

**AKSA ENERJİ ÜRETİM A.Ş. AND ITS  
WHOLLY OWNED SUBSIDIARIES  
CONSOLIDATED FINANCIAL  
STATEMENTS  
TOGETHER WITH INDEPENDENT  
AUDITOR'S REPORT AS OF  
31 MARCH 2011**

**INDEPENDENT AUDITOR'S REPORT OF  
AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES  
FOR THE PERIOD ENDED 31.03.2011**

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

*Introduction*

We have reviewed the accompanying consolidated interim balance sheet of Aksa Enerji Üretim A.Ş. and its wholly owned subsidiaries (together referred to as the Group) as of 31 March 2011 and the related consolidated interim statements of income, changes in equity and cash flow for the three-month period then ended. Management is responsible for the preparation and presentation of this consolidated interim financial information in accordance with International Financial Reporting Standards. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

*Scope of Review*

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

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information is not prepared, in all material respects, in accordance with International Financial Reporting Standards.

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

  
Nazım Hikmet  
Partner

Istanbul, 10 May 2011

**AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS AS OF 31.03.2011 AND 31.12.2010**  
**(Currency - Turkish Lira)**

<b>ASSETS</b>	<b>Note</b>	<b>31.03.2011</b>	<b>31.12.2010</b>
<b>Current Assets</b>			
Cash and Cash Equivalents	4	49,578,855	78,323,598
Trade Receivables, net	5	87,311,010	113,026,263
Due from/to Related Parties and Shareholders, net	6	597,365,881	607,869,263
Inventory	7	119,524,270	81,323,919
Other Current Assets	8	48,514,954	58,569,545
		902,294,970	939,112,588
<b>Assets Held For Sale</b>	24	12,898,518	12,913,379
<b>Non-Current Assets</b>			
Investments	9	1,648,812	1,648,812
Property, Plant and Equipment, net	10	1,481,212,915	1,375,739,739
Goodwill	2	6,023,899	6,023,899
Intangible Assets, net	11	696,266	652,150
Other Non-Current Assets	8	12,314,018	20,271,876
Deferred Tax Asset	14	4,109,211	4,109,211
		1,506,005,121	1,408,445,687
<b>TOTAL ASSETS</b>		<b>2,421,198,609</b>	<b>2,360,471,654</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 31.03.2011 AND 31.12.2010**  
**(Currency - Turkish Lira)**

<b>LIABILITIES</b>	<b>Note</b>	<b>31.03.2011</b>	<b>31.12.2010</b>
<b>Short Term Liabilities</b>			
Financial Liabilities	12	398,940,265	413,198,014
Trade Payables, net	13	289,434,682	197,630,971
Taxation Payable on Income	14	7,752,972	13,471,828
Other Payables and Accrued Liabilities	15	8,653,820	9,919,151
		<b>704,781,739</b>	<b>634,219,964</b>
<b>Long Term Liabilities</b>			
Financial Liabilities	12	780,669,088	803,415,965
Retirement Pay Provision	16	1,643,438	1,331,912
Deferred Tax Liability	14	2,936,550	2,936,550
		<b>785,249,076</b>	<b>807,684,427</b>
<b>Shareholders' Equity</b>			
Share Capital	17	579,487,932	579,487,932
General Reserves	18	243,075,101	173,652,620
Share Premium		95,999,686	95,999,686
Net Profit for the Period / Year		12,605,075	69,427,025
		<b>931,167,794</b>	<b>918,567,263</b>
Commitments and Contingencies	25		
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>2,421,198,609</b>	<b>2,360,471,654</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 PERIOD ENDED 31.03.2011 AND THE**  
**YEAR ENDED 31.12.2010**  
**(Currency - Turkish Lira)**

<b>INCOME STATEMENT</b>	<b>Note</b>	<b>01.01.- 31.03.2011</b>	<b>01.01.- 31.12.2010</b>
Net Sales	19	221,518,184	911,850,475
Cost of Sales	20	(177,618,151)	(775,486,013)
<b>Gross Profit</b>		<b>43,900,033</b>	<b>136,364,462</b>
Research and Development Expenses	21	-	(13,000)
Marketing and Selling Expenses	21	(890,601)	(1,831,438)
General Administrative Expenses	21	(3,556,220)	(17,810,624)
<b>Basic Operating Profit</b>		<b>39,453,212</b>	<b>116,709,400</b>
Goodwill arising from the acquisition of new subsidiaries	2	-	6,987,334
Other Income / (Expenses), net	22	304,599	4,552,503
Financing Income / (Expenses), net	23	(22,460,369)	(43,519,762)
<b>Profit Before Tax For The Period / Year</b>		<b>17,297,442</b>	<b>84,729,475</b>
Taxation on Profit - Current	14	(4,731,703)	(14,069,889)
<b>Profit After Tax For The Period / Year</b>		<b>12,565,739</b>	<b>70,659,586</b>
Discontinued Operations	24	39,336	(1,232,561)
<b>NET PROFIT FOR THE PERIOD / YEAR</b>		<b>12,605,075</b>	<b>69,427,025</b>
<b>Earnings before interest, tax, depreciation and amortization (EBITDA)</b>	3	<b>58,907,721</b>	<b>188,316,208</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 PERIOD ENDED 31.03.2011 AND THE YEAR ENDED 31.12.2010**  
(Currency - Turkish Lira)

<b>SHAREHOLDERS' EQUITY</b>	<b>Share Capital</b>	<b>General Reserves</b>	<b>Share Premium</b>	<b>Net Profit for the Period / Year</b>	<b>Total</b>
<b>Balance, 31.12.2009</b>	<b>317,312,432</b>	<b>95,651,274</b>	<b>-</b>	<b>145,513,498</b>	<b>558,477,204</b>
Increase in share capital					
- in cash	263,765,700	-	-	-	263,765,700
Transfer to reserves	-	145,513,498	-	(145,513,498)	-
Effect of first time aggregation of İdil 2 and Rasa Enerji	(1,590,200)	2,510,655	-	-	920,455
Share premium	-	-	95,999,686	-	95,999,686
Dividend paid	-	(70,022,807)	-	-	(70,022,807)
Net profit for the year	-	-	-	69,427,025	69,427,025
<b>Balance, 31.12.2010</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)	-
Dividend paid	-	(4,544)	-	-	(4,544)
Net profit for the period	-	-	-	12,605,075	12,605,075
<b>Balance, 31.03.2011</b>	<b>579,487,932</b>	<b>243,075,101</b>	<b>95,999,686</b>	<b>12,605,075</b>	<b>931,167,794</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 PERIOD ENDED 31.03.2011 AND**  
**THE YEAR ENDED 31.12.2010**  
**(Currency - Turkish Lira)**

	<b>01.01.- 31.03.2011</b>	<b>01.01.- 31.12.2010</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit for the period / year	12,605,075	69,427,025
<u>Adjustment for:</u>		
Depreciation and amortization	19,469,990	71,694,184
Retirement pay provision	311,526	466,782
Interest expense accruals on loans	(5,006,010)	(1,271,911)
Unrealised foreign exchange (gains) / losses on loans	15,220,459	17,014,841
Discount on receivables / (payables), net	524,106	524,106
Tax provision	7,752,972	13,471,828
Deferred taxation, net	-	(149,572)
<b>Operating profit before working capital changes</b>	<b>50,878,118</b>	<b>171,177,283</b>
Trade receivables	26,660,121	61,581,190
Inventory	(38,200,351)	(25,682,273)
Other current assets	10,054,591	(10,457,644)
Other non current assets	7,957,858	85,754,966
Trade payables	90,334,737	(81,394,316)
Other payables and accrued liabilities	(1,265,331)	5,306,179
Taxes paid	(13,471,828)	(16,463,236)
<b>Net Cash Flows Generated From Operating Activities</b>	<b>132,947,915</b>	<b>189,822,149</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Assets Held For Sale	14,861	(12,913,379)
Purchases / (Disposals) of property, plant and equipment and intangible assets, net	(124,987,282)	(400,865,248)
Goodwill	-	(5,799,916)
Purchase / (Disposal) of equity participations, net	-	(114,016)
<b>Net Cash Flows Used In Investment Activities</b>	<b>(124,972,421)</b>	<b>(419,692,559)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Short-term financial liabilities	(12,770,085)	193,049,917
Long-term financial liabilities	(34,448,990)	162,289,115
Due from/to related parties and shareholders	10,503,382	(354,117,245)
Effect of first time aggregation of İdil 2 and Rasa Enerji	-	920,455
Share Premium	-	95,999,686
Dividend Paid	(4,544)	(70,022,807)
Share capital	-	263,765,700
<b>Net Cash Flows Generated From Financing Activities</b>	<b>(36,720,237)</b>	<b>291,884,821</b>
Net Increase / (Decrease) in Cash and Cash Equivalents	(28,744,743)	62,014,411
Cash and Cash Equivalents at Beginning of Year	78,323,598	16,309,187
<b>Cash and Cash Equivalents at the End of Period / Year</b>	<b>49,578,855</b>	<b>78,323,598</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 31.03.2011 AND 31.12.2010**  
**(Currency - US Dollars)**

<b>ASSETS</b>	<b>31.03.2011</b>	<b>31.12.2010</b>
<b>Current Assets</b>		
Cash and Cash Equivalents	32,021,478	50,662,094
Trade Receivables, net	56,391,533	73,108,838
Due from/to Related Parties and Shareholders, net	385,820,501	393,188,398
Inventory	77,197,100	52,602,794
Other Current Assets	31,334,337	37,884,570
	<b>582,764,949</b>	<b>607,446,694</b>
<b>Assets Held For Sale</b>	<b>8,330,761</b>	<b>8,352,768</b>
<b>Non-Current Assets</b>		
Investments	1,064,918	1,066,502
Property, Plant and Equipment, net	956,670,487	889,870,465
Goodwill	3,890,654	3,896,442
Intangible Assets, net	449,697	421,831
Other Non-Current Assets	7,953,251	13,112,468
Deferred Tax Asset	2,654,015	2,657,963
	<b>972,683,022</b>	<b>911,025,671</b>
<b>TOTAL ASSETS</b>	<b>1,563,778,732</b>	<b>1,526,825,133</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 31.03.2011 AND 31.12.2010**  
**(Currency - US Dollars)**

<b>LIABILITIES</b>	<b>31.03.2011</b>	<b>31.12.2010</b>
<b>Short Term Liabilities</b>		
Financial Liabilities	257,663,415	267,269,091
Trade Payables, net	186,937,081	127,833,746
Taxation Payable on Income	5,007,409	8,713,990
Other Payables and Accrued Liabilities	5,589,239	6,416,011
	455,197,144	410,232,838
<b>Long Term Liabilities</b>		
Financial Liabilities	504,210,481	519,673,975
Retirement Pay Provision	1,061,447	861,521
Deferred Tax Liability	1,896,629	1,899,450
	507,168,557	522,434,946
<b>Shareholders' Equity</b>		
Share Capital	374,273,676	374,830,486
General Reserves	156,994,834	112,323,816
Share Premium	62,003,285	62,095,528
Net Profit for the Period / Year	8,141,236	44,907,519
	601,413,031	594,157,349
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1,563,778,732</b>	<b>1,526,825,133</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 PERIOD ENDED 31.03.2011 AND THE**  
**(Currency - US Dollars)**

<b>INCOME STATEMENT</b>	<b>01.01.- 31.03.2011</b>	<b>01.01.- 31.12.2010</b>
Net Sales	143,071,875	589,812,726
Cost of Sales	(114,718,175)	(501,608,029)
<b>Gross Profit</b>	<b>28,353,700</b>	<b>88,204,697</b>
Research and Development Expenses	-	(8,409)
Marketing and Selling Expenses	(575,212)	(1,184,630)
General Administrative Expenses	(2,296,855)	(11,520,455)
<b>Basic Operating Profit</b>	<b>25,481,633</b>	<b>75,491,203</b>
Goodwill arising from the acquisition of new subsidiaries	-	4,519,621
Other Income / (Expenses), net	196,731	2,944,698
Financing Income / (Expenses), net	(14,506,471)	(28,149,911)
<b>Profit Before Tax For The Period / Year</b>	<b>11,171,893</b>	<b>54,805,611</b>
Taxation on Profit - Current	(3,056,063)	(9,100,834)
<b>Profit After Tax For The Period / Year</b>	<b>8,115,830</b>	<b>45,704,777</b>
Discontinued Operations	25,406	(797,258)
<b>NET PROFIT FOR THE PERIOD / YEAR</b>	<b>8,141,236</b>	<b>44,907,519</b>
<b>Earnings before interest, tax, depreciation and amortization (EBITDA)</b>	<b>38,046,710</b>	<b>121,808,673</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 MARCH 2011 AND 31 DECEMBER 2010**  
**(Currency - Turkish Lira)**

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**1. Organization and Nature of Activities**

Aksa Enerji Üretim A.Ş. (The Company) was established on 12 March 1997 for production and sale of electricity. 94.52% of its capital is owned by Kazancı Holding. The electrical energy produced by the Company in 2010 was sold to the TEİAŞ (Electricity Transmission Company of Turkey), KIB-TEK (Electricity Transmission Company of Turkish Republic of Northern Cyprus) and to the Free Customers by Bilateral Agreements (through Aksa Elektrik Perakende Satış A.Ş.).

• **Bursa Power Plant:**

The power plant at Bursa which has a capacity of 1.39 MW (Megawatts) produces electricity from methane gas. Methane gas is extracted from biological waste naturals. This installation is the first of its kind in Turkey. Since the methane gas at the region is almost used up, the operation is stopped for a while. Dated on 24.04.2004 with the number of EÜ/133-6/153 license was ended by the Energy Market Regulatory Authority board resolution which is dated on 21.12.2010 and number of 2938-45.

• **Hakkari Power Plant**

Hakkari power plant has an installed capacity of 24 MW. It is a mobile power plant and it uses fuel oil for energy production. All production for five years (2001-2006) was contracted to be sold to TEAŞ. Electricity production license was obtained from EMRA (Electricity Market Regulatory Authority in Turkey) at the end of 2007.

Since then all production of the Power Plant was sold to TEİAŞ.

• **Samsun Power Plant**

The Company has another mobile electricity production plant located in Samsun which has installed capacity of 130 MW. It uses fuel-oil. All of the production from this installation for five years (2003-2008) is contracted to be sold to EÜAŞ.

The Company Management decided to convert the existing Wartsila diesel engines to gas-diesel engines. Within 2011, Samsun Power Plant will start to work as natural gas combined cycle power plant.

• **Antalya Power Plant**

The Company has been awarded an electricity production license for a natural gas fired combined cycle power plant at Antalya with an installed capacity of 1,150 MW.

In relation to Antalya power plant, a purchase agreement was signed with General Electric Packaged Power Inc. ("GE") for 4 units of LM6000 sprint natural gas turbine generator sets, each of them with 50 MW capacity. Another agreement was signed with Thermodyn and IST companies for the steam turbines and boilers which will add 50 MW to the power plant without any fuel costs. In line with this investment, the Company signed a loan agreement with US Exim as export credit institution and JP Morgan as a funding bank. The Company completed the construction of simple cycle at the end of 2008 and the combined cycle at the end of 2009. GE Natural Gas Power Plants, which are 250 MW, are fully operative until beginning of 2010.

Additionally, again for phase 2 of in relation to Antalya power plant, the Company signed another purchase agreement with Siemens Aktiengesellschaft, fossil power generation ("Siemens") for 2 units of Sgt 5 Pac 4000F natural gas turbine generator sets, each of them with 300 MW capacity, in order to establish an open cycle natural gas fired power plant with 600 MW installed capacity. The Company also completed finance structure of this project with Hermes as export credit institution and Commerzbank as the funding bank.

The Siemens and GE turbines are located at the same area and most of the constructional works regarding Siemens turbines and GE turbines are carried in parallel. This investment will be completed and operational in the second quarter of 2011.

600 MW Siemens Natural Gas Power Plant in Antalya has become operational in 2009 and increased to 900 MW in the first half of 2011.

**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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• **Manisa Power Plant**

During 2008, the Company has obtained a license for combined cycle natural gas power plant in Manisa, which has 115 MW installed capacity. The purchase agreement was signed with Wartsila and the finance was completed with West LB as funding bank and Finnvera as export credit institution. Manisa power plant construction has been partially completed in 2008 and fully completed and operational in 2009.

As of 31 March 2011, the number of personnel employed by the Company is 278 (31.12.2010: 278).

As of 31 March 2011 the subsidiaries which have been included in consolidation are below:

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

Early in 2003, the Company had been awarded a 5 years contract of 20 MW mobile power plant in Northern Cyprus. The plant had started electricity production in mid 2003 and all of its production was sold to Electricity Distribution Company of Turkish Northern Cyprus (KIB-TEK). In October 2004, the Company had signed an additional protocol with KIB-TEK. Accordingly, the Company has increased its capacity to 89 MW during 2005 and all of its production was sold to KIB-TEK. At the end of 2008, the contract with KIB-TEK has been revised and the contract period has been extended up to 2024. The 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.

In addition, there is an ongoing investment to increase the capacity of the Power Plant and combined cycle conversion by 31 MW, which will be fully completed until the third quarter of 2011.

As of 31 March 2011, the number of personnel employed by the Company is 48 (31.12.2010: 46).

**2. Rasa Elektrik Üretim A.Ş. (Previously called as Rasa Radyatör Sanayi A.Ş.):**

The Company was established on 30 January 1996 in Istanbul. It was originally engaged in the production of oil and water coolers for automobiles, agricultural machinery and generators. During 2001, the Company completed the construction of a mobile power plant in Mardin which has installed capacity of 33 MW. This is a mobile power plant which uses fuel oil and it has been established to meet the electricity needs of Mardin and surrounding areas. The contract with TEAŞ (Turkey Electricity Production and Relaying Company) foresees that all production during five years (2001-2007) is sold to TEAŞ. The contract with TEAŞ has expired as of 31 December 2007. An electricity production licence was obtained from EMRA in 2007 and since then the power plant is producing and selling its energy to TEAŞ.

As of 31 March 2011, the number of personnel employed by the Company is 107 (31.12.2010: 104).

**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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**3. Deniz Elektrik Üretim Limited Şirketi:**

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

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

The Company established to produce electricity from wind energy. In 2004, the Company awarded two wind farm licenses 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 most of its production to TEİAŞ in 2010, while, small amount is contracted to the Free Customers by the Bilateral Agreements.

As of 31 March 2011, the number of personnel employed by the Company is 47 (31.12.2010: 50).

**4. Baki Elektrik Üretim Limited Şirketi:**

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

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

The Company started the construction of a plant which will produce electricity from wind power with a capacity of 90 MW (thirty wind turbines, each with a capacity of 3 MW) in Şamlı, Balıkesir in 2007. The plant became operational in September 2008. The Company sold most of its production to TEİAŞ in 2010, while, small amount is contracted to the Free Customers by the Bilateral Agreements

The Company is currently increasing the capacity by 24 MW. It is expected that the expansion project will be completed by the second half of 2011 (note 10).

As of 31 March 2011, the number of personnel employed by the Company is 26 (31.12.2010: 31).

**5. 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. As of 31 March 2011, the number of personnel employed by the Company is 48 (31.12.2010: 46).

• **The Van Plant:**

The Company has licence for a natural gas power plant in Van which has a 115 MW capacity. The plant is located in the Van organized industrial zone, 5 km from the Van city center, and connected to the national grid at the Van transformer center located 6.8 km from the power plant. Rasa Enerji obtained an EMRA generation licence for the Van plant in 2009 for a period of 49 years. The licence expires in 2058. The Company sells the electrical energy it produces to TEİAŞ (Electricity Transmission Company of Turkey). The total installed capacity of the Van plant was increased to 104 MW in the first quarter of 2010 and to 115 MW as combined cycle in the last quarter of 2010.

**AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES**  
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**(Currency - Turkish Lira)**

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

İdil İki Enerji Sanayi ve Ticaret A.Ş. (the Company) was established in 2001.

Nature of the Company's business is to produce electrical energy by using fuel oil, natural wind and water. The Company owns Şırnak plant which is a fuel oil fired power plant with an installed capacity of 24 MW. The Company has contracts to sell all the electricity it produces to TEAŞ, which is Turkey's state electricity company. In 2010, all the production of the Company was sold to TEIAS.

During 2007, the Company has obtained electricity production licenses from Energy Market Regulatory Authority (EMRA) for a 20 year period as follows:

- a. Wind Electricity Power Plant in Türkbahçe/Gaziantep, Yağcılar/İzmir, Arsus/İskenderun, Bozlu/Hatay and Hereke/Kocaeli.
- b. Hydro-Electricity Power Plant in Olur/Erzurum, İkisu/Erzurum, Kozbükü/Ordu and Avluca/Giresun.

As of 31 March 2011, the number of personnel employed by the Company is 25 (31.12.2010: 25).

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Electricity production licences held by the Group are as follows:

<b>Licence Owner</b>	<b>Area</b>	<b>Type of Facility</b>	<b>Date of Licence Started</b>	<b>Licence Duration</b>	<b>The capacity of the plant (MWe)</b>	<b>The capacity under operation (MWe)</b>
Aksa Enerji	KKTC	Fuel oil			89.0	89.0
Aksa Enerji	Samsun	Fuel oil			130.0	130.0
Aksa Enerji	Hakkari	Fuel oil	18.10.2007	10 year	24.0	24.0
Aksa Enerji	Antalya	Natural Gas	13.11.2007	30 year	1,150.0	850.00
Aksa Enerji	Manisa	Natural Gas	21.02.2008	30 year	115.26	115.26
Aksa Enerji	İncesu-Ortaköy-Çorum	HPP	29.09.2005	40 year	15.0	-
Aksa Enerji	Bolu	Thermal	25.03.2008	30 year	270.0	-
Aksa Enerji	Erzincan (*)	HPP	17.01.2008	49 year	85.0	-
Aksa Enerji	Mersin (*)	HPP	14.06.2007	49 year	20.0	-
Aksa Enerji	Kayseri (*)	HPP	17.01.2008	49 year	30.0	-
Aksa Enerji	Mutki-Bitlis (*)	HPP	24.03.2005	35 year	32.0	-
Aksa Enerji	Pazarköy-Akyazı-Sakarya (*)	HPP	10.02.2005	40 year	26.4	-
Aksa Enerji	EğrikayaSırtı-Atikboynutepe-Atıkkayasıtepe-Alacıkkayatepe-Çardaklıtepe-İskenderun-Hatay (*)	WPP	13.03.2008	49 year	30.0	-
Aksa Enerji	City of Gümüşhane, Kuletası Dam (*)	HPP	05.03.2009	49 year	30.0	-
Aksa Enerji	City of Bitlis, Kor Dam (*)	HPP	30.10.2008	49 year	26.0	-
Aksa Enerji	Koru Dam (*)	HPP	17.06.2009	49 year	15.0	-
Aksa Enerji	Adana, Yamanlı 1 Reg. (*)	HPP	20.05.2010	49 year	24.2	-
Baki Elektrik	Merkez-Şamlı-Balıkesir	WPP	06.04.2004	49 year	114.0	90.0
Deniz Elektrik	Sebenoba-Gözene-Yayladağı-Samandağ-Hatay	WPP	04.06.2004	49 year	60.0	30.0
Deniz Elektrik	Karakurt-İlyaslar-Çakaltepe-Manisa	WPP	05.12.2003	49 year	10.8	10.8
Rasa Elektrik	Mardin	Fuel oil	22.03.2007	20 year	33.0	33.0
İdil İki	Şırnak	Fuel oil	22.03.2007	20 year	24.0	24.0
İdil İki	Ordu (*)	HPP	25.04.2008	49 year	62.34	-
İdil İki	Erzurum (*)	HPP	06.09.2007	49 year	60.0	-
Rasa Enerji	Van Energy Station	Natural Gas	15.01.2009	49 year	114.88	114.88
<b>Total</b>					<b>2,590.88</b>	<b>1,510.94</b>

(\*)The licences 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. and İdil İki Enerji Sanayi ve Ticaret 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 March 2011 and 31 December 2010 are as follows:

Name of Consolidated Entity	Effective Rate of Ownership (%)	
	31.03.2011	31.12.2010
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

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.

**Comparative Information and Correcting The Financial Statements of the Previous Period**

Comparative information as of 31 December 2010 have been reclassified where necessary, in terms of ensuring compliance with the presentation of consolidated financial statements for the current period.

In particular, while drawing the consolidated financial statements as of 31 December 2010, the following items have been classified: advances given to inventory suppliers were classified under “ inventory”, these have been reclassified in other current asset; advance payments to tangible fixed asset suppliers were classified under “ Property, Plant and Equipment”, these have been reclassified in other non-current asset; deposits given classified under “ Trade Receivables, net”, these have been reclassified in other current asset; deposits received classified under “ Trade Payables, net”, these have been reclassified in other payables and accrued liabilities.



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**Financial Statements Translation into US Dollars for Convenience Purposes**

For the convenience of the reader, the accompanying financial statements have been translated from Turkish Lira to USD with the Central Bank buying exchange rate at year-end (31.03.2011: USD = TL 1.5483, 31.12.2010: USD= TL 1.5460). 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

**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)	31.12.2006
Payment	180,258
Fair value of the asset acquired	43,725
Goodwill	223,983

As of 24.05.2006 (from financial statements dated 31.12.2006), 95% of the shares of Baki Elektrik were acquired by the Group and TL 223,983 worth of positive goodwill arised.

Cost (İdil İki)	31.12.2010
Payment	18,000,000
Fair value of the asset acquired	(14,650,644)
Goodwill	3,349,356

As of 05.03.2010 (from financial statements dated 31.03.2010), 99.99% of the shares of İdil İki were acquired by the Group and TL 3,349,356 worth of positive goodwill arised.

Cost (Deniz Elektrik)	31.12.2010
Payment	2,880,310
Fair value of the asset acquired	(429,750)
Goodwill	2,450,560

As of 13.08.2010, the Group acquired additional 4.99 % and TL 2,450,560 worth of positive goodwill arised.

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Negative goodwill (included in the income statement):

Cost (Rasa Enerji)	31.12.2010
Payment	28,000,000
Fair value of the asset acquired	(34,987,334)
Negative goodwill	(6,987,334)

As of 05.03.2010 (from financial statements dated 31.03.2010), 99.99% of the shares of Rasa Enerji were acquired by the Group and TL 6,987,334 worth of negative goodwill arised.

**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.

**Adoption of new and revised international financial reporting standards**

In the current period, the Group has applied the standards and interpretations relevant to their scope of activities of the new and newly revised standards and interpretations issued by International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretation Committee ("IFRIC") of "IASB" being effective from 1st of January 2010.

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

a) Effective for annual periods beginning on or after 01 January 2010:

- Improvements to IFRS (issued 2009)
- Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards - Additional exemptions for first-time adopters"
- Amendments to IFRS 2 "Cash settled share based Payment Transactions"
- Amendments to IFRS 3 "Business Combinations"
- IAS 27 "Amendments to separate financial statements"
- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement"- Eligible hedged items
- IFRIC 17, "Distributions of Non-cash Assets to Owners"

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

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b) New and amended standards and interpretations issued that are effective subsequent to 31 December 2010:

- IFRS 9, “(Revised) Financial Instruments, Classification and Measurement of Financial Assets” (effective for fiscal periods beginning on or after 01.01.2013)
- Amendment to IAS 24, “Related Party Disclosure’s” (effective for periods beginning on or after 01.01.2011)
- Amendment to IAS 32, “Classification of Right Issues” (effective for periods beginning on or after 01.02.2010)
- IFRIC 9, “Reassessment of Embedded Derivatives” (effective for periods beginning on or after 01.01.2013)
- Amendment to IFRIC 14, “Prepayments of a Minimum Funding Requirement” (effective for periods beginning on or after 01.01.2011, with earlier application permitted)
- IFRIC 19, “Extinguishing Financial Liabilities with Equity Instruments” (effective for periods beginning on or after 01.07.2010, with earlier application permitted)

The Group Management thinks that the application of the above Standards and Interpretations shall not make an important effect on the financial statements of the Group in future periods.

### **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.

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

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

	Year
Buildings	10-50
Machinery and equipment (*)	10-20
Furniture, fixtures and office equipment	5-15
Motor vehicles	5-8
Intangible assets	5-7

**(\*) Breakdown of machinery and equipment is as follows:**

	Year
Karakurt (Manisa) Wind Electricity Powerhouse	20
Sebenova (Hatay) Wind Electricity Powerhouse	20
Şamlı (Balıkesir) Wind Electricity Powerhouse	20
Natural Gas Power Plants	20
Fuel Oil Power Plants	15

**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 March 2011, TL 37,987,277 (USD 24,534,830) and 31 December 2010, TL 45,381,689 (USD 29,354,262) of export credit premium is netted of 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 March 2011, TL 4,965,580 (USD 3,207,117) and 31 December 2010, TL 5,224,022 (USD 3,379,057) of export credit premium is netted of 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 March 2011, TL 28,847,499 (USD 18,631,724) and 31 December 2010, TL 28,758,259 (USD 18,601,720) of export credit premium is netted of 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 March 2011, TL 4,517,251 (USD 2,917,555) and 31 December 2010, TL 4,716,834 (USD 3,050,992) of export credit premium is netted of from assets and liabilities.

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**Impairment of assets**

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

**Taxation and deferred income taxes**

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

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

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

**Employee benefits / retirement pay provision**

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

**Operating expenses**

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

**Revenue recognition**

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

**Research and development costs**

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

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**Segment reporting**

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

**Offsetting**

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

**Foreign currency transactions and translation**

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

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

Currency	31.03.2011	31.12.2010
USD	1.5483	1.5460
EURO	2.1816	2.0491
CHF	1.6764	1.6438
GBP	2.4845	2.3886
JPY	0.0185	0.0189

**Provisions**

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

**Commitments and contingencies**

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

**Use of estimates**

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

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**Significant management judgment in applying accounting policies**

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

Revenue: Management needs to make significant judgment in determining when to recognize income from after-sales services.

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 financial statements.

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**4. Cash and Cash Equivalents**

	31.03.2011	31.12.2010
Cash on hand	73,040	93,711
Cash at banks		
- Demand account	3,928,360	23,179,292
- Time deposits and repurchase agreements	38,093,699	47,707,410
- Blocked account	7,483,756	7,343,185
	<b>49,578,855</b>	<b>78,323,598</b>

Bank accounts are listed below:

	31.03.2011		31.12.2010	
	Foreign currency	TL Equivalent	Foreign currency	TL Equivalent
<b>Demand Deposits</b>				
- TL		2,107,462		19,330,129
- USD	492,828	763,046	1,202,398	1,858,908
- EUR	370,264	807,767	967,483	1,982,470
- GBP	100,198	248,941	2,773	6,623
- CHF	91	153	91	150
- JPY	53,285	991	53,452	1,012
		<b>3,928,360</b>		<b>23,179,292</b>
<b>Time Deposits and repurchase agreements<sup>(*)</sup></b>				
- TL		30,710,646	-	12,326,902
- USD	3,897,479	6,034,466	20,085,243	31,051,785
- EUR	618,164	1,348,587	2,112,500	4,328,723
		<b>38,093,699</b>		<b>47,707,410</b>
<b>Blocked Account<sup>(**)</sup></b>				
- USD	3,001,793	4,647,676	3,026,750	4,679,355
- EUR	1,300,000	2,836,080	1,300,000	2,663,830
		<b>7,483,756</b>		<b>7,343,185</b>
		<b>49,505,815</b>		<b>78,229,887</b>

<sup>(\*)</sup> As of 31 March 2011, the average term of the time deposit is 45 days and the effective interest rate on time deposit is 7.8% (31.12.2010: 30 days, interest rate is 8%).

<sup>(\*)</sup> As of 31 March 2011, the average term of repurchase agreements is between 1 - 41 days and interest rate for TL is between 4.5% - 5.5% (31.12.2010: %5.3 - %6.5) and for foreign currency is between 0.50% - 1.10% (31.12.2010: 0.40% - 1.25%).

<sup>(\*\*)</sup> As of 31 March 2011, TL 7,483,756 (2010: TL 7,343,185) is related to the liabilities of the Group, in accordance with provision of the loan agreement.



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5. Trade Receivables, net

	31.03.2011	31.12.2010
Customers' current accounts		
- Turkish Lira	32,104,072	53,742,276
- Foreign currency	20,240,471	668,486
Trade receivables from related parties (*)	36,279,674	60,068,753
Notes receivable (**)	1,511,848	1,278,899
Unearned interest on notes receivable (-)	(320,622)	(233,063)
Provision for doubtful receivables (-)	(2,504,433)	(2,499,088)
	<b>87,311,010</b>	<b>113,026,263</b>

(\*) As of 31 March 2011, trade transactions with related parties which are mainly comprised of sale of imported natural gas equipments to Kazancı Group gas distribution companies. Receivables from overseas related parties are mainly in relation to sale of power generations (detailed note 6).

(\*\*) As of 31 March 2011, maturity breakdown of post dated checks and notes receivables were as follows:

Up to 3 months	1,511,848
	<b>1,511,848</b>

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

Due from/to related parties and shareholders comprised balances with Kazancı Family and Kazancı Group Companies all of which are under the control of Kazancı Family. Additionally Kazancı Holding A.Ş. has signed a protocol (31.12.2009) with Aksa Enerji Üretim A.Ş. that this balance will be repaid within two years.

As of 31 March 2011 and 31 December 2010 the breakdown of the related parties balances are as follows:

Due from related parties	Trade	31.03.2011	Trade	31.12.2010
		Non-Trade		Non-Trade
Afyon Doğal Gaz Dağıtım A.Ş.	375,832	12,886,855	1,468,797	11,484,546
Aksa CNG Sıkıştırılmış Doğal Gaz Dağ. İletim Ve Satış A.Ş.	-	408	-	408
Aksa Doğal Gaz Toptan Satış A.Ş.	10,973	576,454	328,445	234,053
Aksa Doğalgaz Dağıtım A.Ş.	-	376	-	298
Aksa Elektrik Perakende Satış A.Ş.	41,662	2,144,545	183,198	1,953,737
Aksa Elektrik Toptan Satış A.Ş.	7,000,869	387,855	982,227	22
Aksa Gaz Dağıtım A.Ş.	1,035,055	443,634	10,147,477	193
Aksa Göynük Üretim A.Ş.	2,932,596	10,911,739	3,728,879	501,417
Aksa International Ltd.	7,226	2,084,874	655,784	1,460,305
Aksa Enerji A.Ş (Iraq)	-	8,993,251	-	-
Aksa Jeneratör Sanayi A.Ş.	-	2,612,240	1,566,816	6,618,325
Aksa Makina Sanayi A.Ş.	29,560	1,298,005	242,139	1,433,043
Aksa Power Gen Changzhou	-	-	-	686,394
Aksa Power Generation Co.	3,357,138	3,965,771	5,908,015	1,583
Aksa Power Generation Fze.	-	687,289	-	-
Aksa Satış Ve Pazarlama A.Ş.	-	302,426	7,921	292,392
Aksa Servis Ve Yedek Parça A.Ş.	-	89,329	1,221	62
Aksa Teknoloji A.Ş.	1,460	74,870	5,883	68,988
Aksa Turizm İşletmeleri A.Ş.	145,689	8,720,614	569,296	8,059,390
Alenka Enerji Ltd. Şti.	-	-	65,900	-
Anadolu Doğalgaz Dağıtım A.Ş.	18,021	475	249,242	665,985
Anadolu Doğalgaz Toptan Satış A.Ş.	-	944,145	85	-
Atel Telekomünikasyon A.Ş.	3,385	173,571	14,234	159,337
Ayres Ayvacık Rüzgar Enerji Santrali Ltd. Şti.	-	2,197	1,951	97
Balıkesir Doğal Gaz Dağıtım A.Ş.	232,912	191,240	163,891	-
Bandırma Doğal Gaz Dağıtım A.Ş.	196,982	7,597,657	315,719	7,401,882
Bilecik Bolu Doğal Gaz Dağıtım A.Ş.	358,894	1,259,370	709,341	368,474
Ceka Enerji Üretim A.Ş.	-	1,359,253	113,110	1,245,808
Çanakkale Doğalgaz Dağıtım A.Ş.	391,331	10,528,410	3,070,044	7,369,178
Çoruh Aksa Elektrik Hizmetleri A.Ş.	-	1,533	-	1,366
Çoruh Elektrik Dağıtım A.Ş.	-	2,097	-	1,331
Dergaz A.Ş.	5,862	-	5,862	12,980,061
Deriş İnşaat A.Ş.	93,276	3,817,528	422,356	3,399,415
Doust Company (Iraq)	2,521,294	-	2,879,445	-
Düzce Ereğli Doğal Gaz Dağıtım A.Ş.	573,787	14,916,086	1,842,467	-
Elazığ Doğalgaz Dağıtım A.Ş.	347,878	5,409,131	3,023,511	2,298,033
Fatih Büyüktopçu	-	-	-	56,972
Fırat Aksa Elektrik Hizmetleri A.Ş.	-	2,873	-	30

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Due from related parties	Trade	31.03.2011		31.12.2010	
		Non-Trade	Trade	Non-Trade	
Gemlik Doğal Gaz Dağıtım A.Ş.	29,259	57,297	-	-	
Gesa Güç Sistemleri A.Ş.	535,611	11,760	535,611	11,686	
Gümüşhane Bayburt Doğalgaz A.Ş.	1,400,255	633,501	416,051	162,925	
İrfan Cengiz	-	-	1,598	99,384	
Kapıdağ Rüzgar A.Ş.	292	828	-	-	
Karadeniz Doğalgaz Dağıtım A.Ş.	1,352,528	3,461,342	2,753,364	615,745	
Kazancı Holding A.Ş.	2,768,435	286,599,405	4,432,260	295,727,058	
Kazancı Teknik Cihazlar Yedek Parça A.Ş.	47,515	1,486,914	-	2,777,807	
Koni İnşaat Sanayi A.Ş.	5,583,761	171,001,725	1,111,096	178,596,578	
Koni Tarım İşletmeleri A.Ş.	4,595	4,315,708	14,953	5,249,867	
Koni Tarımsal Yatırımlar A.Ş.	1,001	101,867	5,953	95,674	
Koni Turizm San. Ve Ticaret A.Ş.	3,985	204,983	107,143	97,123	
Malatya Doğalgaz A.Ş.	508,344	2,918,830	3,173,982	61,637	
Manisa Doğalgaz Dağıtım A.Ş.	168,060	384	173,296	384	
Mustafa Kemal Paşa Susurluk Doğalgaz Dağıtım A.Ş.	705,654	21,659,609	1,194,692	24,149,739	
Onan Enerji Üretim A.Ş.	2,186	113,808	11,801	98,202	
Ordu Giresun Doğalgaz Dağıtım A.Ş.	544,976	36,000	93,540	1,065	
Rasa Enerji Sancar	-	-	-	45	
Rasa Enerji Üretim A.Ş.	-	-	6,586	40	
Rasa Radiator Company Ltd.	-	1,601	-	-	
Renk Transmisyon Sanayi A.Ş.	-	45	-	533	
Siirt Batman A.Ş.	49,104	15,875	-	-	
Sivas Doğal Gaz Dağıtım A.Ş.	-	533	-	-	
Ş.Urfa Doğal Gaz Dağ. Ltd. Şti.	1,468,002	4,080,829	2,612,973	1,360,611	
Tasfiye Halinde S.S.Endüstriyel Ürün Üreticileri	-	2,112	-	2,112	
Tokat Amasya Doğal Gaz Dağıtım A.Ş.	827,050	28,432,852	4,141,374	24,173,317	
Trakya Doğal Gaz Dağıtım A.Ş.	597,379	21,061,520	524,446	20,703,425	
Van Doğalgaz Dağıtım A.Ş.	-	74,240	84,778	972	
<b>Total from related parties</b>	<b>36,279,674</b>	<b>648,659,669</b>	<b>60,068,753</b>	<b>622,729,054</b>	

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Due to related parties	Trade	31.03.2011	Trade	31.12.2010
		Non-Trade		Non-Trade
Aksa Doğal Gaz Toptan Satış A.Ş.	-	73,538	9,675	59,506
Aksa Doğalgaz Dağıtım A.Ş.	-	91	-	3,884
Aksa Elektrik Perakende Satış A.Ş.	-	55,608	4,326	51,282
Aksa Elektrik Toptan Satış A.Ş.	-	353,238	-	354,610
Aksa Far East PTE Ltd.	-	728,389	-	727,140
Aksa Gaz Dağıtım	-	-	-	989
Aksa Göynük Üretim A.Ş.	-	2,844,758	-	-
Aksa Havacılık A.Ş.	113,049	-	-	-
Aksa Jeneratör Sanayi A.Ş.	6,722,567	16,289,901	2,378	728,575
Aksa Kiralama Ve Makina Satış A.Ş.	-	-	29,775	28,169
Aksa Makina Sanayi A.Ş.	-	58,697	975	51,926
Aksa Satış Ve Pazarlama A.Ş.	623	178,979	134	-
Aksa Servis Ve Yedek Parça A.Ş.	-	457	-	747
Aksa Turizm İşletmeleri A.Ş.	-	747	-	-
Alenka Enerji Ltd. Şti.	-	-	-	162,099
Ali Metin Kazancı	-	7,031	-	5,681
Anadolu Doğalgaz Dağıtım A.Ş.	-	-	-	15
Ayres Ayvacık Rüzgar Enerji Santrali Ltd. Şti.	10,540	727,924	-	779,371
Balıkesir Doğalgaz Dağıtım A.Ş.	-	2,991	-	2,991
Bilecik Bolu Doğalgaz Dağıtım A.Ş.	-	-	-	-
Cemil Kazancı	-	722	-	726
Deriş İnşaat A.Ş.	-	3,644	-	3,644
Eurl Aksa Generateurs	-	328,844	-	56,536
Fatih Büyüktopçu	-	-	-	521
Gemlik Doğalgaz Dağıtım A.Ş.	-	401,398	-	382,645
Gesa Güç Sistemleri A.Ş.	-	195	-	195
Kapıdağ Rüzgar A.Ş.	206,825	10,736,043	170,350	10,579,316
Kazancı Holding A.Ş.	-	13,023,276	-	3,346
Kazancı Makina Ve Motor Ltd. Şti.	4,394	458	897	1,202
Kazancı Teknik Cihazlar Yedek Parça A.Ş.	-	19,888	186,785	420,585
Koni İnşaat Sanayi A.Ş.	-	5,109,719	332,458	373,794
Malatya Doğalgaz A.Ş.	-	21,740	-	21,737
Manisa Doğalgaz Dağıtım A.Ş.	-	3,000	-	3,000
Mehmet Kazancı	-	521	-	521
Mustafa Kemal Paşa Susurluk Doğalgaz Dağıtım A.Ş.	-	3,109	-	-
Mustafa Kurnaz	-	19	-	19
Necati Baykal	-	521	-	-
Nilgün Nurik Kazancı	-	-	-	150
Sedat Siverek	-	466	-	155
Serdar Nişli	-	32	-	5
Sivas Doğal Gaz Dağıtım A.Ş.	-	282,866	-	-

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<b>Due to related parties</b>	<b>Trade</b>	<b>31.03.2011</b>		<b>31.12.2010</b>	
		<b>Non-Trade</b>	<b>Trade</b>	<b>Non-Trade</b>	
Şerafettin Akkaya	-	41	-	24	
Tw.Energy Target	-	-	-	54,685	
Van Doğalgaz Dağıtım A.Ş.	-	34,937	33,305	-	
<b>Total due to related parties</b>	<b>7,057,998</b>	<b>51,293,788</b>	<b>771,058</b>	<b>14,859,791</b>	
<b>Due from / (to) related parties, net</b>	<b>29,221,676</b>	<b>597,365,881</b>	<b>59,297,695</b>	<b>607,869,263</b>	

**7. Inventory**

	<b>31.03.2011</b>	<b>31.12.2010</b>
Raw materials (*)	93,343,065	59,010,833
Work in process	424,934	538,452
Finished goods	259,564	316,931
Merchandise	17,385,157	16,952,709
Other inventory	8,618,248	5,011,692
Provision for diminution in value of inventory ( - )	(506,698)	(506,698)
	<b>119,524,270</b>	<b>81,323,919</b>

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

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

<b>Other Current Assets:</b>	<b>31.03.2011</b>	<b>31.12.2010</b>
Prepaid expenses (**)	4,680,738	2,341,458
Deposits given	366,426	341,159
VAT carried forward	4,832,922	3,603,963
Prepaid taxes and funds	7,213,480	15,181,811
Advances given	30,920,224	36,300,273
Advances given for business purposes	101,314	274,445
Advances given to personnel	191,935	335,101
Other doubtful receivables	446,281	446,281
Provision for other sundry receivables	(446,281)	(446,281)
Sundry debtors	207,915	191,335
	<b>48,514,954</b>	<b>58,569,545</b>

(\*\*) Prepaid expenses are mainly related to rent and insurance expenses.

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<b>Other Non current assets:</b>	<b>31.03.2011</b>	<b>31.12.2010</b>
Deposits given	64,390	57,501
Prepaid expenses	152,619	169,480
Advances given	12,097,009	20,044,076
VAT carried forward - long term	-	819
	<b>12,314,018</b>	<b>20,271,876</b>

**9. Investments**

Rasa Radiator (Jiangyin) Co. Ltd.	1,512,300	1,512,300
Kapıdağ Rüzgar Enerji Santrali Ltd. Şti.	119,575	119,575
Ayres Ayvacık Rüzgar Enerji Santrali Ltd. Şti.	16,937	16,937
I.S.P. A.Ş.	42,108	42,108
Provision for impairment of I.S.P. A.Ş.	(42,108)	(42,108)
	<b>1,648,812</b>	<b>1,648,812</b>

No consolidation or equity accounting has been applied due to immateriality of the above noted investments.

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**10. Property, Plant and Equipment, net**

	<b>31.12.2010</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfer</b>	<b>31.03.2011</b>
<b>Cost</b>					
Land, land improvements and buildings	61,757,220	29,636	-	-	61,786,856
Leasehold improvements	430,328	2,119	-	-	432,447
Machinery and equipment	1,282,518,015	198,914	(131,782)	18,640,000	1,301,225,147
Motor Vehicles	3,489,748	335,139	(22,637)	57,450	3,859,700
Furniture, fixtures and office equipment	9,134,322	1,056,589	-	-	10,190,911
Construction in Progress	349,527,035	123,279,804	-	(18,697,450)	454,109,389
	<b>1,706,856,668</b>	<b>124,902,201</b>	<b>(154,419)</b>	<b>-</b>	<b>1,831,604,450</b>
<b>Accumulated Depreciation (-)</b>					
Land improvements and buildings	683,688	34,454	-	-	718,142
Leasehold improvements	240,623	14,514	-	-	255,137
Machinery and equipment	322,689,400	19,075,790	(87,270)	-	341,677,920
Motor Vehicles	1,639,568	56,898	(12,828)	-	1,683,638
Fixtures and Fittings	5,863,650	193,048	-	-	6,056,698
	<b>331,116,929</b>	<b>19,374,704</b>	<b>(100,098)</b>	<b>-</b>	<b>350,391,535</b>
<b>Net Book Value</b>	<b>1,375,739,739</b>	<b>105,527,497</b>	<b>(54,321)</b>	<b>-</b>	<b>1,481,212,915</b>

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As of 31 March 2011, the Group's property, plant and equipment were insured at EURO 268,486,146 USD 58,855,000 and TL 1,979,766.

As of 31 March 2011, TL 10,670,483 (31 December 2010 TL 18,717,549) of interest expenses and foreign exchange losses has been capitalized.

(\*) As of 31 March 2011, the breakdown of construction in progress are as follows:

Antalya Siemens & GE NGPP	218,944,110
Van Natural Gas Power Plant	61,810,502
Şamlı Wind Farm	56,071,965
Çorum İncesu Hydro Electric Power Plant	52,574,591
Samsun Operating Cycle Power Plant	31,747,654
Turkish Republic of Northern Cyprus (TRNC) capacity expansion	24,520,730
The movement of Sinjar Fuel Oil PP to Mardin Power Plant.	2,310,715
Other (**)	6,129,122
	<b>454,109,389</b>

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

The allocation of current period depreciation and amortization expenses for the period / year ended 31 March 2011 and 31 December 2010 is as follows:

	<b>31.03.2011</b>	<b>31.12.2010</b>
Cost of sales	19,391,660	71,287,146
General administration expenses	62,849	319,663
Discontinued Operations	15,481	87,375
	<b>19,469,990</b>	<b>71,694,184</b>



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**11. Intangible Assets, net**

	<b>31.12.2010</b>	<b>Additions</b>	<b>31.03.2011</b>
<b>Cost</b>			
Rights	1,055,904	139,402	1,195,306
	1,055,904	139,402	1,195,306
<b>Accumulated Depreciation</b>			
Rights	403,754	95,286	499,040
	403,754	95,286	499,040
<b>Net Book Value</b>	<b>652,150</b>	<b>44,116</b>	<b>696,266</b>

**12. Financial Liabilities**

	<b>31.03.2011</b>	<b>31.12.2010</b>
Short-term bank loans	146,730,448	129,648,120
Current portion of long-term bank loans	154,292,053	181,038,070
Factoring Payables	68,679,487	71,161,519
Finance lease liabilities, net	22,179,877	19,285,895
Interest expense accruals	7,058,400	12,064,410
<b>Total short-term financial liabilities</b>	<b>398,940,265</b>	<b>413,198,014</b>
Long-term bank loans	648,853,728	679,447,154
Factoring Payables	44,530,656	42,669,600
Finance lease liabilities, net	87,284,704	81,299,211
<b>Total long -term financial liabilities</b>	<b>780,669,088</b>	<b>803,415,965</b>
<b>Total financial liabilities</b>	<b>1,179,609,353</b>	<b>1,216,613,979</b>

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A summary per type of loan is given below:

	31.03.2011		31.12.2010	
	Foreign Currency	TL Amount	Foreign Currency	TL Amount
<b>Current:</b>				
Bank Loans				
-TL		5,013,384		5,730,102
-USD	150,604,478	233,180,913	167,110,787	258,353,277
-EUR	28,799,140	62,828,204	22,743,063	46,602,811
Factoring Payables				
-TL		46,986,437		54,711,260
-USD	14,010,883	21,693,050	10,640,530	16,450,259
Finance lease liabilities, net				
-USD	13,049,038	20,203,825	11,396,210	17,618,539
-EUR	905,781	1,976,052	813,702	1,667,356
Interest expense accruals		7,058,400		12,064,410
<b>Total Short Term</b>		398,940,265		413,198,014
<b>Non-current:</b>				
Bank Loans				
-TL		3,465,268		4,123,945
-USD	307,358,478	475,883,132	330,789,640	511,400,783
-EUR	77,697,712	169,505,328	79,997,280	163,922,426
Factoring Payables				
-USD	28,761,000	44,530,656	27,600,000	42,669,600
Finance lease liabilities, net				
-USD	50,462,968	78,131,810	47,305,549	73,134,379
-EUR	4,195,496	9,152,894	3,984,594	8,164,832
<b>Total Long Term</b>		780,669,088		803,415,965

As of 31 March 2011, the annual interest rate of the long term TL loans is 11.35%-18.62%, USD loans varied between 0.60%-8.66% and EURO loans varied between 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).

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As of 31 March 2011, the repayment schedule of the short term and long term loans is as follows:

<b>Payment Year</b>	<b>EURO</b>	<b>TL Equivalent</b>	<b>USD</b>	<b>TL Equivalent</b>	<b>TL</b>	<b>Total TL Equivalent</b>
2011	28,799,140	62,828,204	150,604,478	233,180,913	5,013,383	301,022,501
2012	14,885,540	32,474,296	72,235,313	111,841,938	3,465,268	147,781,502
2013	11,878,388	25,913,891	46,148,295	71,451,405	-	97,365,296
2014	9,556,965	20,849,475	40,347,555	62,470,119	-	83,319,594
2015	8,048,363	17,558,309	33,179,875	51,372,400	-	68,930,709
2016	5,313,645	11,592,248	28,400,134	43,971,927	-	55,564,175
2017	4,366,979	9,527,001	24,553,331	38,015,922	-	47,542,923
2018	4,366,979	9,527,001	21,348,042	33,053,173	-	42,580,174
2019	4,366,979	9,527,001	20,418,231	31,613,547	-	41,140,548
2020	4,366,979	9,527,001	6,238,971	9,659,799	-	19,186,800
2021	4,366,979	9,527,001	11,369,245	17,603,002	-	27,130,003
2022	1,544,979	3,370,526	3,119,486	4,829,900	-	8,200,426
2023	1,544,979	3,370,526	-	-	-	3,370,526
2024	1,544,979	3,370,526	-	-	-	3,370,526
2025	1,544,979	3,370,526	-	-	-	3,370,526
<b>Total</b>	<b>106,496,852</b>	<b>232,333,532</b>	<b>457,962,956</b>	<b>709,064,045</b>	<b>8,478,651</b>	<b>949,876,229</b>

**Factoring Payables**

As of 31 March 2011, the breakdown of the factoring payables is as follows:

	<b>31.03.2011</b>	<b>31.12.2010</b>
Short-term:		
Girişim Faktoring A.Ş.	46,986,437	54,711,260
Yapı ve Kredi Faktoring A.Ş.	21,693,050	16,450,259
	68,679,487	71,161,519
Long-term:		
Yapı ve Kredi Faktoring A.Ş.	44,530,656	42,669,600
	44,530,656	42,669,600
<b>Total</b>	<b>113,210,143</b>	<b>113,831,119</b>

As of 31 March 2011, TL 28,681,175 (31.12.2010: TL 39,884,153 ) of TEİAŞ receivables is netted of from assets and liabilities.

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**Lease Payables**

The Group acquired machinery and equipment via financial leasing. As of 31 March 2011, the repayment schedule of leasing obligations is as follows:

<b>Payment Year</b>	<b>EURO</b>	<b>TL Equivalent</b>	<b>USD</b>	<b>TL Equivalent</b>	<b>Total TL Equivalent</b>
2011	905,781	1,976,052	13,049,038	20,203,825	22,179,877
2012	711,310	1,551,794	10,666,819	16,515,436	18,067,230
2013	917,423	2,001,450	14,969,470	23,177,230	25,178,680
2014	855,837	1,867,094	11,494,145	17,796,385	19,663,479
2015	899,097	1,961,470	9,191,138	14,230,639	16,192,109
2016	811,829	1,771,086	4,141,396	6,412,120	8,183,206
<b>Total</b>	<b>5,101,277</b>	<b>11,128,946</b>	<b>63,512,006</b>	<b>98,335,635</b>	<b>109,464,581</b>

**13. Trade Payables, net**

	<b>31.03.2011</b>	<b>31.12.2010</b>
Suppliers' current accounts		
- Turkish Lira	94,441,709	96,319,091
- Foreign Currency (*)	186,226,176	101,007,236
Trade payables from related parties (**)	7,057,998	771,058
Notes payable	1,729,264	87,722
Unearned interest on notes payable (-)	(731,398)	(554,350)
Other	710,933	214
	<b>289,434,682</b>	<b>197,630,971</b>

(\*) TL 186,107,213 (31.12.2010: TL 96,669,697) 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 note 6.

**14. Taxation Payable on Income**

The corporation tax rate in Turkey on the profits for the calendar year 2011 is 20% (2010: 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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**Investment Allowance Exemption:**

The investment allowance application which had been in force for a significant period of time was abolished by Law No.5479 dated 30.03.2006. However, in accordance with the temporary article 69 of the Income Tax Law, income and corporate taxpayers can deduct the following amounts from their income related to the years 2006, 2007 and 2008 as well as the investment allowance amounts they could not offset against 2005 gains which were present as of 31.12.2005, in accordance with the legislation (including the provisions related to tax rates) in force as of 31.12.2005.

During 2007, the Group revised its foreseeable utilization of investment allowances in future corporate tax computations and wrote off TL 5,000,000 from its deferred tax assets. Accordingly the Group is not creating any deferred tax assets or liability since 31.12.2007.

The tax liabilities included in the accompanying financial statements comprised:

	<b>31.03.2011</b>	<b>31.12.2010</b>
<u>a) Included in the income statement:</u>		
Current tax charge	(4,731,703)	(14,069,889)
<u>b) Included in the balance sheet:</u>		
Taxation payable on income (current)	7,752,972	13,471,828
Deferred tax assets	4,109,211	4,109,211
Deferred tax liabilities	2,936,550	2,936,550

**Deferred taxes**

As of 31 March 2011 and 31 December 2010, 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>31.03.2011</b>	<b>31.12.2010</b>
Order advances received	1,209,917	1,920,685
Taxes and dues payable	3,047,831	3,414,618
Social security premiums payable	474,154	444,230
Deposits received	2,426,933	2,801,164
Provisions	106,640	156,102
Due to personnel	1,343,217	1,182,352
Other	45,128	-
	<b>8,653,820</b>	<b>9,919,151</b>

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**16. Retirement Pay Provision**

Under the Turkish Labour Law, the Group is required to pay employment termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). The provision is made in respect of all eligible employees, at a rate of 30 days gross pay for each year of service. The rate of pay is that ruling at the respective balance sheet dates, subject to a maximum of TL 2,623 per year as of 31.03.2011 (31.12.2010 : TL 2,517 per year).

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

As of 31 March 2011 and 31 December 2010 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 (5.1 %) and an appropriate discount rate (10 %).

**17. Share Capital**

The issued and paid up share capital of Aksa Enerji Üretim A.Ş. comprised 577,500,000 shares of par value TL 1 each at 31 March 2011 and 31 December 2010.

	31.03.2011	%	31.12.2010	%
Kazancı Holding A.Ş.	545,865,625	94.52	545,865,625	94.52
Ali Metin Kazancı	4,814	(*)	4,814	(*)
Mehmet Kazancı	4,812	(*)	4,812	(*)
Şaban Cemil Kazancı	4,812	(*)	4,812	(*)
Necati Baykal	4,812	(*)	4,812	(*)
Aksa Makina Sanayi A.Ş.	15,125	(*)	15,125	(*)
Public Share	31,600,000	5.47	31,600,000	5.47
Historic share capital	577,500,000	100.00	577,500,000	100.00
Inflation adjustment to share capital	1,987,932		1,987,932	
<b>Inflation adjusted share capital</b>	<b>579,487,932</b>		<b>579,487,932</b>	

(\*) Less than 0.01

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**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.

**19. Net Sales**

<b>Total Sales – MWH / Unit</b>	<b>01.01.- 31.03.2011</b>	<b>01.01.- 31.12.2010</b>
Energy sales – MWH	1,035,705	4,226,680
Radiator sales – unit	3,103	10,380
Generator sales – unit	219	1,267
<b>Total Sales – Amount</b>	<b>01.01.- 31.03.2011</b>	<b>01.01.- 31.12.2010</b>
Energy Sales (*)	198,694,439	802,126,164
Radiator Sales	2,436,733	7,285,730
Generator Sales	6,846,850	18,871,929
Natural Gas Equipments	9,992,435	65,766,618
Other	3,547,727	17,800,034
<b>Total Sales</b>	<b>221,518,184</b>	<b>911,850,475</b>

(\*) Total amount of balancing invoices issued by TEIAS in 2011 is TL 10,399,647 (01.01.-31.12.2010: TL 62,407,520), which has been deducted from the cost of sales account.

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**20. Cost of Sales**

	<b>01.01.- 31.03.2011</b>	<b>01.01.- 31.12.2010</b>
Cost of Energy Sales	163,136,665	681,176,731
Cost of Radiator Sales	2,077,448	6,408,748
Cost of Generator Sales	5,922,812	17,618,465
Cost of Natural Gas Equipments Sales	6,481,226	52,956,512
Cost of Other Sales	-	17,325,557
<b>COST OF SALES</b>	<b>177,618,151</b>	<b>775,486,013</b>

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

Research and development expenses	-	13,000
Marketing, selling and distribution expenses	890,601	1,831,438
General administrative expenses	3,556,220	17,810,624
	<b>4,446,821</b>	<b>19,655,062</b>

Breakdown of operating expenses are as follows:

Personnel expenses	1,998,532	8,914,349
Freight and freight insurance	859,912	1,489,533
Consultancy and notary expenses	427,562	2,553,963
Travelling expenses	232,044	1,306,156
Taxes paid	210,223	1,253,374
Motor vehicle expenses	205,331	748,659
Communication expenses	82,612	364,403
Depreciation and amortisation expenses	62,849	319,663
Advertising and representation expenses	51,171	617,749
Rent expenses	35,726	273,580
Office expenses	33,225	94,238
Insurance expenses	19,610	433,573
Retirement pay provision expense	17,257	84,698
Repair and maintenance expenses	11,244	61,134
Transportation expenses	9,610	54,972
Doubtful debt prov. expense	-	446,281
Research and development expenses	-	13,000
Other	189,913	625,737
	<b>4,446,821</b>	<b>19,655,062</b>



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**22. Other Income / (Expenses), net**

For the year ended 2010, TL 3,458,100 of other income is related to profit on sale of investment from Rasa Enerji Üretim A.Ş.

**23. Financing Income / (Expenses), net**

	01.01.- 31.03.2011	01.01.- 31.12.2010
Interest income on time deposits at banks and interest income on receivables from Kazancı Group Companies	11,440,941	47,422,247
Foreign exchange gains / (losses), net	(12,925,751)	(13,525,405)
Interest paid on loans and lease payables	(19,137,847)	(67,951,217)
Bank commission expenses	(1,308,569)	(6,831,473)
Unearned interest income / (expense), net	89,489	(524,106)
Letters of guarantee expenses	(571,872)	(2,064,988)
Other	(46,760)	(44,820)
	<b>(22,460,369)</b>	<b>(43,519,762)</b>

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

Aksa Enerji Üretim A.Ş. has a branch in Göynük, Bolu which would establish a thermal (coal fired) power plant by 25.07.2012. In the meantime, the Company sold lignite (note 19) from this lignite mine. On 27.10.2010, the Energy Market Regulatory Authority has approved the transfer of production licence and energy licence from Aksa Enerji Üretim A.Ş. to Aksa Göynük Enerji Üretim A.Ş. Accordingly, the branch in Göynük, Bolu has ceased its operations. The assets held by Aksa Enerji Bolu Göynük branch will be sold to Aksa Göynük Enerji Üretim A.Ş.. Aksa Göynük Enerji Üretim A.Ş. is not a subsidiary of Aksa Enerji Üretim A.Ş.

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

	<b>31.03.2011</b>	<b>31.12.2010</b>
Land	339,878	339,878
Buildings	292,779	292,779
Machinery and equipment	307,676	307,676
Motor vehicles	2,500	2,500
Fixtures and fittings	174,698	174,698
Construction in progress	12,016,825	12,016,205
	<b>13,134,356</b>	<b>13,133,736</b>
Depreciation and Amortization (-)	(235,838)	(220,357)
<b>Net Book Value</b>	<b>12,898,518</b>	<b>12,913,379</b>

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

	<b>01.01.- 31.03.2011</b>	<b>01.01.- 31.12.2010</b>
Net Sales	60,105	3,415,831
Cost of Sales	-	(3,123,375)
<b>Gross Profit</b>	<b>60,105</b>	<b>292,456</b>
Marketing and Selling Expenses	-	(818,384)
General Administrative Expenses	(150,515)	(826,200)
<b>Basic Operating Profit</b>	<b>(90,410)</b>	<b>(1,352,128)</b>
Other Income / (Expenses), net	130,951	326,210
Financing Income / (Expenses), net	(1,205)	(206,643)
	<b>39,336</b>	<b>(1,232,561)</b>

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**25. Commitments and Contingencies**

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

	<b>Foreign Currency</b>	<b>Currency Amount</b>	<b>TL Equivalent</b>
Akdeniz Electricity Distribution Company	TL	28,955	28,955
Ankara Turkey Electricity Distribution Company	TL	10,000	10,000
Belediyeler	TL	1,621	1,621
Boğaziçi Electricity Distribution Inc.	TL	69,120	69,120
Boru Hatları İle Petrol Taşıma A.Ş.	USD	2,641,000	4,089,060
Bursa Turkey Electricity Distribution Company	TL	600	600
Commerzbank AG	EUR	1,000,000	2,181,600
Public Waterworks Administration	TL	3,076,000	3,076,000
Electricity Generation Co. Inc. (EÜAŞ)	USD	25,819,427	39,976,219
Energy Market Regulatory Authority (EMRA)	TL	71,002,514	71,002,514
Gediz Electricity	TL	15,570	15,570
Gümrük Müsteşarlığı	EUR	250,000	545,400
Halkalı Gümrüğü	TL	10,965	10,965
İcra Müdürlükleri	TL	99,644	99,644
İskenderun Demir Çelik	TL	11,703,812	11,703,812
İstanbul 10. Asliye Mahkemesi	TL	1,500	1,500
K.K.T.C. Elektrik Kurumu	USD	3,000,000	4,644,900
K.K.T.C. Maliye Bakanlığı	TL	15,000	15,000
Ortadoğu Antalya	USD	300,000	464,490
Özer Metal	TL	150,000	150,000
Sakarya Electricity Distribution Company	TL	68305	68,305
Samsun Turkey Electricity Distribution Company	TL	26,862	26,862
TEİAŞ Araştırma Planlama	TL	421,008	421,008
Turkey Electricity Transmission Company (TEİAŞ)	TL	3,247,664	3,247,664
Turkey Electricity Transmission Company (TEİAŞ)	USD	4,068,729	6,299,612
Uludağ Electricity	TL	410,000	410,000
Yeşilirmak Electricity	TL	1,024,021	1,024,021
			<b>149,584,442</b>

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

<b>Guarantee Genus</b>	<b>Foreign Currency</b>	<b>Currency Amount</b>	<b>Total (TL)</b>
Mortgage (*)	EUR	12,000,000	26,179,200
Commercial Enterprise Pledge(**)	USD	133,000,000	205,923,900
Machinery and Equipment Pledge	EUR	24,914,673	38,575,388
Bank Deposit Blockage	EUR	1,300,000	2,012,790
Surety Ship	TL	-	411,087,648
Surety Ship	USD	661,809,767	1,024,680,062
Surety Ship	EUR	55,920,237	121,995,589
Assignment of Claim	TL	-	240,000,000
<b>Total</b>			<b>2,070,454,577</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.

**c) Guarantees given to related parties**

As of 31 March 2011, the amount of corporate guarantees granted to Kazancı Group companies in relation to their bank loans were at TL 1,588,683,300 (31.12.2010: TL 1,579,751,706).

As of 31 March 2011, there was 6 lawsuits pending in favour of the Group at the amount of TL 4,348,783 and there were 32 law suits pending against the Group at the amount of TL 2,748,603.

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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 March 2011, the recorded amounts of the foreign monetary assets were kept by the Group and those of the payables in terms of total amounts and foreign exchange are as follows:

<b>31.03.2011</b>	<b>USD</b>	<b>EUR</b>	<b>CHF</b>	<b>GBP</b>	<b>JPY</b>	<b>TL Equivalent</b>
Cash in hand	9,325	11,039	-	-	-	38,520
Cash at banks	7,392,100	2,288,428	91	100,198	53,285	16,687,707
Trade receivables (included related parties)	12,716,856	252,550	-	-	-	20,240,471
Due from related parties	5,869,256	413,242	-	-	-	9,988,898
Other current assets	750,096	3,840,041				9,538,807
<b>Total foreign currency assets</b>	<b>26,737,633</b>	<b>6,805,300</b>	<b>91</b>	<b>100,198</b>	<b>53,285</b>	<b>56,494,403</b>
Financial liabilities	564,246,845	111,598,129	-	-	-	1,117,085,864
Trade payables	68,772,707	36,429,887	-	108,654	-	186,226,176
<b>Total foreign currency liabilities</b>	<b>633,019,552</b>	<b>148,028,016</b>	<b>-</b>	<b>108,654</b>	<b>-</b>	<b>1,303,312,040</b>
<b>Net foreign currency position</b>	<b>(606,281,919)</b>	<b>(141,222,716)</b>	<b>91</b>	<b>(8,456)</b>	<b>53,285</b>	<b>(1,246,817,637)</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 March 2011 and 31 December 2010:

	<b>31.03.2011</b>	<b>31.12.2010</b>
Total financial liabilities	1,179,609,353	1,216,613,979
Less: cash and cash equivalents	(49,578,855)	(78,323,598)
Net financial debt	1,130,030,498	1,138,290,381
Total equity	930,574,346	918,567,263
Total financing used	2,060,604,844	2,056,857,644
<b>Gearing ratio (net financial debt to overall financing used ratio)</b>	<b>55%</b>	<b>55%</b>

(b) Financial instruments and categories

<b>Financial assets</b>		
Cash and cash equivalents	49,578,855	78,323,598
Trade receivables	87,311,010	113,026,263
	136,889,865	191,349,861
<b>Financial liabilities</b>		
Financial payables	1,179,609,353	1,216,613,979
Trade payables	289,434,682	197,630,971
	1,469,044,035	1,414,244,950

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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.

**AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 MARCH 2011 AND 31 DECEMBER 2010**  
**(Currency - Turkish Lira)**

**Appendix 1**

Related parties of the Group are shown below:

- 1 Afyon Doğal Gaz Dağıtım A.Ş.
- 2 Aksa Ankara Makina Satış ve Servis A.Ş.
- 3 Aksa CNG Sıkıştırılmış Doğal Gaz Dağ. İletim ve Satış A.Ş.
- 4 Aksa Doğal Gaz Toptan Satış A.Ş.
- 5 Aksa Doğalgaz Dağıtım A.Ş.
- 6 Aksa Elektrik Perakende Satış A.Ş.
- 7 Aksa Elektrik Toptan Satış A.Ş.
- 8 Aksa Far East Pte Ltd.
- 9 Aksa Gaz Dağıtım A.Ş.
- 10 Aksa Göynük Enerji Üretim A.Ş.
- 11 Aksa Havacılık A.Ş.
- 12 Aksa International Ltd.
- 13 Aksa Jeneratör Sanayi A.Ş.
- 14 Aksa Makina Sanayi A.Ş.
- 15 Aksa Power Generation Co.
- 16 Aksa Power Generation Fze.
- 17 Aksa Satış ve Pazarlama A.Ş.
- 18 Aksa Servis ve Kiralama A.Ş.
- 19 Aksa Teknoloji A.Ş.
- 20 Aksa Televizyon Hizmetleri A.Ş.
- 21 Aksa Tokat Amasya Doğal Gaz Dağıtım A.Ş.
- 22 Aksa Turizm İşletmeleri A.Ş.
- 23 Alenka Enerji Ltd. Şti.
- 24 Anadolu Doğalgaz Dağıtım A.Ş.
- 25 Ayres Ayvacık Rüzgar Enerjisinden Elektrik Üretim Santrali Ltd. Şti.
- 26 Balıkesir Doğal Gaz Dağıtım A.Ş.
- 27 Bandırma Doğal Gaz Dağıtım A.Ş.
- 28 Bilecik Bolu Doğal Gaz Dağıtım A.Ş.
- 29 Ceka Enerji Üretim A.Ş.
- 30 Çanakkale Doğalgaz Dağıtım A.Ş.
- 31 Çoruh Aksa Elektrik Hizmetleri A.Ş.
- 32 Çoruh Elektrik Dağıtım A.Ş.
- 33 Deriş İnşaat A.Ş.
- 34 Doust Company (Iraq)
- 35 Düzce Ereğli Doğal Gaz Dağıtım A.Ş.
- 36 Elazığ Doğalgaz Dağıtım A.Ş.
- 37 EURL AKSA Generateurs
- 38 Fırat Aksa Elektrik Hizmetleri A.Ş.
- 39 Fırat Elektrik Dağıtım A.Ş.
- 40 Gemlik Doğal Gaz Dağıtım A.Ş.
- 41 Gesa Güç Sistemleri A.Ş.
- 42 Gümüşhane Bayburt Doğalgaz A.Ş.
- 43 Gürgaz Şanlıurfa Doğalgaz Dağıtım Ltd. Şti.
- 44 I.S.P
- 45 Kapıdağ Rüzgar Enerji Santrali Ltd. Şti.
- 46 Karadeniz Doğalgaz Dağıtım A.Ş.
- 47 Kazancı Holding A.Ş.
- 48 Kazancı Makina ve Motor Ltd. Şti.
- 49 Kazancı Teknik Cihazlar Yedek Parça A.Ş.
- 50 Koni İnşaat Sanayi A.Ş.
- 51 Koni Tarım İşletmeleri A.Ş.
- 52 Koni Tarımsal Yatırımlar A.Ş.
- 53 Koni Turizm San. ve Ticaret A.Ş.
- 54 Malatya Doğalgaz A.Ş.
- 55 Manisa Doğalgaz Dağıtım A.Ş.
- 56 Mustafa Kemal Paşa Susurluk Doğalgaz Dağıtım A.Ş.
- 57 Onan Enerji Üretim A.Ş.
- 58 Ordu Giresun Doğalgaz Dağıtım A.Ş.
- 59 Renk Transmisyon San. A.Ş.
- 60 Siirt Batman Doğalgaz Dağıtım A.Ş.
- 61 Sivas Doğal Gaz Dağıtım A.Ş.
- 62 Trakya Doğal Gaz Dağıtım A.Ş.
- 63 Van Doğalgaz Dağıtım A.Ş.