

**AKSA ENERJİ ÜRETİM A.Ş. AND
ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL
STATEMENTS
TOGETHER WITH INDEPENDENT
AUDITOR'S REPORT AS OF
31 MARCH 2014**



**INDEPENDENT AUDITOR'S REPORT OF
AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
FOR THE PERIOD ENDED 31 MARCH 2014**

**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 31 March 2014 and the related consolidated interim statements of income, changes in equity and cash flow for the three-month period then ended. Management is responsible for the preparation and presentation of this consolidated interim financial information in accordance with International Financial Reporting Standards. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of Review

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

Conclusion

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

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


Nazım Hikmet
Partner

Istanbul, 09 May 2014

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS AS OF 31.03.2014 AND 31.12.2013
(Currency - Turkish Lira)

ASSETS	Note	31.03.2014	31.12.2013
Current Assets			
Cash and Cash Equivalents	4	127.618.396	22.348.803
Trade Receivables	5	115.002.038	142.313.363
Inventory	7	223.897.594	249.987.417
Derivative Financial Instruments	26	1.763.622	2.666.029
Other Current Assets	8	71.898.965	77.381.201
		<hr/>	<hr/>
		540.180.615	494.696.813
		<hr/>	<hr/>
Non-Current Assets			
Trade Receivables, net	5	135.029	1.296.126
Investments	9	1.512.300	1.512.300
Property, Plant and Equipment	10	2.301.773.707	2.109.706.300
Goodwill	2	7.072.179	7.072.179
Intangible Assets	11	1.854.489	1.914.616
Other Non-Current Assets	8	99.047.663	113.229.077
Deferred Tax Asset	14	39.135.058	36.665.998
		<hr/>	<hr/>
		2.450.530.425	2.271.396.596
		<hr/>	<hr/>
TOTAL ASSETS		2.990.711.040	2.766.093.409

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS AS OF 31.03.2014 AND 31.12.2013
(Currency - Turkish Lira)

LIABILITIES	Note	31.03.2014	31.12.2013
Short Term Liabilities			
Financial Liabilities	12	306.131.715	265.600.604
Trade Payables	13	323.073.098	326.131.640
Due to Related Parties and Shareholders	6	142.780	10.276.897
Taxation Payable on Income	14	3.801.543	7.456.747
Other Payables and Accrued Liabilities	15	21.367.963	14.845.668
		654.517.099	624.311.556
Long Term Liabilities			
Financial Liabilities	12	1.271.852.301	1.062.697.918
Retirement Pay Provision	16	3.235.937	3.006.953
Other Payables and Accrued Liabilities	15	135.029	1.296.126
Deferred Tax Liability	14	134.674	3.469.756
		1.275.357.941	1.070.470.753
Shareholders' Equity			
Share Capital	17	615.157.050	615.157.050
General Reserves	18	206.970.431	340.263.301
Actuarial Gain / (Loss)		(488.681)	(352.840)
Share Premium		247.403.635	247.403.635
Cash Flow Hedge Reserve	26	1.410.899	2.132.824
Net Profit / (Loss) for the Period / Year		(9.617.334)	(133.292.870)
		1.060.836.000	1.071.311.100
Commitments and Contingencies	25		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2.990.711.040	2.766.093.409

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 31.03.2014 AND 2013
(Currency - Turkish Lira)

INCOME STATEMENT	Note	01.01.- 31.03.2014	01.01.- 31.03.2013
Net Sales	19	472.104.983	391.529.899
Cost of Sales	20	(423.511.335)	(340.983.145)
Gross Profit		48.593.648	50.546.754
Research and Development Expenses	21	-	
Marketing and Selling Expenses	21	(345.796)	(229.237)
General Administrative Expenses	21	(4.507.908)	(3.902.332)
Other operating income	22	2.520.184	1.527.329
Other operating expenses (-)	22	(2.478.405)	(1.257.143)
Basic Operating Profit		43.781.723	46.685.371
Income from investing activities	23	60.858	15.607
Expenses from investing activities (-)	23	-	(13.551)
Financing Income	24	66.572.162	47.279.763
Financing Expenses	24	(124.272.193)	(69.212.527)
Profit / (Loss) Before Tax For The Period		(13.857.450)	24.754.663
Taxation on Profit			
- Current	14	(1.349.584)	(3.927.736)
- Deferred	14	5.589.700	-
NET PROFIT / (LOSS) FOR THE PERIOD		(9.617.334)	20.826.927
Other Comprehensive Income:			
Items not to be reclassified to profit or loss in subsequent periods:			
Actuarial gain / (loss)		(169.801)	(49.972)
Tax effect of actuarial loss from employee benefits		33.960	-
Items to be reclassified to profit or loss			
Cumulative gains/losses on hedging		(902.406)	-
Tax effect of Cumulative gains/losses on hedging		180.481	-
Other Comprehensive Income for the period (after tax)		(857.766)	(49.972)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(10.475.100)	20.776.955
Earnings before interest, tax, depreciation and amortization (EBITDA)	3	73.072.553	73.096.292

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 31.03.2014 AND 2013
(Currency - Turkish Lira)

SHAREHOLDERS' EQUITY	Share Capital	General Reserves	Actuarial Gain / (Loss)	Share Premium	Cash Flow Hedge Reserve	Net Profit / (Loss) for the Period	Total
Balance, 01.01.2013 adjusted	615.157.050	121.101.735	(278.315)	247.403.635	-	219.865.225	1.203.249.330
Transfer to reserves	-	219.865.225	-	-	-	(219.865.225)	-
Actuarial gain / (loss)	-	-	(49.972)	-	-	-	(49.972)
Net profit for the period	-	-	-	-	-	20.826.927	20.826.927
Balance, 31.03.2013 adjusted	615.157.050	340.966.960	(328.287)	247.403.635	-	20.826.927	1.224.026.285
Balance, 01.01.2014	615.157.050	340.263.301	(352.840)	247.403.635	2.132.824	(133.292.870)	1.071.311.100
Transfer to reserves	-	(133.292.870)	-	-	-	133.292.870	-
Actuarial gain / (loss)	-	-	(135.841)	-	-	-	(135.841)
Effective portion of changes in fair value of cash hedges	-	-	-	-	(721.925)	-	(721.925)
Prior year adjustment	-	-	-	-	-	-	-
Net loss for the period	-	-	-	-	-	(9.617.334)	(9.617.334)
Balance, 31.03.2014	615.157.050	206.970.431	(488.681)	247.403.635	1.410.899	(9.617.334)	1.060.836.000

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 PERIODS ENDED 31.03.2014 AND 2013
(Currency - Turkish Lira)

CASH FLOWS FROM OPERATING ACTIVITIES	Note	01.01.- 31.03.2014	01.01.- 31.03.2013
Net profit / (loss) before tax for the period		(13.857.450)	24.754.663
<u>Adjustment for:</u>			
Depreciation and amortization	10	29.332.609	26.681.107
Provision for employee termination benefits	16	59.181	129.638
Interest expense accruals on loans	12	(6.372.679)	574.454
Unrealised foreign exchange (gains) / losses on loans	12	31.626.300	5.454.890
Change in allowance for doubtful trade receivables	18	-	11.000
Change in allowance for doubtful other receivables	8	29.506	(23.669)
Discount on receivables / (payables), net	5-13	(558.489)	(827.400)
Tax provision	14	2.451.961	
Operating profit before working capital changes		42.710.939	56.754.683
Trade receivables	5	28.504.656	19.094.547
Inventory	7	26.089.823	(47.531.981)
Other current assets	8	5.452.730	25.387.427
Other non current assets	8	14.181.414	(31.479.213)
Trade payables	13	(2.532.287)	19.290.143
Other payables and accrued liabilities	15	5.361.198	5.664.492
Retirement Pay Provision	16	-	(1.696)
Taxes paid	14	(7.456.747)	(6.620.636)
Net Cash Flows Generated From Operating Activities		112.311.726	40.557.766
CASH FLOWS FROM INVESTING ACTIVITIES			
(Purchases) / Disposals of property, plant and equipment and intangible assets, net	10-11	(221.339.889)	(26.014.397)
Sales of marketable securities		-	249.548
(Purchase) / Disposal of equity participations, net	9	-	(50.000)
Net Cash Flows Used In Investment Activities		(221.339.889)	(25.814.849)
CASH FLOWS FROM FINANCING ACTIVITIES			
Financial liabilities	12	224.431.873	(295.297.732)
Due from/to related parties and shareholders	6	(10.134.117)	341.464.223
Net Cash Flows Generated From Financing Activities		214.297.756	46.166.491
Net Increase / (Decrease) in Cash and Cash Equivalents		105.269.593	60.909.408
Cash and Cash Equivalents at Beginning of the Period		22.348.803	40.569.510
Cash and Cash Equivalents at the End of the Period		127.618.396	101.478.918

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

1
AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2014 AND 31 DECEMBER 2013
(Currency - Turkish Lira)

1. Organization and Nature of Activities

Aksa Enerji Üretim A.Ş. (The Company) was established on 12 March 1997 for production and sale of electricity. The shares of Company have been registered in the Turkish Capital Markets Board (CMB) in May 2010 and the shares are now publicly traded on the Istanbul Stock Exchange. The public portion of the shares is 21,46% , 61,91% of the share capital is owned by Kazancı Holding A.Ş. and 16,62% of the share capital is owned by Goldman Sachs (note 17). As of 31 March 2014, the number of personnel employed by the Company is 263 (31.12.2013: 259) and the total number of personnel employed by the group is 605 (31.12.2013: 584).

The Company has the following electricity production plants:

• **Antalya Power Plant**

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

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

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

• **Manisa Power Plant**

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

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

• **Samsun Power Plant**

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

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

• **İncesu/ Çorum Power Plant**

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

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

• **Mardin Power Plant**

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

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

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AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2014 AND 31 DECEMBER 2013
(Currency - Turkish Lira)

The subsidiaries included in the consolidation as of 31 March 2014 are as follows:

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

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

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

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

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

As of 31 March 2014, the number of personnel employed by the Company is 82 (31.12.2013: 79).

3
AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2014 AND 31 DECEMBER 2013
(Currency - Turkish Lira)

- **Rasa Elektrik Üretim A.Ş.:**

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

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

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

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

Aksa Enerji Üretim A.Ş. have been acquired the Company's 99,96 % shares. As of 31 March 2014, the number of personnel employed by the Company is 17 (31.12.2013: 18).

- **Deniz Elektrik Üretim Limited Şirketi:**

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

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

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

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

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

As of 31 March 2014, the number of personnel employed by the Company is 34 (31.12.2013: 32).

- **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 31 March 2014, the number of personnel employed by the Company is 24 (31.12.2013: 23).

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AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2014 AND 31 DECEMBER 2013
(Currency - Turkish Lira)

- **Rasa Enerji Üretim A.Ş.:**

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

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

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

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

As of 31 March 2014, the number of personnel employed by the Company is 77 (31.12.2013: 81).

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

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

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

As of 31 March 2014, the number of personnel employed by the Company is 20 (31.12.2013:18).

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

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

As of 31 March 2014, the number of personnel employed by the Company is 5 (31.12.2013: 5).

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

As of 17.08.2011, Aksa Enerji Üretim A.Ş. has purchased the 80% stake of from the Alenka's shareholders which has 67.5 MW of wind power plant with a total investment stage in Kırklareli-Kıyıköy, Kiblekayası-Hatay, Hatay-Yurtepe and Tekirdag-Sırakayalar. During 2012, as a result of the purchase of additional shares, the Group's effective ownership increased to 90,45%.

As of 31 March 2014, the number of personnel employed by the Company is 4 (31.12.2013: none).

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AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2014 AND 31 DECEMBER 2013
(Currency - Turkish Lira)

- **Aksa Göynük Enerji Üretim A.Ş.:**

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

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

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

As of 31 March 2014, the number of personnel employed by the Company is 69 (31.12.2013: 57).

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

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

As of 31 March 2014, the number of personnel employed by the Company is 10 (31.12.2013: 10).

- **Gesa Güç Sistemleri A.Ş.:**

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

As of 31 March 2014, there is no personnel employed by the Company.

6
AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2014 AND 31 DECEMBER 2013
(Currency - Turkish Lira)

As of 31.03.2014, electricity production licences held by the Group are as follows:

Licence Owner	Area	Type of Facility	Date of Licence Started	Licence Duration	The capacity of the plant (MWe)	The capacity under operation (MWe)
Aksa Enerji	KKTC	Fuel oil			120	120
Aksa Enerji	Belen- Atik (İskenderun-Hatay)	WPP	13.03.2008	49 year	30	14
Aksa Enerji	Antalya	Natural Gas	13.11.2007	30 year	2.050	1.150
Aksa Enerji	Manisa	Natural Gas	21.02.2008	30 year	115	115
Aksa Enerji	İncesu-Ortaköy-Çorum	HPP	29.09.2005	40 year	15	15
Aksa Enerji	Mardin	Fuel oil	14.07.2011	49 year	32	32
Aksa Enerji	Samsun	Natural Gas	28.07.2011	49 year	131	131
Aksa Enerji	Erzincan (*)	HPP	17.01.2008	49 year	85	-
Aksa Enerji	Mersin (*)	HPP	14.06.2007	49 year	20	-
Aksa Enerji	Kayseri (*)	HPP	17.01.2008	49 year	30	-
Aksa Enerji	Bitlis İli, Kor Barajı (*)	HPP	30.10.2008	49 year	26	-
Aksa Enerji	Adana, Yamanlı 1 Reg. (*)	HPP	20.05.2010	49 year	24	-
Aksa Enerji	Bolu	Thermal	25.03.2008	30 year	270	-
Alenka	Kırklareli-Kıyıköy	WPP	04.04.2007	20 year	27	-
Ayres	Ayvacık	WPP	01.11.2007	25 year	5	5
Baki Elektrik	Merkez-Şanlı-Balıkesir	WPP	06.04.2004	49 year	114	114
Deniz Elektrik	Sebenoba-Gözene-Yayladağı-Samandağ-Hatay	WPP	04.06.2004	49 year	60	30
Deniz Elektrik	Karakurt-Ilyaslar-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
Total					3.704	2.062

(*)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 31 March 2014 and 31 December 2013 are as follows:

Name of Consolidated Entity	Effective Rate of Ownership (%)	
	31.03.2014	31.12.2013
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	94,00
11. Gesa Güç Sistemleri A.Ş.	99,99	99,99

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

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

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Classification applied to financial statements as of 31 March 2013

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

- Within the scope of the amendments to IAS 19 – Employee benefits, actuarial gain/loss related to employee termination benefits are recognized under equity. This practice is effective for the periods starting as of 1 January 2013 and has been implemented retrospectively. In its statement of income, the Group has classified the actuarial gain amounting to TL 49.972 under other comprehensive income, which was recognized under “cost of sales” account in the period ended 31 March 2013.
- Income from sales of fixed assets amounting TL 15.607, which were disclosed under other operating income in previous periods are reclassified to income from investment activities.
- Loss from sales of fixed assets amounting TL 13.551, which were disclosed under other operating expense in previous periods are reclassified to expenses from investment activities.
- Discount on trade receivable expense amounting TL 67.929, which were disclosed under financing expense in previous periods are reclassified to other operating expense.
- Discount on trade payable income amounting TL 208.003, which were disclosed under financing income in previous periods are reclassified to other operating income.

Reporting currency

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

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Goodwill

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

Positive goodwill (included in the balance sheet):

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

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

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

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

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

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

Cost (Ayres)	
Payment	3.275.083
(-)Positive /(Negative) Fair value of the asset acquired	(223.757)
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.

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Cost (Kapıdağ)

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)

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

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

Cost (Aksa Göynük)

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

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

Cost (Gesa Güç Sistemleri)

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

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

Inflation accounting

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

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Amendments in International Financial Reporting Standards

The Group has applied new standards, amendments and interpretations to existing standards published by IASB and IFRIC that are effective as at 31 March 2014 and are relevant to the Group's operations.

a) Standards, changes and interpretations effective from 1 January 2014:

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

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

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

- IAS 32 (Amendment), Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities
- IFRS 9 Financial Instruments - Classification and Measurement
- IFRS 10 (Amendment), Consolidated Financial Statements
- IAS 36 (Amendment), Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets
- IAS 39 (Amendment), Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting
- IFRIC Interpretation 21 Forced Taxes

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

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3. Summary of Significant Accounting Policies

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

Cash and cash equivalents

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

Trade receivables and allowance for doubtful receivables

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

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

Related parties

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

Trade payables

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

Derivative financial instruments

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

Inventory

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

Investments

The unconsolidated investments are carried at cost, reduced where necessary to reflect permanent impairment in value.

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

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

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

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

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

Financial liabilities

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

Aksa Enerji Üretim A.Ş. has an export credit premium payable in connection with its long term loans used to finance the wind electricity, natural gas and other energy plants. In statutory financial statements, the Company recorded these both at assets (Other current and noncurrent assets – Note 8) and liabilities (Financial liabilities– Note 12) until the time of payment. As of 31 March 2014, TL 39.987.317 (USD 11.672.569, EURO 4.797.395) and 31 December 2013, TL 42.751.473 (USD 13.141.219, EURO 5.007.379) of export credit premium is netted off from assets and liabilities.

Deniz Elektrik Üretim Ltd. Şti. has an export credit premium payable in connection with its long term loans used to finance the wind electricity plant. In statutory financial statements, the Company recorded these both at assets (Other current and noncurrent assets – Note 8) and liabilities (Financial liabilities – Note 12) until the time of payment. As of 31 March 2014, TL 3.781.586 (USD 1.726.909) and 31 December 2013, TL 4.052.711 (USD 1.898.848) of export credit premium is netted off from assets and liabilities.

Baki Elektrik Üretim Ltd. Şti. has an export credit premium payable in connection with its long term loans used to finance the wind electricity plant. In statutory financial statements, the Company recorded these both at assets (Other current and noncurrent assets – Note 8) and liabilities (Financial liabilities – Note 12) until the time of payment. As of 31 March 2014, TL 29.830.404 (USD 10.187.387 and EURO 2.501.351) and 31 December 2013, TL 30.367.154 (USD 10.786.645 and EURO 2.501.351) of export credit premium is netted off from assets and liabilities.

Rasa Enerji Üretim A.Ş. has an export credit premium payable in connection with its long term loans used to finance the wind electricity plant. In statutory financial statements, the Company recorded these both at assets (Other current and noncurrent assets – Note 8) and liabilities (Financial liabilities – Note 12) until the time of payment. As of 31 March 2014, TL 8.376.403 (EURO 2.785.449) and 31 December 2013, TL 9.262.655 (EURO 3.154.318) of export credit premium is netted off from assets and liabilities.

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Impairment of assets

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

Taxation and deferred income taxes

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

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

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

Employee benefits / retirement pay provision

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

Operating expenses

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

Revenue recognition

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

Research and development costs

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

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Segment reporting

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

Offsetting

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

Foreign currency transactions and translation

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

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

Currency	31.03.2014	31.12.2013
USD	2,1898	2,1343
EURO	3,0072	2,9365
CHF	2,4615	2,3899
GBP	3,6343	3,5114
JPY	0,0213	0,0202

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

	31.03.2014	31.12.2013
Cash on hand	243.677	49.728
Cash at banks		
- Demand account	14.566.674	6.448.210
- Time deposits and repurchase agreements (*)	112.808.045	13.736.330
Other liquid assets (**)	-	2.114.535
	127.618.396	22.348.803

(*) As of 31 March 2014, the average term of the TL time deposit is 1 day and the effective interest rate on TL time deposit is 9% (31.12.2013: average term is 1 day, interest rate is 5,5%).

The average term of the USD time deposit is 8 days and the effective interest rate on USD time deposit is 2,1% (31.12.2013: 4 days, interest rate is 2,75%).

Included in demand and time deposits, as of 31 March 2014 there is an amount of TL 17.122.853 (USD 6.000.000 and EURO 1.300.000) which is blocked as security for the financial liabilities of the Group (31.12.2013: TL 16.623.250 - USD 6.000.000 and EURO 1.300.000).

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

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5. Trade Receivables

Current trade receivables	31.03.2014	31.12.2013
Customers' current accounts (*)	55.873.363	76.263.343
Trade receivables from related parties (**)	54.631.019	61.397.851
Notes receivable	4.619.943	4.806.690
Unearned interest on trade receivable (-)	(122.287)	(154.521)
Doubtful trade receivables	2.588.425	2.588.425
Provision for doubtful receivables (-)	(2.588.425)	(2.588.425)
	115.002.038	142.313.363

(*) TL 30.547.017 (2013: TL 20.264.680) 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 31 March 2014 and 31 December 2013, the movement of the allowance for doubtful trade receivables is as follows:

	01.01.- 31.03.2014	01.01.- 31.12.2013
Opening balances at 1 January	2.588.425	2.594.414
Increase in provisions	-	-
Reversal of provisions and collections received (-)	-	(5.989)
Closing balance	2.588.425	2.588.425

Non - Current trade receivables	31.03.2014	31.12.2013
Notes receivable	135.029	1.296.126
	135.029	1.296.126

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

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

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

As of 31 March 2014, 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 12.013.882 (31.12.2013: TL 402.808) Aksa Jeneratör business valuation report has been prepared by an independent expert and signed on 24.02.2012. The independent value of Aksa Jeneratör A.Ş. is established at TL 752 million. Aksa Jeneratör Sanayi A.Ş. is almost wholly owned by Kazancı Holding A.Ş. Kazancı Holding has given all of Aksa Jeneratör's shares as guarantee in relation to Kazancı Holding, Koni İnşaat and Aksa Jeneratör liability to Aksa Enerji .

As of 31 March 2014 and 31 December 2013 the breakdown of the related parties balances are as follows:

Due from related parties	31.03.2014		31.12.2013	
	Trade	Non-Trade	Trade	Non-Trade
Aksa Elektrik Perakende Satış A.Ş.	-	763.959	-	772.433
Aksa Elektrik Toptan Satış A.Ş.	33.938.410	22	48.748.528	22
Aksa International Ltd.	1.565.818	-	-	1.565.818
Aksa Jeneratör Sanayi A.Ş.	334.734	983	-	4.084
Aksa Satış Ve Pazarlama A.Ş.	282.997	-	-	283.093
Aksa Servis Ve Yedek Parça A.Ş.	-	-	46.772	-
Çoruh Aksa Elektrik Hizmetleri A.Ş.	-	66.809	-	64.374
Çoruh Elektrik Dağıtım A.Ş.	3.213.156	1.504	-	1.504
Çoruh Elektrik Perakende Satış A.Ş.	-	-	1.340.441	-
Fatih Büyüktopçu	11.100.000	-	11.100.000	-
Fırat Elektrik Perakende Satış A.Ş.	4.071.291	-	-	-
Fırat Elektrik Dağıtım A.Ş.	-	4.470	-	4.470
Kazancı Holding A.Ş.	-	4.831.471	-	-
Kazancı Teknik Cihazlar Yedek Parça A.Ş.	-	583.892	305.794	784
Koni İnşaat Sanayi A.Ş.	-	6.846.694	-	398.724
Onan Enerji Üretim A.Ş.	-	1.192.244	-	115.800
Rasa Endüstriyel Radyatörler San. A.Ş.	-	3.539.912	-	3.393.680
Siirt Akköy Enerji Üretim A.Ş.	-	242.385	-	3.959.541
Aksa Tokat Amasya Doğal Gaz Dağıtım A.Ş.	434.446	-	-	-
Other	-	231.250	-	12.728
Unearned interest on trade receivables from related parties (-)	(309.833)	-	(143.684)	-
Total	54.631.019	18.305.595	61.397.851	10.577.055

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Due to related parties	31.03.2014		31.12.2013	
	Trade	Non-Trade	Trade	Non-Trade
Aksa Elektrik Perakende Satış A.Ş.	-	29.000	-	72.345
Aksa Elektrik Toptan Satış A.Ş.	42.669.336	-	654.961	205
Aksa Far East PTE Ltd.	-	916.448	-	916.448
Aksa Havacılık A.Ş.	527.253	-	84.064	-
Aksa Jeneratör Sanayi A.Ş.	-	13.836.313	-	665.525
Aksa Satış Ve Pazarlama A.Ş.	-	2.137	44.550	2.137
Aksa Servis Ve Yedek Parça A.Ş.	1.300	10.832	6.628	-
Aksa Teknoloji A.Ş.	198.639	-	211.919	-
Çoruh Elektrik Dağıtım A.Ş.	-	10.714	-	128.821
Deriş İnşaat A.Ş.	183.215	98.053	271.017	-
Elektrik Altyapı Hizmetleri Ltd. Şti.	92.046	148.185	599.290	-
Fırat Elektrik Dağıtım A.Ş.	-	122.436	-	95.646
Aksa Şanlıurfa Doğalgaz Dağıtım Ltd. Şti.	9.673.063	572	11.260.306	572
Kazancı Holding A.Ş.	-	126.328	-	18.869.146
Kazancı Teknik Cihazlar Yedek Parça A.Ş.	323.468	514.864	583.108	-
Koni İnşaat Sanayi A.Ş.	6.098	79.214	14.058	32.176
Aksa Manisa Doğalgaz Dağıtım A.Ş.	1.913.207	-	9.995.820	-
Aksa Siirt Batman Doğalgaz Dağıtım A.Ş.	-	-	-	27.366
Rasa Endüstriyel Radyatör San. A.Ş.	-	23.579	-	17.210
Siirt Akköy Enerji Üretim A.Ş.	-	2.345.804	-	-
Renk Transmisyon San. A.Ş.	400.979	-	95.189	-
Aksa Van Doğalgaz Dağıtım A.Ş.	9.381.841	-	10.239.185	-
Fırat Elektrik Perakende Satış A.Ş.	-	-	25.845	-
Unearned interest on trade payables from related parties (-)	(431.539)	-	(78.367)	-
Other	16.035	183.896	191	26.355
Total	64.954.941	18.448.375	34.007.764	20.853.952
Due from / to related parties, net	(10.323.922)	(142.780)	27.390.087	(10.276.897)

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7. Inventory

	31.03.2014	31.12.2013
Raw materials ^(*)	139.241.439	145.629.041
Work in process	44.075.535	31.208.070
Finished goods	3.898	-
Merchandise	11.538	119.692
Other inventory	52.204.344	84.669.774
Provision for diminution in value of inventory (-)	(11.639.160)	(11.639.160)
	223.897.594	249.987.417

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

The movement for inventory value decrease is as follows:

	01.01.- 31.03.2014	01.01.- 31.12.2013
Opening balances at 1 January	11.639.160	476.849
Increase in provisions	-	965.985
The amount classified as other inventory (note 10)	-	10.196.326
Closing balance	11.639.160	11.639.160

8. Other Current and Non-Current Assets

Other Current Assets	31.03.2014	31.12.2013
VAT carried forward	40.029.717	29.850.166
Advances given for inventories	14.487.385	17.110.833
Prepaid expenses	8.184.187	5.558.512
Advances given for business purposes	3.905.519	6.073.452
Other VAT	2.153.383	6.315.359
Prepaid taxes and funds	1.519.788	5.438.677
Receivables from tax office	640.130	5.763.204
Other doubtful receivables	527.957	498.451
Provision for other sundry receivables	(527.957)	(498.451)
Sundry debtors	978.856	1.270.998
	71.898.965	77.381.201

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As of 31 March 2014 and 31 December 2013, the movement of the allowance for doubtful receivables is as follows:

	01.01.- 31.03.2014	01.01.- 31.12.2013
Opening balances at 1 January	498.451	553.382
Increase in provisions	29.506	9.269
Reversal of provisions and collections received (-)	-	(64.200)
Closing balance	527.957	498.451

Other Non Current Assets	31.03.2014	31.12.2013
Advances given (*)	95.692.252	109.929.425
Deposits given (**)	3.340.147	3.282.371
Prepaid expenses	15.264	17.281
	99.047.663	113.229.077

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

(**) As of 31 March 2014 , the amount of TL 2.777.651 (31 December 2013: TL 1.107.695) is related to collateral given to Takasbank in relation to receivables to be collected through TE İAŞ sales transactions.

9. Investments

	Participation rate (%)	31.03.2014	31.12.2013
Rasa Radiator (Jiangyin) Co. Ltd.	100,00	1.512.300	1.512.300
Kapıdağ Rüzgar Enerjisi Elektrik Üretim Sanayi ve Ticaret A.Ş.	-	-	-
I.S.P. A.Ş.	10,00	42.108	42.108
Provision for impairment of I.S.P. A.Ş.		(42.108)	(42.108)
		1.512.300	1.512.300

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

	01.01.2014	Additions	Disposals	Transfer	31.03.2014
Cost					
Land, land improvements and buildings	63.790.643	-	-	-	63.790.643
Leasehold improvements	628.369	-	-	-	628.369
Machinery and equipment	2.239.766.121	1.944.277	(278.664)	39.697.037	2.281.128.771
Motor vehicles	2.201.591	-	(97.502)	-	2.104.089
Furniture, fixtures and office equipment	12.454.114	127.975	(1.716)	-	12.580.373
Construction in progress	406.404.338	219.838.392	(364.075)	(39.697.037)	586.181.618
	2.725.245.176	221.910.644	(741.957)	-	2.946.413.863
Accumulated Depreciation					
Land improvements and buildings	1.664.574	85.279	-	-	1.749.853
Leasehold improvements	229.184	7.987	-	-	237.171
Machinery and equipment	603.873.574	28.859.599	(43.884)	-	632.689.289
Motor vehicles	1.454.502	45.003	(97.502)	-	1.402.003
Furniture, fixtures and office equipment	8.317.042	246.514	(1.716)	-	8.561.840
	615.538.876	29.244.382	(143.102)	-	644.640.156
Net Book Value	2.109.706.300	192.666.262	(598.855)	-	2.301.773.707

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

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During the period ended 31 March 2014, TL 12.307.926 (31 December 2013: TL 21.371.100) of interest expenses and foreign exchange losses have been capitalized in accordance with IAS 23.

(**) As of 31 March 2014, the breakdown of construction in progress are as follows:

	Technical Completion	Investment Expenditures
Bolu Göynük thermal power plant	83%	415.587.756
Kozbükü Ordu – HPP	34%	43.741.138
Sebenoba – Wind PP	95%	81.382.469
Kıyıköy – Wind PP	90%	17.703.798
Belen Atik - Wind PP	85%	9.676.211
Kapıdağ – Wind PP	95%	6.782.156
Other (*)		11.308.090
		586.181.618

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

The allocation of current period depreciation and amortization expenses for the periods ended 31 March 2014 and 2013 is as follows:

	01.01.- 31.03.2014	01.01.- 31.03.2013
Cost of sales	29.115.518	26.433.525
Marketing and selling expenses	135	-
General administrative expenses (note 21)	216.956	247.582
	29.332.609	26.681.107

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11. Intangible Assets, net

	01.01.2014	Additions	31.03.2014
Cost			
Rights	2.575.333	28.100	2.603.433
Other intangible assets	363.024	-	363.024
	2.938.357	28.100	2.966.457
Accumulated Depreciation			
Rights	968.142	49.649	1.017.791
Other intangible assets	55.599	38.578	94.177
	1.023.741	88.227	1.111.968
Net Book Value	1.914.616		1.854.489

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

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12. Financial Liabilities

	31.03.2014	31.12.2013
Short-term bank loans	28.301.098	26.482.120
Current portion of long-term bank loans	232.190.574	183.903.808
Factoring payables	182.674	-
Finance lease liabilities, net	39.536.105	42.920.733
Interest expense accruals	5.921.264	12.293.943
Total short-term financial liabilities	306.131.715	265.600.604
Long-term bank loans	1.133.673.422	969.617.722
Factoring payables	11.810.077	15.643.338
Finance lease liabilities, net	126.368.802	77.436.858
Total long -term financial liabilities	1.271.852.301	1.062.697.918
Total financial liabilities	1.577.984.016	1.328.298.522

As of 31 March 2014, the effective interest rate of the short term TL loans is between 6,95%-14,4% (31 December 2013: 6,95%-14,4%), USD loans is between 1,92%-8,81% (31 December 2013: 1,92%-8,81%) and EURO loans is between 2,40%-9,67% (31 December 2013: 2,40%-9,67%) .

As of 31 March 2014, USD loans is between 1,46%-8,64% (31 December 2013: 1,46%-8,64%) and EURO loans is between 1,99%-9,09% (31 December 2013: 1,99%-9,09%).

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

As of 31 March 2014, total amounting of corporate guarantees provided by Kazancı Family members and Kazancı Holding companies for the Group's bank borrowings is TL 3.039.869.533 (31 December 2013: TL 3.159.136.410).

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As of 31 March 2014, the repayment schedule of the short term and long term loans is as follows:

Payment Year	EURO	USD	TL	Total TL Equivalent
Payable in 1 year	63.141.357	32.194.254	114.011	260.491.672
Payable in 1-2 years	40.501.216	35.240.166	-	198.964.173
Payable in 2-3 years	30.874.447	59.996.328	-	224.225.596
Payable in 3-4 years	17.734.503	45.294.061	-	152.516.132
Payable in 4-5 years	16.254.468	38.844.677	-	133.942.510
Payable over 5 years	26.971.852	156.596.612	-	424.025.011
Total	195.477.843	368.166.098	114.011	1.394.165.094

Factoring Payables

As of 31 March 2014 and 31 December 2012, the breakdown of the factoring payables is as follows:

	31.03.2014	31.12.2013
Short-term:		
Yapı ve Kredi Faktoring A.Ş. (*)	182.674	-
Total short term	182.674	-
Long-term:		
Yapı ve Kredi Faktoring A.Ş. (*)	11.810.077	15.643.338
Total long term	11.810.077	15.643.338
Total	11.992.751	15.643.338

(*)As of 31.03.2014, TL 11.992.751 (31.12.2013: TL 15.643.338) of total liabilities has occurred by the service purchase agreement signed via leasing between KIBTEK and the Group which is based on electricity receivable for the future periods by factoring. As of 31 March 2014, TL 20.633.672 (31.12.2013: TL 20.562.076) of KIBTEK receivables is netted off from assets and liabilities.

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Lease Payables

The Group acquired machinery and equipment via financial leasing. As of 31 March 2014, the repayment schedule of leasing obligations is as follows:

Payment Year	EURO	USD	Total TL Equivalent
Payable in 1 year	4.690.024	11.613.967	39.536.105
Payable in 1-2 years	4.589.907	10.478.035	36.747.569
Payable in 2-3 years	3.407.775	5.620.080	22.554.712
Payable in 3-4 years	2.162.009	2.787.226	12.605.060
Payable over 4 years	5.597.628	17.183.429	54.461.461
Total	20.447.343	47.682.737	165.904.907

13. Trade Payables

	31.03.2014	31.12.2013
Suppliers' current accounts (*)	259.144.885	292.624.349
Trade payables to related parties (**)	64.954.941	34.007.764
Unearned interest on trade payable (-)	(1.026.728)	(500.473)
	323.073.098	326.131.640

(*) As of 31.03.2014 TL 122.075.740 (31.12.2013, TL 148.248.181) 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 2014 is 20% (2013: 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:

	31.03.2014	31.03.2013
a) Included in the income statement:		
Current tax charge	(1.349.584)	(3.927.736)
Deferred tax	5.589.700	-
	31.03.2014	31.12.2013
b) Included in the balance sheet:		
Taxation payable on income (current)	3.801.543	7.456.747
Deferred tax assets	39.135.058	36.665.998
Deferred tax liabilities	134.674	3.469.756

Deferred taxes

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

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

15. Other Payables and Accrued Liabilities

Current	31.03.2014	31.12.2013
Taxes and dues payable	12.351.123	5.935.444
Order advances received	4.033.423	4.027.100
Due to personnel	2.088.501	1.788.689
Deposits received	1.430.791	1.268.148
Social security premiums payable	625.657	603.135
Provision for lawsuits	423.900	423.900
Deferred rent income	312.645	361.151
Other	101.923	438.101
	21.367.963	14.845.668
Non - Current		
Order advances received	135.029	1.296.126
	135.029	1.296.126

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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 3.438,22 per year as of 31.03.2014 (31.12.2013 : TL 3.254,44 per year).

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

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

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

	31.03.2014	31.12.2013
Discount rate %	9,25	9,25
Inflation rate %	7,00	7,00

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

	01.01.- 31.03.2014	01.01.- 31.12.2013
Balance at 1 January	3.006.953	2.173.676
Service cost	100.990	1.247.002
Interest cost	63.232	72.397
Payments	(105.041)	(156.154)
Actuarial difference	169.804	93.156
Acquisition of new companies	-	4.136
Division effect of Rasa Elektrik	-	(427.258)
Balance at the end of the period / year	3.235.937	3.006.953

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

	01.01.- 31.03.2014	01.01.- 31.03.2013
Cost of Sales	51.448	128.069
General administrative expenses (Note21)	7.733	51.541
	59.181	179.610

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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 31 March 2014.

	31.03.2014	%	31.12.2013	%
Kazancı Holding A.Ş.	379.622.977	61,91	379.622.977	61,91
Goldman Sachs	101.911.765	16,62	101.911.765	16,62
Public Share	131.600.000	21,46	131.600.000	21,46
Other	34.376	(*)	34.376	(*)
Historic share capital	613.169.118	100,00	613.169.118	100,00
Inflation adjustment to share capital	1.987.932		1.987.932	
Inflation adjusted share capital	615.157.050		615.157.050	

(*) 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.

18. General Reserves

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

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

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

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19. Net Sales

	01.01.-	01.01.-
	31.03.2014	31.03.2013
Total Sales – MWH / Unit		
Energy sales – MWH (*)	2.458.216	1.964.874
Radiator sales – unit	-	1.910
Generator sales – unit	14	-
	01.01.-	01.01.-
	31.03.2014	31.03.2013
Total Sales – Amount		
Electricity Sales	469.541.330	384.826.651
Total Lignite Sales and Transportation Income	1.633.764	2.256.792
Radiator Sales	-	2.053.310
Natural Gas Equipments	190.391	-
Other	439.296	2.393.146
Total Sales	472.104.983	391.529.899

(*) In 2014, the Group have produced 2.117,92 Gwh (01.01.-31.03.2013: 1.860,2Gwh) electricity , in addition to the production, the Group have received from TEIAS's Load Rejection Order (YAT: Yük Atma Talimatı) and therefore sold 340,30 Gwh (2013: 1.964,9 Gwh) additional electricity. Thereby, the total amount of electricity sales reached to 2.458,22 Gwh (2013: 1.964,9 Gwh) and according to the calculation made by considering the weighted averages the average selling price is 176,12 TL/mws (2013: 193,3 TL/mws) . The Group's average capacity utilization rate is 60,53% (2013: 49%).

Total amount of balancing invoices issued by TEIAS in 01.01.-31.03.2014 is TL 36.867.276 (01.01.-31.03.2013: TL 4.934.269), which has been added to the cost of sales account.

20. Cost of Sales

	01.01.-	01.01.-
	31.03.2014	31.03.2013
Cost of Energy Sales	421.866.402	335.772.966
Cost of Lignite Sales	1.379.162	2.594.726
Cost of Radiator Sales	-	1.848.894
Cost of Natural Gas Equipments Sales	171.191	-
Cost of Other Sales	94.580	766.559
COST OF SALES	423.511.335	340.983.145

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21. Marketing and Selling and General Administrative Expenses

	01.01- 31.03.2014	01.01- 31.03.2013
Marketing, selling and distribution expenses	345.796	229.237
General administrative expenses	4.507.908	3.902.332
	4.853.704	4.131.569

Breakdown of operating expenses are as follows:

Marketing, selling and distribution expenses	01.01- 31.03.2014	01.01- 31.03.2013
Freight and freight insurance	296.765	99.202
Personnel salaries and bonus payments	6.222	39.409
Travelling expenses	-	13.931
Advertising expenses	-	22.024
Motor vehicle expenses	4.427	7.025
Rent expenses	28.427	20.400
Depreciation expenses	135	-
Other marketing expenses	9.820	27.246
	345.796	229.237

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General administrative expenses	01.01- 31.03.2014	01.01- 31.03.2013
Personnel expenses	2.430.345	2.126.665
Traveling expenses	671.625	537.200
Consultancy expenses	540.041	71.800
Depreciation and amortisation expenses (note 10)	216.956	247.582
Taxes paid	14.682	229.485
Court and notary expenses	41.236	70.495
Motor vehicle expenses	68.141	2.068
Retirement pay provision expense (note 16)	7.733	51.541
Fuel expenses	26.769	59.489
Representation expenses	35.999	235.070
Communication expenses	29.100	31.970
Insurance expenses	13.290	19.188
Other	411.991	219.779
	4.507.908	3.902.332

22. Other Operating Income and Other Operating Expenses

Other Income	01.01- 31.03.2014	01.01- 31.03.2013
Income on insurance claims	1.759.091	360.908
Return of Osmaneli OSB Land	-	457.198
Discount on trade payable	571.666	208.003
Doubtful debt provision released	-	26.400
Severance pay provision released	-	1.696
Other income	189.427	473.124
	2.520.184	1.527.329

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Other Expenses	01.01- 31.03.2014	01.01- 31.03.2013
Compensation and penalty expenses	-	(596.037)
Donation and grants	(32.940)	(42.350)
Discount on trade receivable	(710.696)	(67.929)
Other expense	(1.734.769)	(550.827)
	(2.478.405)	(1.257.143)

23. Income From Investing Activities and Expenses From Investing Activities

Income from investing activities	01.01- 31.03.2014	01.01- 31.03.2013
Profit on sale of fixed assets	60.858	15.607
	60.858	15.607

Expenses from investing activities (-)	01.01- 31.03.2014	01.01- 31.03.2013
Loss on sale of fixed assets	-	(13.551)
	-	(13.551)

24. Financing Income and Financing Expenses

Financing income	01.01- 31.03.2014	01.01- 31.03.2013
Foreign exchange gains	54.790.122	27.523.357
Interest income on related parties	6.871.405	13.457.437
Interest income on time deposits at banks	4.910.635	6.298.969
	66.572.162	47.279.763

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Financing expenses	01.01- 31.03.2014	01.01- 31.03.2013
Foreign exchange losses	(86.997.214)	(36.808.225)
Interest expense on bank loans and related parties	(36.176.779)	(26.924.609)
Letters of guarantee and bank commission expenses	(1.072.852)	(5.444.276)
Other	(25.348)	(35.417)
	(124.272.193)	(69.212.527)

25. Commitments and Contingencies

a) Letters of guarantee given to:

31.03.2014	TL	USD	EUR	TL Equivalent
Botaş–Petroleum Pipeline Corporation	--	11.084.184	--	24.272.146
Banks	--	--	1.000.000	3.007.200
Electricity distribution companies	205.595	--	--	205.595
Energy Market Regulatory Authority (EMRA)	82.283.746	--	--	82.283.746
Ministry of Customs and Trade	--	--	1.250.000	3.759.000
Enforcement offices	1.498.557	--	--	1.498.557
Special provincial administration	39.646	--	--	39.646
Electricity Authority of KKTC	--	3.000.000	--	6.569.400
Turkey Electricity Distribuiton Company (TEDAS)	26.862	--	--	26.862
Turkey Electricity Transmission Company (TEIAS)	6.769.250	2.676.518	--	12.630.289
Turkey Electricity Generation Company (EUAS)	200.000	1.392.210	--	3.248.662
Other	4.126.126	--	--	4.126.126
Total	95.149.781	18.152.912	2.250.000	141.667.228

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

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b) Guarantees given for the Group's loans

Guarantee Types – 31.03.2014	Foreign Currency	Currency Amount	Total (TL)
Commercial Enterprise Pledge ^(*)	USD	133.000.000	291.243.400
Machinery and Equipment Pledge ^(**)	EUR	24.914.673	74.923.405
Bank Deposit Blockage (Note 4)	EUR	1.300.000	3.909.360
Bank Deposit Blockage (Note 4)	USD	6.000.000	13.138.800
Surety Ship	TL	416.176.000	416.176.000
Surety Ship	USD	996.478.034	2.182.087.599
Surety Ship	EUR	89.077.212	267.872.992
Assignment of Claim	TL	371.900.000	371.900.000
Collateral Bond	EUR	642.642	1.932.553
Letters of guantee	EUR	1.000.000	3.007.200
Total			3.626.191.308

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

^(**) As of 31.03.2014, a collateral of TL 74.923.405 (EURO 24.914.673) (31.12.2013: TL 73.161.937 (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 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 Group has signed a assignment agreement total amounting to TL 614.750.000 (31.12.2013: TL 686.500.000) in relation to the current financial debts. As of 31.03.2014, open risk amounted of assignment agreements is TL 371.900.000 (31.12.2013: TL 227.400.000).

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

c) Guarantees given to related parties

As of 31 March 2014, the amount of corporate guarantees granted to Kazancı Group companies in relation to their bank loans is at TL 1.247.702.547 (31.12.2013: TL 1.402.259.559). However, based on the Group's management presentation, the exposure risk relating to the Group's financial liabilities amounted to TL 88.293.085 as of 31.03.2014 (31.12.2013: TL 102.585.618).

As of 31 March 2014, there are 8 lawsuits pending in favour of the Group at the amount of TL 4.973.642 and there are 33 lawsuits pending against the Group at the amount of TL 3.211.707.

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

26. Derivative Financial Instruments

Current derivative financial instruments asset	31.03.2014	31.12.2013
Interest rate swap	1.763.623	2.666.029
Total	1.763.623	2.666.029

As of 31 March 2014, the Group uses interest rate derivatives to manage its exposure to interest rate fluctuations on its bank borrowings amount of TL TL 409.785.600 (USD 192.000.000) (31.12.2013: TL 409.785.600 (USD 192.000.000)).

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

The table below summarizes the foreign monetary position risk of the Group as of 31 March 2014 and 31 December 2013, 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:

31.03.2014	USD	EUR	GBP	CHF	TL Equivalent
Cash and cash equivalents	8.248.154	3.025.928	6.602	8.156	27.205.450
Trade receivables	-	4.160	-	-	12.510
Other non-current assets	2.608.007	17.622.474	14.000	-	58.756.198
Total foreign currency assets	10.856.161	20.652.562	20.602	8.156	85.974.158
Financial liabilities	415.848.835	215.925.186	-	-	1.559.955.997
Trade payables	56.809.225	8.389.237	15.501	-	149.685.288
Total foreign currency liabilities	472.658.060	224.314.423	15.501	-	1.709.641.285
Net foreign currency position	(461.801.899)	(203.661.861)	5.101	8.156	(1.623.667.127)

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

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Supplementary Disclosures on financial instruments

(a) Capital Management Policies and Procedures

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

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

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

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

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

The following table sets out the gearing ratios as of 31 March 2014 and 31 December 2013:

	31.03.2014	31.12.2013
Total financial liabilities	1.577.984.016	1.328.298.522
Less: cash and cash equivalents	(127.618.396)	(22.348.803)
Net financial debt	1.450.365.620	1.305.949.719
Total equity	1.060.836.000	1.073.761.660
Total financing used	2.511.201.620	2.379.711.379
Gearing ratio (net financial debt to overall financing used ratio)	58%	55%

(b) Financial instruments and categories

Financial assets		
Cash and cash equivalents	127.618.396	22.348.803
Trade receivables	115.137.067	143.609.489
	242.755.463	165.958.292
Financial liabilities		
Financial payables	1.577.984.016	1.328.298.522
Trade payables	323.073.098	326.131.640
	1.901.057.114	1.654.430.162

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(c) Market risk

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

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

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

(d) Foreign currency risk

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

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

(e) Interest rate risk management

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

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

(f) Price risk

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

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28. ADDITIONAL INFORMATION

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

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

- b) According to the IMKB announcement of the Group as of 30.04.2013, published in the Official Gazette dated 30.03.2013, within the new Electricity Market Law No. 6446 Article 9, which entered into force, an application to EMRA (EPDK) for termination of the electricity production licences of the parent Company's interim Kuletaşı-Gümüşhane (30MW) and 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.

29. SUBSEQUENT EVENTS

None.

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Appendix 1: Related Parties

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

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

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

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

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

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2014 AND 31 DECEMBER 2013
(Currency - Turkish Lira)

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

1 Rasa Radiator (Jiangyin) Co. Ltd.

Radiator