales – unit	-	502
	<b>01.01.-</b>	<b>01.01.-</b>
	<b>31.12.2012</b>	<b>31.12.2011</b>
<b>Total Sales – Amount</b>		
Electricity Sales	1.799.188.748	1.188.817.330
Natural Gas Equipments	20.799.985	89.293.198
Radiator Sales	8.871.231	10.379.485
Total Lignite Sales and Transportation Income	3.585.318	-
Generator Sales	-	18.327.654
Other	8.192.479	8.571.737
<b>Total Sales</b>	<b>1.840.637.761</b>	<b>1.315.389.404</b>

(\*) In 2012, the Group have produced 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 976 Gwh additional electricity. Thereby, the total amount of electricity sales reached to 9.784 Gwh and according to the calculation made by considering the weighted averages the average selling price is 178 TL/mws . The Group's average capacity utilization rate is 60%.

As of 31.12.2012, approximately 51% of the Group's total net sales to TEİAŞ, 46% from related parties to Akşa Elektrik Toptan Satış A.Ş.and the remaining 3% were to the other related parties.

Total amount of balancing invoices issued by TEİAŞ in 01.01.-31.12.2012 is TL 52.788.091 (01.01.-31.12.2011: TL 92.315.108), which has been added to the cost of sales account.

**20. Cost of Sales**

	<b>01.01.-</b>	<b>01.01.-</b>
	<b>31.12.2012</b>	<b>31.12.2011</b>
Cost of Electricity Sales	1.565.844.898	1.003.261.977
Cost of Natural Gas Equipments Sales	20.237.371	60.467.808
Cost of Radiator Sales	7.358.548	8.265.287
Cost of Lignite Sales	4.493.697	-
Cost of Generator Sales	-	15.729.225
Cost of Other Sales	6.230.023	301.259
<b>Total Cost Of Sales</b>	<b>1.604.164.537</b>	<b>1.088.025.556</b>

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**21. Research and Development, Marketing and Selling and General Administrative Expenses**

	<b>01.01- 31.12.2012</b>	<b>01.01- 31.12.2011</b>
Research and development expenses	-	18.468
Marketing, selling and distribution expenses	2.133.093	3.048.577
General administrative expenses	16.699.473	16.021.120
	<b>18.832.566</b>	<b>19.088.165</b>

Breakdown of operating expenses are as follows:

	<b>01.01.- 31.12.2012</b>	<b>01.01.- 31.12.2011</b>
<b>Marketing, selling and distribution expenses</b>		
Freight and freight insurance	1.424.814	2.452.752
Advertising expenses	170.030	78.151
Personnel salaries and bonus payments	132.290	113.703
Travelling expenses	20.873	11.823
Motor vehicle expenses	9.901	17.327
Repair and maintenance expenses	3.950	9.894
Other marketing expenses	371.235	364.927
	<b>2.133.093</b>	<b>3.048.577</b>

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<b>General administrative expenses</b>	<b>01.01.- 31.12.2012</b>	<b>01.01.- 31.12.2011</b>
Personnel expenses	7.582.046	8.061.021
Traveling expenses	1.915.976	1.514.111
Taxes paid	1.685.492	480.248
Consultancy expenses	842.355	1.167.554
Depreciation and amortisation expenses (note 10)	899.654	349.532
Repair and maintenance expenses	451.957	230.313
Provision for lawsuits (note 25.c)	399.750	21.000
Court and notary expenses	288.778	433.321
Fuel expenses	253.069	220.779
Rent expenses	206.108	131.564
Representation expenses	199.103	213.490
Communication expenses	188.185	438.410
Electricity and water expenses	175.682	41.010
Office expenses	137.597	109.087
Doubtful debts provision expense (note 5-8)	124.915	198.260
Insurance expenses	78.676	472.269
Motor vehicle expenses	65.613	817.361
Retirement pay provision expense (note 16)	40.977	59.338
Other	1.163.540	1.062.452
	<b>16.699.473</b>	<b>16.021.120</b>

**22. Other Income and Other Expenses**

<b>Other Income</b>	<b>01.01.- 31.12.2012</b>	<b>01.01.- 31.12.2011</b>
Income on insurance claims	2.113.085	262.072
Tax provision released	1.565.897	-
Profit on sale of fixed assets	637.656	558.545
Reversal of provision for doubtful receivables (note 5-8)	224.197	10.034
Reversal of retirement pay provision (note 16)	31.083	-
Reversal of provision for inventory (note 7)	29.849	21.400
Other income	2.619.610	831.200
	<b>7.221.377</b>	<b>1.683.251</b>

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<b>Other Expenses</b>	<b>01.01.- 31.12.2012</b>	<b>01.01.- 31.12.2011</b>
Decrease in value of machinery and equipments (note 10)	(10.196.326)	-
Indemnity and penalty charges	(3.567.435)	-
Positive goodwill	(2.996.107)	(951.056)
Fee for licence cancellations (*)	(1.727.580)	-
Loss on sale of fixed assets	(378.592)	(45.544)
Donation and grants	(328.261)	-
Provision for payment to EÜAŞ regarding Samsun Power Plant (note 15)	-	(50.392.062)
Written off receivables from EÜAŞ due to the protocol with EÜAŞ	-	(1.007.665)
Other expense	(1.956.579)	(557.549)
	<b>(21.150.880)</b>	<b>(52.953.876)</b>

(\*) It is related to cancellation of Ayşe Hatun PP and Osmaneli PP project licence expenses.

**23. Financing Income and Financing Expenses**

<b>Financing income</b>	<b>01.01.- 31.12.2012</b>	<b>01.01.- 31.12.2011</b>
Foreign exchange gains	148.431.573	50.246.137
Interest income on receivables from Kazancı Group Companies	62.682.187	52.315.449
Interest income on time deposits at banks and interest income on other receivables	9.909.961	3.109.244
Discount on trade payable	79.721	2.409.808
	<b>221.103.442</b>	<b>108.080.638</b>

<b>Financing expenses</b>	<b>01.01.- 31.12.2012</b>	<b>01.01.- 31.12.2011</b>
Interest expense on bank loans	(91.432.171)	(73.596.572)
Foreign exchange losses	(85.268.829)	(300.014.830)
Letters of guarantee and bank commission expenses	(13.076.391)	(2.141.179)
Interest expense on related parties	(8.000.511)	(4.319.256)
Discount on trade receivable	(638.677)	(906.333)
Other	(45.724)	(627.526)
	<b>(198.462.303)</b>	<b>(381.605.696)</b>

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**24. Assets Held For Sale and Discontinued Operations**

Aksa Enerji Üretim A.Ş., the parent Company of “Aksa Göynük Branch” used to have a mutual agreement with the Turkish Coal Board to establish a thermal Power Plant in Bolu Göynük Region until the period determined in the given license. However, because of some managerial reasons the rights of the agreement, other than the license, was transferred to Kazancı Holding, which is the parent Company of the “Aksa Göynük Enerji Üretim A.Ş.”. Accordingly, the Branch in Aksa Göynük has ceased its operations on 27 October 2010.

In the meantime, Aksa Enerji Üretim A.Ş. and the Turkish Coal Board have reached a new agreement to transfer all the rights and the liabilities of the original agreement and its supplements to “Aksa Göynük Enerji Üretim A.Ş.” which is a 100 % subsidiary of Aksa Enerji Üretim A.Ş.. Consequently, an application has been made to Energy Market Regulatory Authority to transfer the production license to “Aksa Göynük Enerji Üretim A.Ş.”. Accordingly, the assets under Aksa Enerji Bolu Göynük Branch will be sold to Aksa Göynük Enerji Üretim A.Ş.

As of 31.12.2012, Aksa Göynük Enerji Üretim A.Ş. which was established in place of the branch has started coal sales, all fixed assets transferred to Aksa Göynük Enerji Üretim A.Ş, therefore the assets of the branch are included in the Group’s assets. As of 31.12.2011, details of the tangible assets which are held for sale in the Aksa Enerji Bolu Göynük Branch are as follows:

**Assets Held For Sale by Aksa Enerji Bolu Göynük Branch:**

	<b>31.12.2011</b>
Land	339.878
Buildings	292.779
Machinery and equipment	307.676
Motor vehicles	2.500
Fixtures and fittings	174.698
Construction in progress	12.599.384
	<b>13.716.915</b>
Depreciation and Amortization (-)	(272.722)
<b>Net Book Value</b>	<b>13.444.193</b>

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As of 31.12.2011, details of the discontinued operation of Akxa Enerji Bolu Göynük Branch are as follows:

**Discontinued Operation of Akxa Enerji Bolu Göynük Branch:**

	<b>01.01.-</b>
	<b>31.12.2011</b>
Net Sales	-
Cost of Sales	-
<b>Gross Profit</b>	-
General Administrative Expenses	(178.392)
<b>Basic Operating Profit</b>	<b>(178.392)</b>
Other Income / (Expenses), net	181.007
Financing Income / (Expenses), net	(12.895)
	<b>(10.280)</b>

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**25. Commitments and Contingencies**

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

<b>31.12.2012</b>	<b>Foreign Currency</b>	<b>Currency Amount</b>	<b>TL Equivalent</b>
Ankara 29. İcra	TL	--	62.000
Beyoğlu 4. İcra	TL	--	7.444
Boğaziçi Elektrik Dağıtım A.Ş.	TL	--	69.120
Botaş – Petroleum Pipeline Corporation	USD	11.084.184	19.758.666
Municipality of Bursa	TL	--	780
Bursa Turkey Electricity Distribution Company	TL	--	600
Commerzbank AG	EUR	1.000.000	2.351.700
Public Waterworks Administration	TL	--	3.076.000
Energy Market Regulatory Authority (EMRA)	TL	--	76.457.122
Energy Market Regulatory Authority (EMRA)	USD	1.000.000	1.782.600
Gediz Electricity	TL	--	15.570
Customs administration	EUR	250.000	587.925
İstanbul 11. İcra	TL	--	600.000
İstanbul 10. Asliye Mahkemesi	TL	--	1.500
Electricity Authority of KKTC	USD	3.000.000	5.347.800
Özer Metal Sanayi A.Ş.	TL	--	150.000
Sakarya Electricity Distribution Company	TL	--	108.305
Samsun Turkey Electricity Distribution Company	TL	--	26.862
Turkey Electricity Transmission Company (TEIAS)			
Research and Planning Department	TL	--	421.008
Turkey Electricity Transmission Company (TEIAS)	TL	--	11.070.930
Turkey Electricity Transmission Company (TEIAS)	USD	3.454.290	6.157.617
Uludağ Electricity	TL	--	425.000
Yeşilirmak Electricity	TL	--	1.024.967
General Directorate of Turkish Coal	TL	--	14.691.825
Manisa İl Özel İdaresi	TL	--	39.646
Republic of Turkey Prime Ministry Privatization Administration	USD	30.000.000	53.478.000
Tekirdağ Gümrük	TL	-	58.010
			<b>197.770.997</b>

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<b>31.12.2011</b>	<b>Foreign Currency</b>	<b>Currency Amount</b>	<b>TL Equivalent</b>
Akdeniz Electricity Distribution Company	TL	28.955	28.955
Ankara 29.İcra Müdürlüğü	TL	62.000	62.000
Ankara Turkey Electricity Distribution Company	TL	10.000	10.000
Beyoğlu 4. İcra Müdürlüğü	TL	7.444	7.444
Boğaziçi Elektrik Dağıtım A.Ş.	TL	69.120	69.120
Botaş – Petroleum Pipeline Corporation	USD	2.641.000	4.988.585
Bursa Turkey Electricity Distribution Company	TL	600	600
Municipality of Bursa	TL	1.621	1.621
Commerzbank Ag	EUR	1.000.000	2.443.800
Customs administration	EUR	250.000	610.950
Electricity Authority of KKTC	USD	3.000.000	5.666.700
Electricity Generation Co. Inc. (EÜAŞ)	USD	28.989.873	54.758.971
Energy Market Regulatory Authority (EMRA)	TL	85.342.154	85.342.154
Gediz Electricity	TL	15.570	15.570
General Directorate of Turkish Coal	TL	10.316.620	10.316.620
İstanbul 1.İcra	TL	30.200	30.200
İstanbul 10. Asliye Ticaret Mahkemesi	TL	1.500	1.500
Manisa İl Özel İdaresi	TL	39.646	39.646
Özer Metal San.A.Ş.	TL	150.000	150.000
Public Water Works Administration	TL	3.076.000	3.076.000
Sakarya Electricity Distribution Company	TL	98.305	98.305
Samsun Turkey Electricity Distribution Company	TL	26.862	26.862
Turkey Electricity Transmission Company (TEIAS)	TL	12.413.153	12.413.153
Turkey Electricity Transmission Company (TEIAS)	USD	1.288.048	2.432.994
Research and Planning Department	TL	421.008	421.008
Uludağ Electricity	TL	425.000	425.000
Yeşilirmak Electricity Distribution Company	TL	1.024.967	1.024.967
			<b>184.462.725</b>

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

<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>

(\*) Mortgages have been established on Samsun power plant at amounts of EUR 12.000.000 on 30.06.2005.

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

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

Kazancı Holding, being the Parent Company of Akxa Enerji, has secured 400 million USD long term credit facility arranged by Goldman Sachs, China Development Bank, Garanti Bankası and İş Bankası. Class B shares representing 65.54% of issued capital of Akxa Enerji are pledged as security of the credit facility to Garanti Bankası acting as Security Agent.

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

<b>Guarantee Types – 31.12.2011</b>	<b>Foreign Currency</b>	<b>Currency Amount</b>	<b>Total (TL)</b>
Mortgage	EUR	12.000.000	29.325.600
Commercial Enterprise Pledge	USD	133.000.000	251.223.700
Machinery and Equipment Pledge	EUR	24.914.673	60.886.478
Bank Deposit Blockage	EUR	1.300.000	3.176.940
Bank Deposit Blockage	USD	3.000.000	5.666.700
Surety Ship	TL	476.913.248	476.913.248
Surety Ship	USD	1.079.926.159	2.039.872.522
Surety Ship	EUR	94.475.737	230.879.806
Assignment of Claim	TL	240.000.000	240.000.000
<b>Total</b>			<b>3.337.944.994</b>

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**c) Guarantees given to related parties**

As of 31 December 2012, the amount of corporate guarantees granted to Kazancı Group companies in relation to their bank loans is at TL 1.285.639.106 (31.12.2011: TL 1.768.177.063).

However, based on the Aksa Group's management representation, not all of the guaranteed credit lines has been made use by Kazancı Group Companies and as of 31 December 2012, the risk exposure is only about TL 100.2 million (31.12.2011: TL 550.2 million).

As of 31 December 2012, there are 5 lawsuits pending in favour of the Group at the amount of TL 2.014.832 and there are 30 lawsuits pending against the Group at the amount of TL 8.766.241.

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

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**26. 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 2012 and 31 December 2011, 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>31.12.2012</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
<b>Total foreign currency assets</b>	<b>8.225.737</b>	<b>33.370.034</b>	<b>13.707</b>	<b>4.812</b>	<b>93.183.669</b>
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
<b>Total foreign currency liabilities</b>	<b>557.830.863</b>	<b>177.263.719</b>	<b>50.144</b>	<b>-</b>	<b>1.411.404.334</b>
<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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<b>31.12.2011</b>	<b>USD</b>	<b>EUR</b>	<b>CHF</b>	<b>GBP</b>	<b>JPY</b>	<b>TL Equivalent</b>
Cash and cash equivalents	10.144.173	2.523.815	65	4.048	53.451	25.342.264
Trade receivables	5	245.317	-	-	-	599.515
Due from related parties	5.712.395	234.253	-	-	-	11.362.610
Other current assets	261.088	1.091.995	-	2.626	-	3.169.447
Other non-current assets	-	4.863	-	-	-	11.884
<b>Total foreign currency assets</b>	<b>16.117.661</b>	<b>4.100.243</b>	<b>65</b>	<b>6.674</b>	<b>53.451</b>	<b>40.485.720</b>
Financial liabilities	538.575.513	139.481.701	-	-	-	1.358.180.674
Trade payables	84.468.828	16.817.419	-	-	-	200.651.579
Other payables and accrued liabilities	28.989.872	-	-	-	-	54.758.969
<b>Total foreign currency liabilities</b>	<b>652.034.213</b>	<b>156.299.120</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.613.591.222</b>
<b>Net foreign currency position</b>	<b>(635.916.552)</b>	<b>(152.198.877)</b>	<b>65</b>	<b>6.674</b>	<b>53.451</b>	<b>(1.573.105.502)</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, trade letters of credit, 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 2012 and 31 December 2011:

	<b>31.12.2012</b>	<b>31.12.2011</b>
Total financial liabilities	1.320.645.425	1.381.000.310
Less: cash and cash equivalents	(40.569.510)	(110.146.953)
Net financial debt	1.280.075.915	1.270.853.357
Total equity	1.203.249.330	796.968.185
Total financing used	2.483.325.245	2.067.821.542
<b>Gearing ratio (net financial debt to overall financing used ratio)</b>	<b>52%</b>	<b>61%</b>

(b) Financial instruments and categories

<b>Financial assets</b>		
Cash and cash equivalents	40.569.510	110.146.953
Trade receivables	245.916.937	261.469.390
	286.486.447	371.616.343
<b>Financial liabilities</b>		
Financial payables	1.320.645.425	1.381.000.310
Trade payables	284.736.320	359.498.367
	1.605.381.745	1.740.498.677

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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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**27. ADDITIONAL INFORMATION**

- a) The public disclosure made by the Company in Istanbul Stock Exchange (ISE) on 06.04.2012 concerning the negotiations for the loan use from Goldman Sachs, foreign-based financial institution, carried out by one of the Group's related parties and shareholders Kazancı Holding A.Ş. are as follows:

On July 25, 2011, July 26, 2011, August 5, 2011 and 27 October 2011, we made certain disclosures to the public regarding a loan made to us of USD 192 million with a 1 year, 1 week term (“Bridge Facility”) and a proposed transaction with Goldman Sachs (“Proposed Transaction”).

During the course of discussions between the parties regarding the structure of the Proposed Transaction, a number of changes to the terms disclosed to the public on October 27, 2011 have been agreed and several agreements have today been signed by the relevant parties which will facilitate the following transaction (the “Transaction”):

Goldman Sachs, Türkiye İş Bankası A.S. and Türkiye Garanti Bankası A.S. have arranged USD 400 million syndicated secured loan to Kazancı Holdings (the “New Loan Facility”). The New Loan Facility will provide additional financing and will also be used to repay the bridge facility (in part on initial utilisation with the balance on final maturity of the bridge facility). In consideration for arranging the Transaction, Goldman Sachs will receive (i) a right to the equity upside on 13,30% of shares in Aksa Enerji at any time before the sixth anniversary of the date of utilisation of the New Loan Facility, and (ii) downside protection, through a cash collateralised repurchase obligation of Kazancı Holdings at Goldman Sachs’ initial purchase price, on any shares in Aksa Enerji purchased by Goldman Sachs.

Further information about the Transaction is summarised below:

1. Simultaneously with the execution of the New Loan Facility, the board of directors of Aksa Enerji will initiate a process of capital increase through private placement under registered capital system by restricting the pre-emptive rights of current shareholders. Goldman Sachs has committed to subscribe for 35.669.118 shares with a nominal value of TL 1.00 each corresponding to circa 5,82% of the total issued share capital of Aksa Enerji (post money) for a total price of USD 105 million (to be converted into TL at an exchange rate determined by the parties). Aksa Enerji will adopt the necessary board resolutions and make the necessary approval applications to the Capital Markets Board of Turkey, Energy Market Regulatory Authority and other authorities for the registration of the shares that are subject to this capital increase.
2. In parallel to such private placement, Goldman Sachs has committed to purchase from us existing B-type Aksa Enerji shares representing circa 7,48% (post money) of the total issued share capital of Aksa Enerji for a total price of USD 135 million.
3. After the successful completion of the capital increase through private placement and share transfer, Goldman Sachs will, subject to the downside protection provided by Kazancı Holdings, own approximately 13,30% (post money) of the total issued share capital of Aksa Enerji. The total price to be paid by Goldman Sachs for those shares (“GS Shares”) will be USD 240 million which equates to a market price per share which will be different to the then exchange traded price.
4. Goldman Sachs will have the right to sell some or all of the GS Shares at any time before the sixth anniversary of the Transaction. Kazancı Holdings will retain voting rights over the GS Shares until such time as Goldman Sachs elects to sell the GS Shares to a third party. If Goldman Sachs sells the GS Shares to a third party prior to the maturity of the Transaction, it will repay to Kazancı Holdings a corresponding amount of the cash collateral initially posted to Goldman Sachs together with cash paid interest until such date under the loan and there will be a corresponding pay down of the New Loan Facility.

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5. The New Loan Facility will be used, among other things, for general corporate purposes and to repay the bridge facility. It will have a 6 year tenor with a 3 years' grace period and will be secured over 65,54% shares of Aksa Enerji. Upon completion of the equity purchase by Goldman Sachs described above, the GS Shares will be pledged as security for the New Loan Facility and a corresponding number of shares secured under the bridge facility will be released. Consequently, 52,24% of the Aksa Enerji shares pledged under the New Loan Facility will be provided by Kazancı Holdings and 13,30% will be GS Shares. The lenders will have no recourse to Goldman Sachs other than in respect of the GS Shares.
6. On the closing date of the New Loan Facility, Goldman Sachs will acquire the right to receive equity upside on Aksa Enerji shares through a call option granted by Kazancı Holdings to Goldman Sachs over 14,12% of the shares. The call option will terminate after the successful completion of the capital increase through the private placement and share transfer transactions (such that Goldman Sachs retains equity upside). Up until the six year anniversary of the Transaction, if there is equity upside, a portion of this upside will be shared by Goldman Sachs with syndicate members.
7. On the six year anniversary of the Transaction, Goldman Sachs will sell the remaining GS Shares back to Kazancı Holdings at a price per share equal to the initial purchase price. In order to secure this repurchase obligation of Kazancı Holdings, and in consideration for Goldman Sachs providing security over GS Shares, Kazancı Holdings will deliver cash collateral to Goldman Sachs in an amount equal to the total price of the Aksa Enerji shares acquired by Goldman Sachs.

As of 26.02.2013, the statement made with GS and Kazancı Holding agreed to increase "new loan" from USD 400 million to USD 500 million and GS will purchase 3,32% of Aksa Enerji's capital through sale of partner for the USD 60 million from Kazancı Holding. Following the completion of this transaction, GS's share on Aksa Enerji will increase from 13,30% to 16,62%.

- b) 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 Aksa 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. Aksa Elektrik Toptan Satış A.Ş. will supply energy to export from Aksa Enerji Üretim A.Ş. and its subsidiaries. On the other side, the current contract obligations are secured by the parties and Aksa Elektrik Toptan Satış A.Ş. has no receivables that is not collected.

## **28. SUBSEQUENT EVENTS**

The public disclosure announced by the Company in Istanbul Stock Exchange (ISE) on 01.03.2013. According to the disclosure; The Board of Directors of the Company decided to make application to get the required approval from EMRA (EPDK) in order to get Kazancı Holding A.Ş.'s 93% shares on Kapıdağ Wind power plant (TL 12.834.000 nominal value) to be purchased by board of the directors to the amount of TL 135.988.406. This purchase process will not cause any changes in the Group's cash position and the Group's receivables from Kazancı Holding will decrease in proportion to the amount of purchase price. Share transfer process will carry out after obtaining the approval required by EMRA.

The statement made by the parent company as follows; 16 MW of Kapıdağ wind power plant generation which has a 34,85 MW production license taken into commercial operations in January 2013, and the investment for the remaining portion is ongoing and it is planning to be operational within the current and next year gradually, so that number of the Group's wind power plants increased from 4 to 5 and total capacity of wind energy will increase from 160 MW to 194,85 MW.

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**29. CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS**

For the convenience of the reader, the accompanying consolidated financial statements have been translated from Turkish Lira to US\$ with the Central Bank buying exchange rates at year-ends ( 31.12.2012: US\$1 = TL1,7826 ,31.12.2011: US\$1 = TL1,8889). Such convenience translations are not intended to comply with the provisions of IAS 21 “The Effects of Changes in Foreign Exchange Rates” or Financial Accounting Standards Board No.52 “Foreign Currency Translations” for the translation of financial statements.

**AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS AS OF 31.12.2012 AND 31.12.2011**  
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<b>ASSETS</b>	<b>31.12.2012</b>	<b>31.12.2011</b>
<b>Current Assets</b>		
Cash and Cash Equivalents	22.758.617	58.312.750
Marketable Securities	193.861	202.918
Trade Receivables	137.954.077	138.424.157
Due from/to Related Parties and Shareholders, net	333.139.857	190.592.111
Inventory	76.033.633	64.333.749
Other Current Assets	47.443.461	40.925.090
	<b>617.523.506</b>	<b>492.790.775</b>
<b>Assets Held For Sale</b>	-	7.117.472
<b>Non-Current Assets</b>		
Investments	915.447	863.929
Property, Plant and Equipment	912.871.829	853.955.107
Goodwill	5.342.050	5.041.420
Intangible Assets	942.200	558.278
Other Non-Current Assets	48.812.272	22.970.874
Deferred Tax Asset	2.305.178	2.175.452
	<b>971.188.976</b>	<b>885.565.060</b>
<b>TOTAL ASSETS</b>	<b>1.588.712.482</b>	<b>1.385.473.307</b>

**AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS AS OF 31.12.2012 AND 31.12.2011**  
**(Currency - US Dollars)**

<b>LIABILITIES</b>	<b>31.12.2012</b>	<b>31.12.2011</b>
<b>Short Term Liabilities</b>		
Financial Liabilities	316.548.066	259.171.830
Trade Payables	159.730.910	190.321.545
Taxation Payable on Income	3.714.033	2.335.522
Other Payables and Accrued Liabilities	6.550.508	37.252.378
	<b>486.543.517</b>	<b>489.081.275</b>
<b>Long Term Liabilities</b>		
Financial Liabilities	424.305.420	471.941.681
Retirement Pay Provision	1.219.385	973.865
Deferred Tax Liability	1.647.341	1.554.635
	<b>427.172.146</b>	<b>474.470.181</b>
<b>Shareholders' Equity</b>		
Share Capital	345.089.785	306.785.924
General Reserves	67.854.251	128.614.796
Share Premium	138.788.082	51.100.252
Net Profit / (Loss) for the Year	123.264.701	(64.579.121)
	<b>674.996.819</b>	<b>421.921.851</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1.588.712.482</b>	<b>1.385.473.307</b>

**AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS ENDED 31.12.2012 AND 31.12.2011**  
(Currency - US Dollars)

<b>INCOME STATEMENT</b>	<b>01.01.- 31.12.2012</b>	<b>01.01.- 31.12.2011</b>
Net Sales	1.032.557.927	696.378.529
Cost of Sales	(899.901.569)	(576.010.141)
<b>Gross Profit</b>	<b>132.656.358</b>	<b>120.368.388</b>
Research and Development Expenses	-	(9.777)
Marketing and Selling Expenses	(1.196.619)	(1.613.943)
General Administrative Expenses	(9.368.043)	(8.481.720)
<b>Basic Operating Profit</b>	<b>122.091.696</b>	<b>110.262.948</b>
Other Income	4.051.036	891.128
Other Expenses	(11.865.186)	(28.034.240)
Financing Income	124.034.243	57.218.825
Financing Expenses	(111.333.055)	(202.025.357)
<b>Profit / (Loss) Before Tax For The Year</b>	<b>126.978.734</b>	<b>(61.686.696)</b>
Taxation on Profit		
- Current	(3.714.033)	(2.886.983)
- Deferred	-	-
<b>Profit / (Loss) After Tax For The Year</b>	<b>123.264.701</b>	<b>(64.573.679)</b>
Discontinued Operations	-	(5.442)
<b>NET PROFIT / (LOSS) FOR THE YEAR</b>	<b>123.264.701</b>	<b>(64.579.121)</b>
<b>Earnings before interest, tax, depreciation and amortization (EBITDA)</b>	<b>181.174.035</b>	<b>159.229.657</b>

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**Appendix 1**

**a) Related parties which are the shareholder of Kazancı Holding A.Ş.'s subsidiaries and affiliates:**

1	Aksa Afyon Doğal Gaz Dağıtım A.Ş.	Naturalgas
2	Deriş İnşaat A.Ş.	Construction
3	Aksa Balıkesir Doğal Gaz Dağıtım A.Ş.	Naturalgas
4	Aksa Bandırma Doğal Gaz Dağıtım A.Ş.	Naturalgas
5	Aksa Bilecik, Bolu Doğal Gaz Dağıtım A.Ş.	Naturalgas
6	Aksa CNG Sıkıştırılmış Doğal Gaz Dağ. İletim ve Satış A.Ş.	Naturalgas
7	Aksa Çanakkale Doğal Gaz Dağıtım A.Ş.	Naturalgas
8	Aksa Doğal Gaz Toptan Satış A.Ş.	Naturalgas
9	Aksa Doğal Gaz Dağıtım A.Ş.	Naturalgas
10	Aksa Elazığ Doğal Gaz Dağıtım A.Ş.	Naturalgas
11	Aksa Elektrik Perakende Satış A.Ş.	Energy
12	Aksa Elektrik Toptan Satış A.Ş.	Energy
13	Aksa Gaz Dağıtım A.Ş.	Naturalgas
14	Aksa Gemlik Doğal Gaz Dağıtım A.Ş.	Naturalgas
15	Aksa Gümüşhane Bayburt Naturalgas A.Ş.	Naturalgas
16	Aksa Havacılık A.Ş.	Aviation
17	Aksa Jeneratör Sanayi A.Ş.	Generator
18	Aksa Karadeniz Doğal Gaz Dağıtım A.Ş.	Naturalgas
19	Aksa Makina Sanayi A.Ş.	Machine
20	Aksa Malatya Doğal Gaz Dağıtım A.Ş.	Naturalgas
21	Aksa Manisa Doğal Gaz Dağıtım A.Ş.	Naturalgas
22	Aksa Mustafa Kemal Paşa Susurluk Karacabey Doğalgaz Dağıtım A.Ş.	Naturalgas
23	Aksa Ordu Giresun Doğal Gaz Dağıtım A.Ş.	Naturalgas
24	Aksa Sivas Doğal Gaz Dağıtım A.Ş.	Naturalgas
25	Aksa Şanlıurfa Doğal Gaz Dağıtım Ltd. Şti.	Naturalgas
26	Aksa Televizyon Hizmetleri A.Ş.	Media
27	Aksa Tokat Amasya Doğal Gaz Dağıtım A.Ş.	Naturalgas
28	Aksa Trakya Doğal Gaz Dağıtım A.Ş.	Naturalgas
29	Aksa Turizm İşletmeleri A.Ş.	Tourism
30	Aksa Van Doğal Gaz Dağıtım A.Ş.	Naturalgas
31	Anadolu Doğal Gaz Dağıtım A.Ş.	Naturalgas
32	Anadolu Doğal Gaz Toptan Satış A.Ş.	Naturalgas
33	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) Related parties which are the shareholder of Kazancı Holding A.Ş.'s indirect subsidiaries and affiliates:**

1	Aksa Far East Pte Ltd.	Generator
2	Aksa International UK Ltd	Generator
3	Aksa Power Generation (China) Co Ltd.	Generator
4	Aksa Power Generation Fze.	Generator
5	Aksa Servis ve Kiralama A.Ş.	Generator
6	Eurl Aksa Generateurs Algeria	Generator
7	Aksa Kazakhstan Ltd	Generator
8	Aksa Middle East LLC (Dubai)	Generator
9	Aksa Power Generation (Changzhou) Co. Ltd	Generator
10	Jiangyin AKSA Electrical & Mechanical Co.,Ltd	Generator
11	OOO Aksa Russia	Generator
12	Aksa USA	Generator
13	Aksa Satış ve Pazarlama A.Ş.	Marketing
14	Aksa Teknoloji A.Ş.	Technology
15	Ceka Enerji Üretim A.Ş.	Energy
16	Çoruh Aksa Elektrik Hizmetleri A.Ş.	Energy
17	Çoruh Elektrik Dağıtım A.Ş.	Energy
18	Fırat Aksa Elektrik Hizmetleri A.Ş.	Energy
19	Fırat Elektrik Dağıtım A.Ş.	Energy
20	Aksa Ankara Makina Satış ve Servis A.Ş.	Machine
21	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 that the Group have no capital relationship but directors and managers are the same with the Group**

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	Gesa Güç Sistemleri A.Ş.	Thermic
8	Kazancı Makina ve Motor Ltd. Şti.	Machine
9	Koni İnşaat Sanayi A.Ş.	Construction
10	Koni Tarım İşletmeleri A.Ş.	Agriculture
11	Koni Tarımsal Yatırım A.Ş.	Agriculture
12	Koni Turizm San. ve Ticaret A.Ş.	Tourism

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**d) Related parties that the Group have no control power or provision  
of subsidiaries that are not consolidated**

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- |   |  |          |
|---|--|----------|
| 1 | Kapıdağ Rüzgar Enerjisi Elektrik Üretim Sanayi ve Ticaret A.Ş. (*) | Energy   |
| 2 | Rasa Radiator (Jiangyin) Co. Ltd.                                  | Radiator |

(\*) Also related with (a)