

**AKSA ENERJİ ÜRETİM A.Ş. AND  
ITS SUBSIDIARIES  
CONSOLIDATED FINANCIAL  
STATEMENTS  
TOGETHER WITH INDEPENDENT  
AUDITOR'S REPORT AS OF  
30 JUNE 2013**

**INDEPENDENT AUDITOR'S REPORT OF  
AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES  
FOR THE PERIOD ENDED 30 JUNE 2013**

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

**Eren Bağımsız Denetim ve  
Yeminli Mali Müşavirlik A.Ş.**  
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*Introduction*

We have reviewed the accompanying consolidated interim balance sheet of Aksa Enerji Üretim A.Ş. and its subsidiaries (together referred to as the Group) as of 30 June 2013 and the related consolidated interim statements of income, changes in equity and cash flow for the six-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, 20 August 2013

**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS AS OF 30.06.2013 AND 31.12.2012**  
**(Currency - Turkish Lira)**  
**(Amounts translated into US Dollar at the period / year end exchange rate for convenience purposes)**

ASSETS	Note	30.06.2013		31.12.2012	
		USD	TL	USD	TL
<b>Current Assets</b>					
Cash and Cash Equivalents	4	15.125.406	29.113.382	22.758.617	40.569.510
Marketable Securities		-	-	193.861	345.577
Trade Receivables	5	147.940.165	284.755.230	137.954.077	245.916.937
Due from/to Related Parties and Shareholders, net	6	2.559.575	4.926.669	333.139.857	593.855.109
Inventory	7	93.435.337	179.844.337	76.033.633	135.537.555
Derivative Financial Instruments	25	1.628.356	3.134.260	-	-
Other Current Assets	8	38.490.157	74.085.855	47.443.461	84.572.714
		299.178.996	575.859.733	617.523.506	1.100.797.402
<b>Non-Current Assets</b>					
Trade Receivables, net	5	1.751.664	3.371.602	-	-
Investments	9	785.692	1.512.300	915.447	1.631.875
Property, Plant and Equipment	10	1.009.135.919	1.942.384.817	912.871.829	1.627.285.323
Goodwill	2	4.947.391	9.522.739	5.342.050	9.522.739
Intangible Assets	11	955.704	1.839.540	942.200	1.679.566
Other Non-Current Assets	8	69.483.442	133.741.730	48.812.272	87.012.756
Deferred Tax Asset	14	2.134.877	4.109.211	2.305.178	4.109.211
		1.089.194.689	2.096.481.939	971.188.976	1.731.241.470
<b>TOTAL ASSETS</b>		<b>1.388.373.685</b>	<b>2.672.341.672</b>	<b>1.588.712.482</b>	<b>2.832.038.872</b>

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

**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS AS OF 30.06.2013 AND 31.12.2012**  
(Currency - Turkish Lira)

(Amounts translated into US Dollar at the period / year end exchange rate for convenience purposes)

<b>LIABILITIES</b>	<b>Note</b>	<b>30.06.2013</b>		<b>31.12.2012</b>	
<b>Short Term Liabilities</b>		<b>USD</b>	<b>TL</b>	<b>USD</b>	<b>TL</b>
Financial Liabilities	12	146.243.015	281.488.555	316.548.066	564.278.583
Trade Payables	13	167.534.569	322.470.539	159.730.910	284.736.320
Derivative Financial Instruments	25	528.479	1.017.216	-	-
Taxation Payable on Income	14	1.418.281	2.729.907	3.714.033	6.620.636
Other Payables and Accrued Liabilities	15	8.808.409	16.954.432	6.550.508	11.676.935
		<b>324.532.753</b>	<b>624.660.649</b>	<b>486.543.517</b>	<b>867.312.474</b>
<b>Long Term Liabilities</b>					
Financial Liabilities	12	462.289.342	889.814.526	424.305.420	756.366.842
Retirement Pay Provision	16	1.661.800	3.198.632	1.219.385	2.173.676
Other Payables and Accrued Liabilities	15	1.871.585	3.602.426	-	-
Deferred Tax Liability	14	1.525.639	2.936.550	1.647.341	2.936.550
		<b>467.348.366</b>	<b>899.552.134</b>	<b>427.172.146</b>	<b>761.477.068</b>
<b>Shareholders' Equity</b>					
Share Capital	17	319.595.309	615.157.050	345.089.785	615.157.050
General Reserves	18	176.788.448	340.282.405	67.854.251	120.956.987
Share Premium		128.534.723	247.403.635	138.788.082	247.403.635
Cash Flow Hedge Reserve	25	1.099.877	2.117.044	-	-
Net Profit / (Loss) for Period / (Year)		(29.525.791)	(56.831.245)	123.264.701	219.731.658
		<b>596.492.566</b>	<b>1.148.128.889</b>	<b>674.996.819</b>	<b>1.203.249.330</b>
Commitments and Contingencies	24				
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>1.388.373.685</b>	<b>2.672.341.672</b>	<b>1.588.712.482</b>	<b>2.832.038.872</b>

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

**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME FOR THE PERIOD ENDED 30.06.2013 AND 30.06.2012**  
(Currency - Turkish Lira)  
(Amounts translated into US Dollar at the period end exchange rate for convenience purposes)

INCOME STATEMENT	Note	01.01.- 30.06.2013		01.01.- 30.06.2012	
		USD	TL	USD	TL
Net Sales	19	411.406.349	791.874.941	480.331.821	867.719.435
Cost of Sales	20	(367.895.191)	(708.124.664)	(412.508.914)	(745.197.354)
<b>Gross Profit</b>		<b>43.511.158</b>	<b>83.750.277</b>	<b>67.822.907</b>	<b>122.522.081</b>
Marketing and Selling Expenses	21	(359.331)	(691.641)	(424.777)	(767.359)
General Administrative Expenses	21	(4.298.173)	(8.273.123)	(5.327.927)	(9.624.901)
<b>Basic Operating Profit</b>		<b>38.853.654</b>	<b>74.785.513</b>	<b>62.070.203</b>	<b>112.129.821</b>
Other Income	22	1.130.882	2.176.721	3.523.308	6.364.856
Other Expenses	22	(2.485.793)	(4.784.655)	(9.760.268)	(17.631.924)
Financing Income	23	53.286.477	102.565.811	89.677.521	162.002.442
Financing Expenses	23	(117.681.349)	(226.513.061)	(60.884.613)	(109.988.053)
<b>Profit / (Loss) Before Tax For The Period</b>		<b>(26.896.129)</b>	<b>(51.769.671)</b>	<b>84.626.151</b>	<b>152.877.142</b>
Taxation on Profit					
- Current	14	(2.629.662)	(5.061.574)	(3.004.602)	(5.427.814)
- Deferred	14	-	-	-	-
<b>Profit / (Loss) After Tax For The Period</b>		<b>(29.525.791)</b>	<b>(56.831.245)</b>	<b>81.621.549</b>	<b>147.449.328</b>
Discontinued Operations		-	-	(4.769)	(8.615)
<b>NET PROFIT FOR THE PERIOD</b>		<b>(29.525.791)</b>	<b>(56.831.245)</b>	<b>81.616.780</b>	<b>147.440.713</b>
<b>Earnings before interest, tax, depreciation and amortization (EBITDA)</b>	3	<b>66.152.935</b>	<b>127.331.170</b>	<b>90.666.000</b>	<b>163.788.128</b>

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

**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE PERIOD ENDED 30.06.2013 AND 30.06.2012**  
(Currency - Turkish Lira)

<b>SHAREHOLDERS' EQUITY</b>	<b>Share Capital</b>	<b>General Reserves</b>	<b>Share Premium</b>	<b>Cash Flow Hedge Reserve</b>	<b>Net Profit / (Loss) for the Period</b>	<b>Total</b>
<b>Balance, 01.01.2012</b>	<b>579.487.932</b>	<b>242.940.489</b>	<b>96.523.266</b>	<b>-</b>	<b>(121.983.502)</b>	<b>796.968.185</b>
Transfer to reserves	-	(121.983.502)	-	-	121.983.502	-
Net profit for the period	-	-	-	-	147.440.713	147.440.713
<b>Balance, 30.06.2012</b>	<b>579.487.932</b>	<b>120.956.987</b>	<b>96.523.266</b>	<b>-</b>	<b>147.440.713</b>	<b>944.408.898</b>
<b>Balance, 01.01.2013</b>	<b>615.157.050</b>	<b>120.956.987</b>	<b>247.403.635</b>	<b>-</b>	<b>219.731.658</b>	<b>1.203.249.330</b>
Adjustments for changing in accounting policies	-	(569.199)	-	-	-	(569.199)
Effective portion of changes in fair value of cash hedges	-	-	-	2.117.044	-	2.117.044
Acquisition of new companies	-	162.959	-	-	-	162.959
Transfer to reserves	-	219.731.658	-	-	(219.731.658)	-
Net loss for the period	-	-	-	-	(56.831.245)	(56.831.245)
<b>Balance, 30.06.2013</b>	<b>615.157.050</b>	<b>340.282.405</b>	<b>247.403.635</b>	<b>2.117.044</b>	<b>(56.831.245)</b>	<b>1.148.128.889</b>

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

**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE PERIOD ENDED 30.06.2013 AND**  
**30.06.2012**  
**(Currency - Turkish Lira)**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>Note</b>	<b>01.01.- 30.06.2013</b>	<b>01.01.- 30.06.2012</b>
Net profit before tax for the period		(51.769.671)	152.877.142
<u>Adjustment for:</u>			
Depreciation and amortization	10	52.545.657	51.674.085
Provision for employee termination benefits	16	451.114	225.647
Interest expense accruals on loans	12	(169.640)	(4.097.300)
Unrealised foreign exchange (gains) / losses on loans	12	75.486.327	(63.679.461)
Decrease in value of inventory	7	11.162.311	-
Decrease in value of machinery and equipments	10	29.697.186	12.316.971
Change in allowance for doubtful other receivables	8	22.280	-
Discount on receivables / (payables), net	5-13	(754.905)	687.672
Tax provision	14	(2.331.667)	-
<b>Operating profit before working capital changes</b>		<b>114.338.992</b>	<b>150.004.756</b>
Trade receivables	5	(41.867.643)	(10.287.613)
Inventory	7	(55.469.093)	(25.083.364)
Other current assets	8	10.464.579	(9.720.001)
Other non current assets	8	(46.728.974)	1.869.432
Trade payables	13	38.146.872	29.042.918
Other payables and accrued liabilities	15	8.879.923	(32.644.927)
Retirement Pay Provision	16	573.842	(52.655)
Taxes paid	14	(6.620.636)	(4.420.183)
<b>Net Cash Flows Generated From / (used in) Operating Activities</b>		<b>21.717.862</b>	<b>98.708.363</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Assets Held For Sale	--	-	(70.079)
(Purchases) / Disposals of property, plant and equipment and intangible assets, net	10-11	(199.262.590)	(66.957.283)
Sales of marketable securities		345.577	293.805
<b>Net Cash Flows Used In Investment Activities</b>		<b>(198.917.013)</b>	<b>(66.733.557)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Financial liabilities	12	(224.659.031)	(34.096.319)
Due from/to related parties and shareholders	6	588.928.440	(28.978.456)
Adjustments for changing in accounting policies		(569.199)	-
Effect of Companies Included in Consolidation First Time		(197.957.187)	-
<b>Net Cash Flows Generated From / (Used in) Financing Activities</b>		<b>165.743.023</b>	<b>(63.074.775)</b>
Net Increase / (Decrease) in Cash and Cash Equivalents		(11.456.128)	(31.099.969)
Cash and Cash Equivalents at Beginning of the Period		40.569.510	110.146.953
<b>Cash and Cash Equivalents at the End of the Period</b>		<b>29.113.382</b>	<b>79.046.984</b>

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

1  
**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 30 JUNE 2013 AND 31 DECEMBER 2012**  
**(Currency - Turkish Lira)**

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**1. Organization and Nature of Activities**

Aksa Enerji Üretim A.Ş. (The Company) was established on 12 March 1997 for production and sale of electricity. The shares of Company have been registered in the Turkish Capital Markets Board (CMB) in May 2010 and the shares are now publicly traded on the Istanbul Stock Exchange. The public portion of the shares is 21,46% , 61,91% of the share capital is owned by Kazancı Holding A.Ş. and 16,62% of the share capital is owned by Goldman Sachs (note 17). As of 30 June 2013, the number of personnel employed by the Company is 264 (31.12.2012: 254) and the total number of personnel employed by the group is 634 (31.12.2012: 611).

The Company has the following electricity production plants:

• **Antalya Power Plant**

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

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

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

• **Manisa Power Plant**

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

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

• **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. Electricity production license was obtained from EMRA (Electricity Market Regulatory Authority in Turkey) at the end of 2007.

According to the contract rent of land are renewed each year since 21.09.2007 where the Company's power generation plant is located in Hakkari. Dated on 28.05.2013 license was ended by the Energy Market Regulatory Authority board resolution which is dated on 31.05.2013 and number of 4422-2.

• **Samsun Power Plant**

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

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

• **Çorum Power Plant**

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

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



2  
**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 30 JUNE 2013 AND 31 DECEMBER 2012**  
**(Currency - Turkish Lira)**

• **Mardin Power Plant**

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

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

• **Bursa Power Plant:**

The power plant at Bursa which has a capacity of 1,39 MW produces electricity from methane gas. Methane gas is extracted from biological waste naturals. 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.

The subsidiaries included in the consolidation as of 30 June 2013 are as follows:

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

• **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 30 June 2013, the number of personnel employed by the Company is 74 (31.12.2012: 65).

3  
**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 30 JUNE 2013 AND 31 DECEMBER 2012**  
**(Currency - Turkish Lira)**

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- **Rasa Elektrik Üretim A.Ş.:**

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

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

Aksa Enerji Üretim A.Ş. have been acquired the Company's 99,96 % shares. As of 30 June 2013, the number of personnel employed by the Company is 90 (31.12.2012: 109).

- **Deniz Elektrik Üretim Limited Şirketi:**

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

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

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

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

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

As of 30 June 2013, the number of personnel employed by the Company is 30 (31.12.2012: 25).

- **Baki Elektrik Üretim Limited Şirketi:**

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

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

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

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

As of 30 June 2013, the number of personnel employed by the Company is 21 (31.12.2012: 21).

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**AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 30 JUNE 2013 AND 31 DECEMBER 2012**  
**(Currency - Turkish Lira)**

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- **Rasa Enerji Üretim A.Ş.:**

Rasa Enerji Üretim A.Ş. (the Company) was established on 12.09.2000 for production and distribution of the electricity. The Company's 99,99% shares have been acquired by 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 270 MW capacity. The first construction period is completed in August 2011with an installed capacity of 129 MW and the Company started to generate electricity. The second portion of construction will be completed in 2017 and the total installed capacity of the plant will increase to 270 MW.

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

As of 30 June 2013, the number of personnel employed by the Company is 79 (31.12.2012: 83).

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

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

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

As of 30 June 2013, the number of personnel employed by the Company is 19 (31.12.2012:16).

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

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

As of 30 June 2013, the number of personnel employed by the Company is 4 (31.12.2012: 4).

- **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-Yurttepe and Tekirdag-Sırakayalar. During 2012, as a result of the purchase of additional shares, the Group's effective ownership increased to 90,45%.

As of 30 June 2013, the number of personnel employed by the Company is 1 (31.12.2012: none).

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- **Aksa Göynük Enerji Üretim A.Ş.:**

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

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

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

As of 30 June 2013, the number of personnel employed by the Company is 41 (31.12.2012: 34).

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

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

As of 30 June 2013, the number of personnel employed by the Company is 11.

- **Gesa Güç Sistemleri A.Ş.:**

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

As of 30 June 2013, there is no personnel employed by the Company.

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As of 30.06.2013, 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			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	32	32
Aksa Enerji	Samsun	Natural Gas	28.07.2011	49 year	131	131
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	Bitlis İli, Kor Barajı (*)	HPP	30.10.2008	49 year	26	-
Aksa Enerji	Adana, Yamanlı 1 Reg. (*)	HPP	20.05.2010	49 year	24	-
Aksa Enerji	EğrikayaSırtı-Atikboynutepe-Atikkayasitepe-Alacikkayatepe-Çardaklıtepe-Iskenderun-Hatay (*)	WPP	13.03.2008	49 year	30	-
Alenka	Kırklareli-Kıyıköy	WPP	04.04.2007	20 year	27	-
Ayres	Ayvacık	WPP	01.11.2007	25 year	5	5
Baki Elektrik	Merkez-Şamlı-Balıkesir	WPP	06.04.2004	49 year	114	114
Deniz Elektrik	Sebenoba-Gözene-Yayladağı-Samandağ-Hatay	WPP	04.06.2004	49 year	60	30
Deniz Elektrik	Karakurt-İlyaslar-Çakaltepe-Manisa	WPP	05.12.2003	49 year	11	11
İdil İki	Şırnak	Thermal	22.03.2007	20 year	24	24
İdil İki	Ordu	HPP	25.04.2008	49 year	62	-
Rasa Enerji	Van	Natural Gas	15.01.2009	49 year	115	115
Rasa Enerji	Şanlıurfa	Natural Gas	12.05.2011	49 year	270	129
Rasa Elektrik	Mardin	Fuel oil	22.03.2007	20 year	33	33
Kapıdağ	Balıkesir	WPP	12.12.2006	49 year	35	24
<b>Total</b>					<b>3.728</b>	<b>2.072</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 Akxa Enerji Üretim A.Ş., Deniz Elektrik Üretim Limited Şirketi, Akxa 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., Akxa Göynük Enerji Üretim A.Ş., Kapıdağ Rüzgar Enerjisi Elektrik Üretim Sanayi ve Ticaret A.Ş. and Gesa Güç Sistemleri A.Ş. The balance sheets and income statements of the consolidated entities are added on a line by line basis. All significant inter-company transactions and balances between the consolidated entities are eliminated on consolidation.

The subsidiaries which have been included in consolidation and their shareholding percentages at 30 June 2013 and 31 December 2012 are as follows:

<b>Name of Consolidated Entity</b>	<b>Effective Rate of Ownership (%)</b>	
	<b>30.06.2013</b>	<b>31.12.2012</b>
1. Akxa Enerji Üretim Kıbrıs – Y.Ş. (Northern Cyprus)	100,00	100,00
2. Rasa Elektrik Üretim A.Ş.	99,96	99,96
3. Deniz Elektrik Üretim Limited Şirketi	99,99	99,99
4. Baki Elektrik Üretim Limited Şirketi	95,00	95,00
5. Rasa Enerji Üretim A.Ş.	99,99	99,99
6. İdil İki Enerji Sanayi ve Ticaret A.Ş.	99,99	99,99
7. Ayres Ayvacık Rüzgar Enerjisinden Elektrik Üretim Santrali Ltd. Şti.	99,00	99,00
8. Alenka Enerji Üretim ve Yatırım Ltd. Şti.	90,45	90,45
9. Akxa Göynük Enerji Üretim A.Ş.	99,99	99,99
10. Kapıdağ Rüzgar Enerjisi Elektrik Üretim Sanayi ve Ticaret A.Ş. (*)	94,00	-
11. Gesa Güç Sistemleri A.Ş. (**)	99,99	-

(\*) Kapıdağ Rüzgar Enerjisi Elektrik Üretim Sanayi ve Ticaret A.Ş. was acquired by on 31.05.2013 and was consolidated in financial statements on 30.06.2013 with its respective balance sheet amount and last one month income statement amount.

(\*\*) Gesa Güç Sistemleri A.Ş. was acquired by on 02.04.2013 and was consolidated in financial statements on 30.06.2013 with its respective balance sheet amount and last three 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.

**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 period / year-ends ( 30.06.2013: US\$1 = TL1,9248; 31.12.2012: US\$1 = TL1,7826). The accompanying statements of income have been translated from Turkish Lira to US\$ with the respective Central Bank buying exchange rates for the relevant period (30.06.2013: US\$1 = TL1,9248, 30.06.2012: US\$1 = TL1,8065). 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.

**Goodwill**

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

Positive goodwill (included in the balance sheet):

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

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

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

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

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

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

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Cost (Ayres)

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Payment	3.275.083
(-)Positive /( Negative) Fair value of the asset acquired	(223.757)
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Goodwill	3.498.840

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.

Cost (Kapıdağ)

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

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

Positive goodwill (included in the income statement):

Cost (Alenka)

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

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

Cost (Aksa Göynük)

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

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



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Cost (Gesa Güç Sistemleri)

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

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

**Inflation accounting**

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

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**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 30 June 2013:

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”  
IFRS 10, “Consolidated Financial Statements”  
IFRS 11, “Common Regulations”  
IFRS 12, “Explanations Concerning the Shares in Other Operations”  
IFRS 13, “Fair value Measurement”  
IAS 19, “Employee Benefits”  
IAS 27, “Consolidated and Seperate Financial Statements”  
IAS 28, “Investments in Associates and Joint Ventures”  
IFRS 7 (Amendment), “Financial Instruments - Disclosures”

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

Following standards 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

IAS 32 (Amendment), “Financial Instruments – Presentation: Offsetting Financial Assets and Financial Liabilities”  
Effective from 01 January 2014

IFRS 10, (Amendment) “Consolidated Financial Statements”  
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.

**Derivative financial instruments**

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

**Inventory**

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

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

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

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

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

	Year
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 30 June 2013, TL 42.185.259 (USD 14.801.308, EURO 5.448.424) and 31 December 2012, TL 42.659.093 (USD 16.174.271, EURO 5.879.508) of export credit premium is netted off from assets and liabilities.

Deniz Elektrik Üretim Ltd. Şti. has an export credit premium payable in connection with its long term loans used to finance the wind electricity plant. In statutory financial statements, the Company recorded these both at assets (Other current and noncurrent assets – Note 8) and liabilities (Financial liabilities – Note 12) until the time of payment. As of 30 June 2013, TL 4.129.755 (USD 2.145.550) and 31 December 2012, TL 4.264.427(USD 2.392.251) of export credit premium is netted off from assets and liabilities.

Baki Elektrik Üretim Ltd. Şti. has an export credit premium payable in connection with its long term loans used to finance the wind electricity plant. In statutory financial statements, the Company recorded these both at assets (Other current and noncurrent assets – Note 8) and liabilities (Financial liabilities – Note 12) until the time of payment. As of 30 June 2013, TL 28.489.035 (USD 11.385.903 and EURO 2.615.048) and 31 December 2012, TL 27.781.943 (USD 11.985.161 and EURO 2.728.747) of export credit premium is netted off from assets and liabilities.

Rasa Enerji Üretim A.Ş. has an export credit premium payable in connection with its long term loans used to finance the wind electricity plant. In statutory financial statements, the Company recorded these both at assets (Other current and noncurrent assets – Note 8) and liabilities (Financial liabilities – Note 12) until the time of payment. As of 30 June 2013, TL 8.856.236 (EURO 3.523.187) and 31 December 2012, TL 9.152.949 (EURO 3.892.056) of export credit premium is netted off from assets and liabilities.

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**Impairment of assets**

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

**Taxation and deferred income taxes**

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

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

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

**Employee benefits / retirement pay provision**

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

**Operating expenses**

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

**Revenue recognition**

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

**Research and development costs**

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

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**Segment reporting**

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

**Offsetting**

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

**Foreign currency transactions and translation**

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

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

<b>Currency</b>	<b>30.06.2013</b>	<b>31.12.2012</b>
USD	1,9248	1,7826
EURO	2,5137	2,3517
CHF	2,0323	1,9430
GBP	2,9292	2,8708
JPY	0,0194	0,0207

**Provisions**

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

**Commitments and contingencies**

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

**Use of estimates**

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

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**Significant management judgment in applying accounting policies**

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

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

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

**EBITDA**

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

**4. Cash and Cash Equivalents**

	<b>30.06.2013</b>	<b>31.12.2012</b>
Cash on hand	90.652	87.517
Cash at banks		
- Demand account (*)	16.729.320	15.716.567
- Time deposits and repurchase agreements (*)	12.182.281	24.753.552
Other liquid assets (**)	111.129	11.874
	<b>29.113.382</b>	<b>40.569.510</b>

(\*) As of 30 June 2013, the Group has no TL time deposits (31.12.2012: average term is between 2-18 days, interest rate is between 5,75%-8,50%).

The average term of the USD time deposit is 4 days and the effective interest rate on USD time deposit is 2,50% (31.12.2012: 4 days, interest rate is 2,75%).

(\*) Included in demand and time deposits, as of 30 June 2013 there is an amount of TL 17.023.543 (USD 6.000.000 and EURO 2.121.987) which is blocked as security for the financial liabilities of the Group (31.12.2012: TL 18.036.843 - USD 6.000.000 and EURO 3.121.675).

(\*\*) As of 30 June 2013, the amount consists of B type investment funds amounting to TL 111.129 (31.12.2012: TL 11.874).

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**5. Trade Receivables**

<b>Current trade receivables</b>	<b>30.06.2013</b>	<b>31.12.2012</b>
Customers' current accounts (*)	84.289.928	126.962.372
Trade receivables from related parties (**)	198.770.064	120.036.663
Notes receivable	4.535.120	2.100.036
Unearned interest on trade receivable (-)	(245.468)	(587.720)
Provision for doubtful receivables (-)	(2.594.414)	(2.594.414)
	<b>284.755.230</b>	<b>245.916.937</b>

(\*) TL 8.441.119 (2012: TL 29.141.127) of trade receivables is assignable. It consists of bills of receivables issued by the Group for TEİAŞ, assigned as collateral for loans to banks.

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

As of 30 June 2013, the movement of the allowance for doubtful trade receivables is as follows:

	<b>01.01.- 30.06.2013</b>	<b>01.01.- 31.12.2012</b>
Opening balances at 1 January	2.594.414	2.499.414
Increase in provisions	-	120.937
Reversal of provisions and collections received (-)	-	(25.937)
<b>Closing balance</b>	<b>2.594.414</b>	<b>2.594.414</b>

<b>Non - Current trade receivables</b>	<b>30.06.2013</b>	<b>31.12.2012</b>
Notes receivable	3.405.435	-
Unearned interest on trade receivable (-)	(33.833)	-
	<b>3.371.602</b>	<b>-</b>



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

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

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

As of 30 June 2013, Aksa Enerji has receivables from Kazancı Holding A.Ş., Koni İnşaat A.Ş. and Aksa Jeneratör Sanayi A.Ş. at a total amount of TL 6.777.822 (31.12.2012: TL 535.713.268) Aksa Jeneratör business valuation report has been prepared by an independent expert and signed on 24.02.2012. The independent value of Aksa Jeneratör A.Ş. is established at TL 752 million. Aksa Jeneratör Sanayi A.Ş. is almost wholly owned by Kazancı Holding A.Ş. Kazancı Holding has given all of Aksa Jeneratör's shares as guarantee in relation to Kazancı Holding, Koni İnşaat and Aksa Jeneratör liability to Aksa Enerji .

As of 30 June 2013 and 31 December 2012 the breakdown of the related parties balances are as follows:

Due from related parties	30.06.2013		31.12.2012	
	Trade	Non-Trade	Trade	Non-Trade
Aksa Afyon Doğalgaz Dağıtım A.Ş.	-	-	-	1.604.690
Aksa Doğal Gaz Toptan Satış A.Ş.	-	15.852	-	15.852
Aksa Elektrik Perakende Satış A.Ş.	-	635.496	-	51.546.223
Aksa Elektrik Toptan Satış A.Ş.	185.138.938	22	110.477.751	22
Aksa Gaz Dağıtım A.Ş.	1.313	3.047	136.124	3.048
Aksa International Ltd.	1.565.818	-	-	1.556.942
Aksa Jeneratör Sanayi A.Ş.	504.381	111.495	-	111.500.710
Aksa Makina Sanayi A.Ş.	-	5.651	-	24.236
Aksa Satış Ve Pazarlama A.Ş.	-	283.093	-	284.816
Aksa Servis Ve Yedek Parça A.Ş.	20.934	29.532	3.320	-
Aksa Teknoloji A.Ş.	-	-	-	93.792
Aksa Turizm İşletmeleri A.Ş.	-	331	-	254.901
Aksa Bilecik Bolu Doğal Gaz Dağıtım A.Ş.	-	-	-	519.181
Ceka Enerji Üretim A.Ş.	-	7.243	-	146.916
Aksa Çanakkale Doğalgaz Dağıtım A.Ş.	-	-	-	205.973
Çoruh Aksa Elektrik Hizmetleri A.Ş.	-	-	-	29.858
Çoruh Elektrik Dağıtım A.Ş.	-	-	389.668	-
Çoruh Elektrik Perakende Satış A.Ş.	9.583.679	-	-	-
Jiangyin Aksa Electrical	-	-	-	1.893
Aksa Düzce Ereğli Doğal Gaz Dağıtım A.Ş.	-	-	-	153.029
Aksa Elazığ Doğalgaz Dağıtım A.Ş.	105	-	-	19.798
Elektrik Altyapı Hizmetleri A.Ş.	-	18.695	49.750	36.906
Fırat Elektrik Perakende Satış A.Ş.	2.395.712	-	-	-
Aksa Gemlik Doğal Gaz Dağıtım A.Ş.	-	2.124	-	103.466
Gesa Güç Sistemleri A.Ş.	-	-	-	11.006
Aksa Gümüşhane Bayburt Doğalgaz Dağıtım A.Ş.	-	-	-	3.998.326
Kapıdağ Rüzgar Enerji Santrali Ltd. Şti.	-	-	17.900	14.937.240

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<b>Due from related parties (con't)</b>	<b>30.06.2013</b>		<b>31.12.2012</b>	
	<b>Trade</b>	<b>Non-Trade</b>	<b>Trade</b>	<b>Non-Trade</b>
Aksa Karadeniz Doğalgaz Dağıtım A.Ş.	-	-	-	283.405
Kazancı Holding A.Ş.	-	881.014	-	395.640.245
Kazancı Teknik Cihazlar Yedek Parça A.Ş.	-	13.965	-	2.853.876
Koni İnşaat Sanayi A.Ş.	-	5.280.932	8.987.631	19.584.682
Koni Turizm San. Ve Ticaret A.Ş.	-	5.842	-	4.234
Aksa Malatya Doğalgaz Dağıtım A.Ş.	-	-	-	281.869
Aksa Mustafa Kemal Paşa Susurluk Doğalgaz Dağıtım A.Ş.	-	-	-	316.827
Onan Enerji Üretim A.Ş.	-	301	-	102.717
Aksa Ordu Giresun Doğalgaz Dağıtım A.Ş.	-	-	-	461.002
Aksa Siirt Batman Doğalgaz Dağıtım A.Ş.	-	-	-	6.274.588
Aksa Şanlıurfa Doğalgaz Dağıtım Ltd. Şti.	-	74.453	-	807.774
Tasfiye Halinde S.S.Endüstriyel Ürün Üreticileri	-	2.112	-	2.112
Aksa Tokat Amasya Doğal Gaz Dağıtım A.Ş.	-	-	-	3.144.443
Aksa Trakya Doğal Gaz Dağıtım A.Ş.	-	-	-	19.878
Aksa Van Doğalgaz Dağıtım A.Ş.	-	-	-	743.565
Other	419	231.008	-	20.297
Unearned interest on trade receivables from related parties (-)	(441.235)	-	(25.481)	-
<b>Total</b>	<b>198.770.064</b>	<b>7.602.208</b>	<b>120.036.663</b>	<b>617.590.338</b>

<b>Due to related parties</b>	<b>30.06.2013</b>		<b>31.12.2012</b>	
	<b>Trade</b>	<b>Non-Trade</b>	<b>Trade</b>	<b>Non-Trade</b>
Aksa Doğal Gaz Toptan Satış A.Ş.	-	7.158	2.403	4.755
Aksa Doğalgaz Dağıtım A.Ş.	-	10.766	-	10.766
Aksa Elektrik Perakende Satış A.Ş.	-	70.539	7.542	72.156
Aksa Elektrik Toptan Satış A.Ş.	76.901	123.734	53.256	60.833
Aksa Far East PTE Ltd.	916.448	-	-	916.448
Aksa Havacılık A.Ş.	909.227	-	291.128	-
Aksa Jeneratör Sanayi A.Ş.	4.609	986.789	34.887	13.432.801
Aksa Satış Ve Pazarlama A.Ş.	-	47.701	5.663	23.722
Aksa Servis Ve Yedek Parça A.Ş.	-	10.918	-	3
Aksa Gümüşhane Bayburt Doğalgaz Dağıtım A.Ş.	-	147.069	-	-
Anadolu Doğalgaz Dağıtım A.Ş.	-	9.267	156	8.156
Aksa Balıkesir Doğalgaz Dağıtım A.Ş.	-	1.626	1.626	7.892
Aksa Bandırma Doğalgaz Dağıtım A.Ş.	-	31.906	-	29.050
Aksa Teknoloji A.Ş.	-	49.107	-	-
Çoruh Elektrik Dağıtım A.Ş.	-	118.400	-	5.531
Deriş İnşaat A.Ş.	159.388	-	18.395	35.297
Elektrik Altyapı Hizmetleri Ltd. Şti.	-	201.274	-	32.112
Aksa Elazığ Doğalgaz Dağıtım A.Ş.	-	64.542	-	-

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<b>Due to related parties (con't)</b>	<b>30.06.2013</b>		<b>31.12.2012</b>	
	<b>Trade</b>	<b>Non-Trade</b>	<b>Trade</b>	<b>Non-Trade</b>
Aksa Ordu Giresun Doğalgaz Dağıtım A.Ş.	-	21.201	-	-
Fırat Aksa Elektrik Hizmetleri A.Ş.	-	-	-	3.292
Fırat Elektrik Dağıtım A.Ş.	-	99.955	-	6.753.320
Aksa Gemlik Doğalgaz Dağıtım A.Ş.	-	-	6.654	-
Gesa Güç Sistemleri A.Ş.	-	-	-	42.168
Aksa Şanlıurfa Doğalgaz Dağıtım Ltd. Şti.	9.135.841	572	1.782.743	-
Kapıdağ Rüzgar Enerji Santrali Ltd. Şti.	-	-	2.026	103.723
Kazancı Holding A.Ş.	-	236.657	59.979	498.492
Kazancı Makina Ve Motor Ltd. Şti.	-	70.448	-	599
Kazancı Teknik Cihazlar Yedek Parça A.Ş.	393.541	5.411	151.883	114.292
Koni İnşaat Sanayi A.Ş.	15.340	230.296	39.555	820.263
Aksa Manisa Doğalgaz Dağıtım A.Ş.	9.835.374	-	5.504.744	-
Aksa Tokat Amasya Doğal Gaz Dağıtım A.Ş.	-	34.396	-	-
Aksa Siirt Batman Doğalgaz Dağıtım A.Ş.	-	38.267	-	-
Aksa Sivas Doğal Gaz Dağıtım A.Ş.	-	5.038	-	450.008
Renk Transmisyon San. A.Ş.	130.697	-	233.077	27.345
Real Makina İthalat İhracat Ltd.	-	-	43.953	279.763
Aksa Van Doğalgaz Dağıtım A.Ş.	8.798.261	26.852	4.595.674	-
Unearned interest on trade payables from related parties (-)	(121.125)	-	(4.235)	-
Other	-	25.650	540	2.442
<b>Total</b>	<b>30.254.502</b>	<b>2.675.539</b>	<b>12.831.649</b>	<b>23.735.229</b>
<b>Due from / to related parties, net</b>	<b>168.515.562</b>	<b>4.926.669</b>	<b>107.205.014</b>	<b>593.855.109</b>

**7. Inventory**

	<b>30.06.2013</b>	<b>31.12.2012</b>
Raw materials <sup>(*)</sup>	164.479.070	110.881.083
Work in process	-	357.240
Finished goods	13.044.287	7.856.807
Merchandise	157.973	1.340.327
Other inventory	13.802.167	15.578.947
Provision for diminution in value of inventory (-)	(11.639.160)	(476.849)
	<b>179.844.337</b>	<b>135.537.555</b>

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

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The movement for inventory value decrease is as follows:

	<b>01.01.- 30.06.2013</b>	<b>01.01.- 31.12.2012</b>
Opening balances at 1 January	476.849	506.698
Increase in provisions (note 22)	965.985	-
The amount classified as other inventory	10.196.326	
Reversal of provisions and collections received (-)	-	(29.849)
<b>Closing balance</b>	<b>11.639.160</b>	<b>476.849</b>

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

<b>Other Current Assets</b>	<b>30.06.2013</b>	<b>31.12.2012</b>
Other VAT (*)	33.512.224	40.849.407
Advances given for inventories	8.333.970	8.975.465
VAT carried forward	19.422.733	18.587.541
Prepaid taxes and funds	5.297.093	10.823.801
Prepaid expenses	5.236.396	3.609.212
Other doubtful receivables	549.262	553.382
Provision for other sundry receivables	(549.262)	(553.382)
Sundry debtors	2.283.439	1.727.288
	<b>74.085.855</b>	<b>84.572.714</b>

(\*) Other VAT is related to export registered sales to Akxa Elektrik Toptan Satış A.Ş. (a related party).

As of 30 June 2013, the movement of the allowance for doubtful receivables is as follows:

	<b>01.01.- 30.06.2013</b>	<b>01.01.- 31.12.2012</b>
Opening balances at 1 January	553.382	857.299
Increase in provisions	22.280	3.978
Reversal of provisions and collections received (-)	(26.400)	(198.260)
Write off uncollectable receivables	-	(109.635)
<b>Closing balance</b>	<b>549.262</b>	<b>553.382</b>

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<b>Other Non Current Assets</b>	<b>30.06.2013</b>	<b>31.12.2012</b>
Advances given (*)	130.893.776	85.431.415
Deposits given (**)	2.805.069	1.542.022
Prepaid expenses	42.885	39.319
	<b>133.741.730</b>	<b>87.012.756</b>

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

(\*\*)As of 30 June 2013 , the amount of TL 2.568.691 (31 December 2012: TL 1.341.199) is related to collateral given to Takasbank in relation to receivables to be collected through TEİAŞ sales transactions.

**9. Investments**

	<b>Participation rate (%)</b>	<b>30.06.2013</b>	<b>31.12.2012</b>
Rasa Radiator (Jiangyin) Co. Ltd.	100,00	1.512.300	1.512.300
Kapıdağ Rüzgar Enerjisi Elektrik Üretim Sanayi ve Ticaret A.Ş.	-	-	119.575
I.S.P. A.Ş.	10,00	42.108	42.108
Provision for impairment of I.S.P. A.Ş.		(42.108)	(42.108)
		<b>1.512.300</b>	<b>1.631.875</b>

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

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**10. Property, Plant and Equipment**

	01.01.2013	Additions	Disposals	Transfer	Acquisition of new companies	Transfer to other inventory	30.06.2013
<b>Cost</b>							
Land, land improvements and buildings	63.250.216	36.068	-	-	344.111	-	63.630.395
Leasehold improvements	826.494	55.320	-	-	-	-	881.814
Machinery and equipment	1.974.813.926	66.626.718	(732.905)	71.876.112	117.234.894	(29.697.186)	2.200.121.559
Motor vehicles	3.116.942	280.820	(708.213)	-	53.528	-	2.743.077
Furniture, fixtures and office equipment	12.108.687	435.974	(122.546)	-	94.907	-	12.517.022
Construction in progress	88.362.497	125.179.849	-	(71.876.112)	82.241.078	-	223.907.312
	2.142.478.762	192.614.749	(1.563.664)	-	199.968.518	(29.697.186)	2.503.801.179
<b>Accumulated Depreciation</b>							
Land improvements and buildings	1.321.134	164.104	-	-	11.430	-	1.496.668
Leasehold improvements	352.872	26.232	-	-	-	-	379.104
Machinery and equipment	503.835.688	51.399.098	(119.209)	-	1.653.792	(7.198.027)	549.571.342
Motor vehicles	1.957.040	165.811	(463.855)	-	36.151	-	1.695.147
Furniture, fixtures and office equipment	7.726.705	516.894	(46.381)	-	76.883	-	8.274.101
	515.193.439	52.272.139	(629.445)	-	1.778.256	(7.198.027)	561.416.362
<b>Net Book Value</b>	<b>1.627.285.323</b>	<b>140.342.610</b>	<b>(934.219)</b>	<b>-</b>	<b>198.190.262</b>	<b>(22.499.159)</b>	<b>1.942.384.817</b>

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

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

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During the period ended 30 June 2013, TL 27.690.735 (31 December 2012: TL 8.573.194) of interest expenses and foreign exchange losses has been capitalized.

(\*\*) As of 30 June 2013, the breakdown of construction in progress are as follows:

	<b>Technical Completion</b>	<b>Investment Expenditures</b>
Bolu Göynük thermal power plant	52%	149.058.925
Balıkesir- WPP	80%	20.621.871
Belen Atik - Wind PP	75%	12.634.802
Kozbükü – HPP	12%	11.276.736
Sebenoba – Wind PP	39%	10.744.152
Kıyıköy – Wind PP	66%	10.182.706
Cyprus Kalecik – Mobile PP	99%	2.959.811
Other (*)	-	6.428.309
		<b>223.907.312</b>

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

The allocation of current period depreciation and amortization expenses for the periods ended 30 June 2013 and 2012 is as follows:

	<b>30.06.2013</b>	<b>30.06.2012</b>
Cost of sales	52.031.182	51.426.532
General administrative expenses (note 21)	514.475	231.775
Discontinued operations	-	15.778
	<b>52.545.657</b>	<b>51.674.085</b>



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**11. Intangible Assets, net**

	01.01.2013	Additions	Disposals	Acquisition of new companies	30.06.2013
<b>Cost</b>					
Rights	2.336.643	259.387	(5.000)	57.556	2.648.586
Other intangible assets	149.539	129.500	-	1.086	280.125
	2.486.182	388.887	(5.000)	58.642	2.928.711
<b>Accumulated Depreciation</b>					
Rights	768.213	231.201	(146)	6.708	1.005.976
Other intangible assets	38.403	42.317	-	2.475	83.195
	806.616	273.518	(146)	9.183	1.089.171
<b>Net Book Value</b>	<b>1.679.566</b>	<b>115.369</b>	<b>(4.854)</b>	<b>49.459</b>	<b>1.839.540</b>

	01.01.2012	Additions	Disposals	31.12.2012
<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>1.679.566</b>

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**12. Financial Liabilities**

	<b>30.06.2013</b>	<b>31.12.2012</b>
Short-term bank loans	77.163.525	236.093.416
Current portion of long-term bank loans	155.480.817	183.158.030
Factoring payables	-	91.182.338
Finance lease liabilities, net	35.829.867	40.660.813
Interest expense accruals	13.014.346	13.183.986
<b>Total short-term financial liabilities</b>	<b>281.488.555</b>	<b>564.278.583</b>
Long-term bank loans	802.690.276	665.692.578
Factoring payables	22.612.760	20.338.885
Finance lease liabilities, net	64.511.490	70.335.379
<b>Total long -term financial liabilities</b>	<b>889.814.526</b>	<b>756.366.842</b>
<b>Total financial liabilities</b>	<b>1.171.303.081</b>	<b>1.320.645.425</b>

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

As of 30 June 2013, USD loans is between 1,46%-8,64% (31 December 2012: 0,60%-8,67%) and EURO loans is between 1,99%-9,09% (31 December 2012: 1,99%-9,67%). As of 31 December 2012 , TL loans is between 6,37%-14,4%.

Bank loans are guaranteed by Kazancı Holding A.Ş., Aksa Jeneratör Sanayi A.Ş. (a related party), personal guarantee of the Group's shareholders, as well as several other securities (note 24-b).

As of 30 June 2013, total amounting of corporate guarantees provided by Aksa Group Companies and the Kazancı Family members for the Group's bank borrowings is TL 3.768.105.815 (31 December 2012: TL 2.695.941.844)

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As of 30 June 2013, the repayment schedule of the short term and long term loans is as follows:

<b>Payment Year</b>	<b>EURO</b>	<b>USD</b>	<b>TL</b>	<b>Total TL Equivalent</b>
Payable in 1 year	29.792.256	81.572.626	744.561	232.644.342
Payable in 1-2 years	24.725.579	47.172.094	-	152.949.533
Payable in 2-3 years	19.560.471	36.398.364	-	119.228.727
Payable in 3-4 years	14.676.192	37.919.571	-	109.879.134
Payable in 4-5 years	19.557.044	31.735.490	-	110.245.013
Payable over 5 years	32.215.960	119.184.648	-	310.387.869
<b>Total</b>	<b>140.527.502</b>	<b>353.982.793</b>	<b>744.561</b>	<b>1.035.334.618</b>

**Factoring Payables**

As of 30 June 2013 and 31 December 2012, the breakdown of the factoring payables is as follows:

	<b>30.06.2013</b>	<b>31.12.2012</b>
Short-term:		
Yapı ve Kredi Faktoring A.Ş. (*)	-	29.182.338
Girişim Faktoring A.Ş.	-	37.000.000
Garanti Faktoring A.Ş.	-	25.000.000
Total short term	-	91.182.338
Long-term:		
Yapı ve Kredi Faktoring A.Ş. (*)	22.612.760	20.338.885
Total long term	22.612.760	20.338.885
<b>Total</b>	<b>22.612.760</b>	<b>111.521.223</b>

(\*)As of 30.06.2013, TL 22.612.760 (31.12.2012: TL 49.521.223) of total liabilities has occurred by the service purchase agreement signed via leasing between KIBTEK and the Group which is based on electricity receivable for the future periods by factoring. As of 30 June 2013, TL 18.325.078 (31.12.2012: TL 13.907.457) of KIBTEK receivables is netted off from assets and liabilities.

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**Lease Payables**

The Group acquired machinery and equipment via financial leasing. As of 30 June 2013, the repayment schedule of leasing obligations is as follows:

<b>Payment Year</b>	<b>EURO</b>	<b>USD</b>	<b>Total TL Equivalent</b>
Payable in 1 year	2.917.316	14.804.973	35.829.867
Payable in 1-2 years	3.292.431	12.336.583	32.021.639
Payable in 2-3 years	2.879.099	9.358.000	25.249.470
Payable in 3-4 years	1.509.498	428.776	4.619.733
Payable in 4-5 years	906.633	-	2.279.003
Payable over 5 years	135.913	-	341.645
<b>Total</b>	<b>11.640.890</b>	<b>36.928.332</b>	<b>100.341.357</b>

**13. Trade Payables**

	<b>30.06.2013</b>	<b>31.12.2012</b>
Suppliers' current accounts (*)	291.879.481	271.388.807
Trade payables to related parties (**)	30.254.502	12.831.649
Notes payable	950.940	486.350
Unearned interest on trade payable (-)	(614.384)	(201.731)
Other	-	231.245
	<b>322.470.539</b>	<b>284.736.320</b>

(\*) As of 30.06.2013 TL 146.326.718 (31.12.2012, TL 186.073.238) of the amount is related to letter of credits which are in relation to import of spare parts and small equipments for power plants.

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

**14. Taxation Payable on Income**

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

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

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The tax liabilities included in the accompanying financial statements comprised:

	<b>30.06.2013</b>	<b>30.06.2012</b>
<b>a) Included in the income statement:</b>		
Current tax charge	(5.061.574)	(5.427.814)
	<b>30.06.2013</b>	<b>31.12.2012</b>
<b>b) Included in the balance sheet:</b>		
Taxation payable on income (current)	2.729.907	6.620.636
Deferred tax assets	4.109.211	4.109.211
Deferred tax liabilities	2.936.550	2.936.550

**Deferred taxes**

As of 30 June 2013 and 31 December 2012, 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>30.06.2013</b>	<b>31.12.2012</b>
Taxes and dues payable	8.966.450	5.354.940
Order advances received	3.698.590	2.340.728
Due to personnel	1.823.136	1.471.566
Deposits received	1.152.310	867.102
Social security premiums payable	584.402	520.976
Provision for lawsuits	423.900	423.900
Deferred rent income	206.229	-
Other	99.415	697.723
	<b>16.954.432</b>	<b>11.676.935</b>
<b>Non - Current</b>	<b>30.06.2013</b>	<b>31.12.2012</b>
Order advances received	3.405.435	-
Deferred rent income	196.991	-
	<b>3.602.426</b>	<b>-</b>

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**16. Retirement Pay Provision**

Under the Turkish Labour Law, the Group is required to pay employment termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). The provision is made in respect of all eligible employees, at a rate of 30 days gross pay for each year of service. The rate of pay is that ruling at the respective balance sheet dates, subject to a maximum of TL 3.129,25 per year as of 30.06.2013 (31.12.2012 : TL 3.033,98 per year).

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

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

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

	<b>30.06.2013</b>	<b>31.12.2012</b>
Discount rate %	9,50	9,25
Inflation rate %	5,00	5,00

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

	<b>01.01.- 30.06.2013</b>
Balance at 1 January	2.173.676
Service cost	244.615
Interest cost	206.499
Actuarial difference	569.199
Acquisition of new companies	4.643
<b>Balance at the end of the period/ year</b>	<b>3.198.632</b>

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

	<b>01.01.- 30.06.2013</b>	<b>01.01.- 30.06.2012</b>
Cost of Sales	346.731	368.616
General administrative expenses (Note21)	104.383	46.202
	<b>451.114</b>	<b>414.818</b>

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**17. Share Capital**

The issued and paid up share capital of Akxa Enerji Üretim A.Ş. comprised 613.169.118 (31 December 2012: 613.169.118) shares of par value TL 1 each at 30 June 2013.

	<b>30.06.2013</b>	<b>%</b>	<b>31.12.2012</b>	<b>%</b>
Kazancı Holding A.Ş.	379.622.977	61,91	500.005.330	81,54
Goldman Sachs	101.911.765	16,62	81.529.412	13,30
Public Share	131.600.000	21,46	31.600.000	5,15
Other	34.376	(*)	34.376	(*)
<b>Historic share capital</b>	<b>613.169.118</b>	<b>100,00</b>	<b>613.169.118</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>615.157.050</b>	

(\*) Less than 0.01

Kazancı Holding A.Ş., being the Parent Company of Akxa Enerji, has secured 500 million USD long term credit facility arranged by Goldman Sachs, China Development Bank, Garanti Bankası and İş Bankası. 68,86% of issued capital of Akxa 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 was not registered in the Turkish Trade Registry as of the report date. As of 30.06.2013, the registration of the capital increase is completed.

**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>Total Sales – MWH / Unit</b>	<b>30.06.2013</b>	<b>30.06.2012</b>
Energy sales – MWH (*)	4.138.984	4.731.257
Radiator sales – unit	4.275	5.179
Generator sales – unit	-	28
	<b>01.01.-</b>	<b>01.01.-</b>
<b>Total Sales – Amount</b>	<b>30.06.2013</b>	<b>30.06.2012</b>
Electricity Sales	778.923.986	840.377.285
Total Lignite Sales and Transportation Income	3.938.201	-
Radiator Sales	5.333.069	4.176.650
Generator Sales	-	389.390
Natural Gas Equipments	137.008	19.840.591
Other	3.542.677	2.935.519
	<b>01.01.-</b>	<b>01.01.-</b>
<b>Total Sales</b>	<b>30.06.2013</b>	<b>30.06.2012</b>
	<b>791.874.941</b>	<b>867.719.435</b>

(\*) In 2013, the Group have produced 3.458,42Gwh electricity , in addition to the production, the Group have received from TEİAŞ's Load Rejection Order (YAT: Yük Atma Talimatı) and therefore sold 680,56 Gwh additional electricity. Thereby, the total amount of electricity sales reached to 4.138,98 Gwh and according to the calculation made by considering the weighted averages the average selling price is 183,4 TL/mws . The Group's average capacity utilization rate is 51%.

Total amount of balancing invoices issued by TEİAŞ in 01.01.-30.06.2013 is TL 19.790.389 (01.01.-30.06.2012: TL 18.220.957), which has been added to the cost of sales account.

**20. Cost of Sales**

	<b>01.01.-</b>	<b>01.01.-</b>
<b>Total Cost Of Sales</b>	<b>30.06.2013</b>	<b>30.06.2012</b>
Cost of Energy Sales	696.096.350	724.023.919
Cost of Lignite Sales	4.859.900	-
Cost of Radiator Sales	4.548.113	3.597.027
Cost of Generator Sales	-	257.168
Cost of Natural Gas Equipments Sales	130.484	15.193.459
Cost of Other Sales	2.489.817	2.125.781
	<b>01.01.-</b>	<b>01.01.-</b>
<b>Total Cost Of Sales</b>	<b>30.06.2013</b>	<b>30.06.2012</b>
	<b>708.124.664</b>	<b>745.197.354</b>



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

	<b>01.01- 30.06.2013</b>	<b>01.01- 30.06.2012</b>
Marketing, selling and distribution expenses	691.641	767.359
General administrative expenses	8.273.123	9.624.901
	<b>8.964.764</b>	<b>10.392.260</b>

Breakdown of operating expenses are as follows:

	<b>01.01.- 30.06.2013</b>	<b>01.01.- 30.06.2012</b>
<b>Marketing, selling and distribution expenses</b>		
Freight and freight insurance	423.051	345.800
Personnel salaries and bonus payments	72.502	94.201
Advertising expenses	36.455	140.817
Rent expenses	40.800	45.398
Travelling expenses	19.123	12.845
Motor vehicle expenses	15.782	7.164
Other expenses	83.928	121.134
	<b>691.641</b>	<b>767.359</b>

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<b>General administrative expenses</b>	<b>01.01.- 30.06.2013</b>	<b>01.01.- 30.06.2012</b>
Personnel expenses	4.584.094	3.859.975
Traveling expenses	980.961	1.330.802
Depreciation and amortisation expenses (note 10)	514.475	231.775
Representation expenses	269.505	83.286
Taxes, duties and charges	428.919	1.456.687
Consultancy expenses	242.673	475.647
Court and notary expenses	174.357	197.766
Motor vehicle expenses	124.246	402.985
Retirement pay provision expense (note 16)	104.383	46.202
Communication expenses	80.268	113.247
Insurance expenses	70.882	327.779
Office expenses	66.697	102.880
Rent expenses	111.747	71.295
Doubtful debt provision expense	22.280	-
Other	497.636	924.575
	<b>8.273.123</b>	<b>9.624.901</b>

**22. Other Income and Other Expenses**

<b>Other Income</b>	<b>01.01.- 30.06.2013</b>	<b>01.01.- 30.06.2012</b>
Return of Osmaneli OSB Land (*)	890.412	-
Income on insurance claims	385.935	1.101.431
Reversal of provision for doubtful receivables (note 5-8)	26.400	333.832
Profit on sale of fixed assets	412.879	61.352
Discount on trade payable	206.280	1.588.853
Reversal of retirement pay provision (note 16)	-	52.655
Tax provision released	-	1.565.897
Warranty provision released	-	29.849
Imports with waiver	-	655.177
Other income	254.815	975.810
	<b>2.176.721</b>	<b>6.364.856</b>

(\*) The amount comprises of return of the advance given for the acquisition of land at Osmaneli OSB.

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<b>Other Expenses</b>	<b>01.01.- 30.06.2013</b>	<b>01.01.- 30.06.2012</b>
Non-realised tender expenses	2.077.432	-
Decrease in value of inventory (note 7)	965.985	-
Goodwill	50.000	-
Discount on trade receivable	169.659	3.304.510
Decrease in value of machinery and equipments (note 10)	-	12.316.971
Donation and grants	184.352	171.954
Loss on sale of fixed assets	20.040	3.492
Other expense	1.317.187	1.834.997
	<b>4.784.655</b>	<b>17.631.924</b>

**23. Financing Income and Financing Expenses**

<b>Financing income</b>	<b>01.01.- 30.06.2013</b>	<b>01.01.- 30.06.2012</b>
Foreign exchange gains	66.861.985	127.464.601
Interest income on time deposits at banks and related parties	33.094.128	34.537.841
Foreign exchange gains from derivative financial instruments	2.609.698	-
	<b>102.565.811</b>	<b>162.002.442</b>

<b>Financing expenses</b>	<b>01.01.- 30.06.2013</b>	<b>01.01.- 30.06.2012</b>
Foreign exchange losses	159.260.225	55.541.064
Interest expense on bank loans and related parties	54.984.397	46.400.726
Letters of guarantee and bank commission expenses	6.986.838	8.010.179
Foreign exchange losses from derivative financial instruments	5.184.147	-
Other	97.454	36.084
	<b>226.513.061</b>	<b>109.988.053</b>

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**24. Commitments and Contingencies**

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

<b>30.06.2013</b>	<b>TL</b>	<b>USD</b>	<b>EUR</b>	<b>TL Equivalent</b>
Botaş–Petroleum Pipeline Corporation	-	18.627.368	-	35.853.958
Commerzbank AG	-	-	2.000.000	5.027.400
Ministry of environment and forestry	2.176.000	-	-	2.176.000
Electricity distribution companies	1.654.962	-	-	1.654.962
The Electricity Generation Company	-	1.392.210	-	2.679.726
Energy Market Regulatory Authority (EMRA)	81.621.346	-	-	81.621.346
Custom offices	58.010	-	-	58.010
Undersecretariat of customs	-	-	250.000	628.425
Ministry of Customs and Trade	-	-	1.000.000	2.513.700
Enforcement offices	755.400	-	72.000	936.386
Electricity Authority of KKTC	-	3.000.000	-	5.774.400
Special provincial administration	39.646	-	-	39.646
Courts	1.500	-	-	1.500
Turkey Electricity Distribution Company (TEDAS)	27.462	-	-	27.462
Turkey Electricity Transmission Company (TEIAS)	11.089.036	2.780.681	-	16.441.291
Turkey Electricity Generation Company (EUAS)	421.008	614.438	-	1.603.678
Development Bank of Turkey	-	6.772.700	20.526.000	64.632.299
General Directorate of Turkish Coal	6.422.634	-	-	6.422.634
Other	280.000	-	-	280.000
<b>Total</b>	<b>104.547.003</b>	<b>33.187.397</b>	<b>23.848.000</b>	<b>228.372.823</b>

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

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

<b>Guarantee Types – 30.06.2013</b>	<b>Foreign Currency</b>	<b>Currency Amount</b>	<b>Total (TL)</b>
Mortgage (*)	EUR	12.000.000	30.164.400
Commercial Enterprise Pledge (**)	USD	133.000.000	255.998.400
Machinery and Equipment Pledge (***)	EUR	24.914.673	62.628.014
Bank Deposit Blockage (Note 4)	EUR	2.121.987	5.334.038
Bank Deposit Blockage (Note 4)	USD	6.000.000	11.548.800
Surety Ship	TL	665.479.500	665.479.500
Surety Ship	USD	1.419.356.034	2.731.976.494
Surety Ship	EUR	131.059.212	329.443.541
Surety Ship	GBP	14.000.000	41.008.800
Assignment of Claim	TL	387.700.000	387.700.000
Collateral Bond	EUR	988.875	2.485.735
<b>Total</b>			<b>4.523.767.722</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.

(\*\*\*) As of 30.06.2013, a collateral of TL 62.628.014 (EURO 24.914.673) (31.12.2012: TL 58.591.836 (EURO 24.914.673)) have been pledged on the machinery and equipment at the powerplant of Rasa Enerji Üretim A.Ş., a consolidated subsidiary.

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

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

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The Group has signed a assignment agreement total amounting to TL 686.500.000 (31.12.2012: TL 839.000.000) in relation to the current financial debts. As of 30.06.2013, open risk amount of assignment agreements is TL 387.700.000 (31.12.2012: TL 436.800.000).

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

**c) Guarantees given to related parties**

As of 30 June 2013, the amount of corporate guarantees granted to Kazancı Group companies in relation to their bank loans is at TL 773.863.596 (31.12.2012: TL 1.285.639.106).

As of 30 June 2013, there are 9 lawsuits pending in favour of the Group at the amount of TL 5.806.333 and there are 38 lawsuits pending against the Group at the amount of TL 4.963.508.

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.

**25. Derivative Financial Instruments**

<b>Current derivative financial instruments asset</b>	<b>30.06.2013</b>	<b>31.12.2012</b>
Interest rate swap	3.134.260	-
<b>Total</b>	<b>3.134.260</b>	<b>-</b>

As of 30 June 2013, the Group uses interest rate derivatives to manage its exposure to interest rate fluctuations on its bank borrowings amount of TL 369.561.600 (USD 192.000.000).

**Current derivative financial instruments liabilities**

Cross currency swap	1.017.216	-
<b>Total</b>	<b>1.017.216</b>	<b>-</b>

As of 30 June 2013, the Group uses cross currency derivatives to manage its exposure to foreign currency exchange rates between July- December 2013 on its bank borrowings amount of TL 30.392.128 ( USD 15.789.759).

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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 30 June 2013 and 31 December 2012, the recorded amounts of the foreign monetary assets are kept by the Group and those of the payables in terms of total amounts and foreign exchange are as follows:

<b>30.06.2013</b>	<b>USD</b>	<b>EUR</b>	<b>GBP</b>	<b>CHF</b>	<b>JPY</b>	<b>TL Equivalent</b>
Cash and cash equivalents	7.137.240	2.878.492	12.706	9.802	53.457	21.031.603
Trade receivables	109.044	543.329	-	-	-	1.575.656
Other non-current assets	24.301.966	50.453.331	-	-	-	173.600.962
<b>Total foreign currency assets</b>	<b>31.548.250</b>	<b>53.875.152</b>	<b>12.706</b>	<b>9.802</b>	<b>53.457</b>	<b>196.208.221</b>
Financial liabilities	402.659.234	152.168.392	-	-	-	1.157.544.180
Trade payables	74.559.246	17.404.300	2.625	-	-	187.268.514
<b>Total foreign currency liabilities</b>	<b>477.218.480</b>	<b>169.572.692</b>	<b>2.625</b>	<b>-</b>	<b>-</b>	<b>1.344.812.694</b>
<b>Net foreign currency position</b>	<b>(445.670.230)</b>	<b>(115.697.540)</b>	<b>10.081</b>	<b>9.802</b>	<b>53.457</b>	<b>(1.148.604.473)</b>



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<b>31.12.2012</b>	<b>USD</b>	<b>EUR</b>	<b>GBP</b>	<b>OTHER</b>	<b>TL Equivalent</b>
Cash and cash equivalents	6.970.549	4.012.011	13.707	4.812	21.904.909
Trade receivables	138.117	201.948	-	-	721.128
Due from related parties	882.746	-	-	-	1.573.583
Other non-current assets	234.325	29.156.075	-	-	68.984.049
<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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**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 30 June 2013 and 31 December 2012:

	<b>30.06.2013</b>	<b>31.12.2012</b>
Total financial liabilities	1.171.303.081	1.320.645.425
Less: cash and cash equivalents	(29.113.382)	(40.569.510)
Net financial debt	1.142.189.699	1.280.075.915
Total equity	1.148.128.889	1.203.249.330
Total financing used	2.290.318.588	2.483.325.245
<b>Gearing ratio (net financial debt to overall financing used ratio)</b>	<b>50%</b>	<b>52%</b>

(b) Financial instruments and categories

<b>Financial assets</b>		
Cash and cash equivalents	29.113.382	40.569.510
Trade receivables	288.126.832	245.916.937
	317.240.214	286.486.447
<b>Financial liabilities</b>		
Financial payables	1.171.303.081	1.320.645.425
Trade payables	322.470.539	284.736.320
	1.493.773.620	1.605.381.745

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(c) Market risk

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

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

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

(d) Foreign currency risk

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

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

(e) Interest rate risk management

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

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

(f) Price risk

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

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**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, Turkiye Is Bankasi A.S. and Turkiye Garanti Bankasi 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 Akxa 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 Akxa Enerji purchased by Goldman Sachs.

As of 26.02.2013, according to the public disclosure of "New Credit", they agreed to increase “New Credit” from USD 400 million to USD 500 million, GS and Kazancı Holding A.Ş. agreed for purchasing of Akxa Enerji’s capital representing 3,32% of additional shares through the sale of common. Following the completion of this transaction, GS’s shares on Akxa Enerji will be increase from 13,30% to 16,62%.

Further information about the Transaction is summarised below:

1. Simultaneously with the execution of the New Loan Facility, the board of directors of Akxa 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 Akxa Enerji (post money) for a total price of USD 105 million (to be converted into TL at an exchange rate determined by the parties). Akxa 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 Akxa Enerji shares representing circa 7,48% (post money) of the total issued share capital of Akxa 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 Akxa 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.

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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.
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. During 2013, the Company does not have electricity sales to Syria according to this agreement.

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

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

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

## **28. SUBSEQUENT EVENTS**

None.

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**Appendix 1: Related Parties**

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

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

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

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

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

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



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AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 30 JUNE 2013 AND 31 DECEMBER 2012  
(Currency - Turkish Lira)

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

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1 Rasa Radiator (Jiangyin) Co. Ltd.

Radiator