

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

**INDEPENDENT AUDITOR'S REPORT OF
AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES
FOR THE PERIOD ENDED 30 SEPTEMBER 2011**

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

Introduction

We have reviewed the accompanying consolidated interim balance sheet of Aksa Enerji Üretim A.Ş. and its wholly owned subsidiaries (together referred to as the Group) as of 30 September 2011 and the related consolidated interim statements of income, changes in equity and cash flow for the nine-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, 11 November 2011

AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS AS OF 30.09.2011 AND 31.12.2010
(Currency - Turkish Lira)

ASSETS	Note	30.09.2011	31.12.2010
Current Assets			
Cash and Cash Equivalents	4	79.582.072	78.323.598
Trade Receivables, net	5	235.669.113	113.026.263
Due from/to Related Parties and Shareholders, net	6	406.946.307	607.869.263
Inventory	7	112.006.284	81.323.919
Other Current Assets	8	60.255.371	58.569.545
		894.459.147	939.112.588
Assets Held For Sale	24	12.331.346	12.913.379
Non-Current Assets			
Investments	9	2.260.939	1.648.812
Property, Plant and Equipment, net	10	1.556.588.693	1.375.739.739
Goodwill	2	9.522.739	6.023.899
Intangible Assets, net	11	852.277	652.150
Other Non-Current Assets	8	25.571.587	20.271.876
Deferred Tax Asset	14	4.109.211	4.109.211
		1.598.905.446	1.408.445.687
TOTAL ASSETS		2.505.695.939	2.360.471.654

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS AS OF 30.09.2011 AND 31.12.2010
(Currency - Turkish Lira)

LIABILITIES	Note	30.09.2011	31.12.2010
Short Term Liabilities			
Financial Liabilities	12	447.414.669	413.198.014
Trade Payables, net	13	304.462.616	197.630.971
Taxation Payable on Income	14	610.043	13.471.828
Other Payables and Accrued Liabilities	15	68.533.565	9.919.151
		821.020.893	634.219.964
Long Term Liabilities			
Financial Liabilities	12	934.557.620	803.415.965
Retirement Pay Provision	16	1.718.009	1.331.912
Other Payables and Accrued Liabilities	15	5.262.777	-
Deferred Tax Liability	14	2.936.550	2.936.550
		944.474.956	807.684.427
Shareholders' Equity			
Share Capital	17	579.487.932	579.487.932
General Reserves	18	242.771.442	173.652.620
Share Premium		96.523.266	95.999.686
Net Profit / (Loss) for the Period		(178.582.550)	69.427.025
		740.200.090	918.567.263
Commitments and Contingencies	25		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2.505.695.939	2.360.471.654

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME FOR THE PERIODS ENDED 30.09.2011 AND
30.09.2010
(Currency - Turkish Lira)

INCOME STATEMENT	Note	01.01.- 30.09.2011	01.01.- 30.09.2010
Net Sales	19	769.006.544	682.059.194
Cost of Sales	20	(643.334.887)	(589.899.159)
Gross Profit		125.671.657	92.160.035
Research and Development Expenses	21	(18.348)	(183)
Marketing and Selling Expenses	21	(2.146.201)	(1.589.201)
General Administrative Expenses	21	(12.044.554)	(12.763.425)
Basic Operating Profit		111.462.554	77.807.226
Goodwill arising from the acquisition of new subsidiaries	22	-	4.536.774
Other Income / (Expenses), net	22	(58.163.170)	3.783.897
Financing Income / (Expenses), net	23	(229.147.050)	22.995.587
Profit / (Loss) Before Tax For The Period		(175.847.666)	109.123.484
Taxation on Profit - Current	14	(2.695.125)	(11.967.044)
Profit / (Loss) After Tax For The Period		(178.542.791)	97.156.440
Discontinued Operations	24	(39.759)	-
NET PROFIT / (LOSS) FOR THE PERIOD		(178.582.550)	97.156.440
Earnings before interest, tax, depreciation and amortization (EBITDA)	3	172.393.262	129.974.683

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED 30.09.2011 AND THE YEAR ENDED 31.12.2010
(Currency - Turkish Lira)

SHAREHOLDERS' EQUITY	Share Capital	General Reserves	Share Premium	Net Profit for the Period	Total
Balance, 01.01.2010	317.312.432	95.651.274	-	145.513.498	558.477.204
Increase in share capital - in cash	263.765.700				263.765.700
Transfer to reserves	-	145.513.498	-	(145.513.498)	-
Effect of first time aggregation of İdil 2 and Rasa Enerji	(1.590.200)	(10.755.555)	-	-	(12.345.755)
Share premium	-	-	97.059.663	-	97.059.663
Dividend paid	-	(70.022.808)	-	-	(70.022.808)
Net profit for the period	-	-	-	97.156.440	97.156.440
Balance, 30.09.2010	579.487.932	160.386.409	97.059.663	97.156.440	934.090.444
Balance, 31.12.2010	579.487.932	173.652.620	95.999.686	69.427.025	918.567.263
Effect of first time aggregation of Ayres Ayvacık Rüzgar Enerjisi	-	(303.659)	-	-	(303.659)
Share premium	-	-	523.580	-	523.580
Transfer to reserves	-	69.427.025	-	(69.427.025)	-
Dividend paid	-	(4.544)	-	-	(4.544)
Net loss for the period	-	-	-	(178.582.550)	(178.582.550)
Balance, 30.09.2011	579.487.932	242.771.442	96.523.266	(178.582.550)	740.200.090

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE PERIODS ENDED 30.09.2011 AND 30.09.2010
(Currency - Turkish Lira)

CASH FLOWS FROM OPERATING ACTIVITIES	01.01.- 30.09.2011	01.01.- 30.09.2010
Net profit / (loss) for the period / year	(178.582.550)	97.156.440
<u>Adjustment for:</u>		
Depreciation and amortization	60.961.645	52.383.047
Retirement pay provision	386.097	351.911
Interest expense accruals on loans	(2.501.661)	(6.229.007)
Unrealised foreign exchange (gains) / losses on loans	214.271.769	(27.996.699)
Discount on receivables / (payables), net	729.787	228.583
Tax provision	610.043	15.362.712
Deferred taxation, net	-	(149.572)
Operating profit before working capital changes	95.875.130	131.107.415
Trade receivables	(123.562.110)	6.691.686
Inventory	(30.682.365)	(38.012.539)
Other current assets	(1.685.826)	1.412.905
Other non current assets	(5.299.711)	(195.292)
Trade payables	107.021.118	(25.026.415)
Other payables and accrued liabilities	58.614.414	8.457.352
Other long term liabilities	5.262.777	-
Taxes paid	(13.471.828)	(16.463.236)
Net Cash Flows Generated From Operating Activities	92.071.599	67.971.876
CASH FLOWS FROM INVESTING ACTIVITIES		
Assets Held For Sale	582.033	-
Purchases / (Disposals) of property, plant and equipment and intangible assets, net	(242.010.726)	(231.329.934)
Goodwill	(3.498.840)	(3.349.356)
Purchase / (Disposal) of equity participations, net	(612.127)	(46.016)
Net Cash Flows Used In Investment Activities	(245.539.660)	(234.725.306)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term financial liabilities	(28.868.175)	65.231.885
Long-term financial liabilities	(17.543.622)	144.437.172
Due from/to related parties and shareholders	200.922.956	(301.781.516)
Effect of first time aggregation of İdil 2 and Rasa Enerji	(303.659)	(12.345.755)
Share Premium	523.580	97.059.663
Dividend Paid	(4.544)	(70.022.808)
Share capital	-	263.765.700
Net Cash Flows Generated From Financing Activities	154.726.535	186.344.341
Net Increase / (Decrease) in Cash and Cash Equivalents	1.258.474	19.590.911
Cash and Cash Equivalents at Beginning of Year	78.323.598	16.309.187
Cash and Cash Equivalents at the End of Period	79.582.072	35.900.098

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS AS OF 30.09.2011 AND 31.12.2010
(Currency - US Dollars)

ASSETS	30.09.2011	31.12.2010
Current Assets		
Cash and Cash Equivalents	43.126.902	50.662.094
Trade Receivables, net	127.713.170	73.108.838
Due from/to Related Parties and Shareholders, net	220.531.245	393.188.398
Inventory	60.698.143	52.602.794
Other Current Assets	32.653.428	37.884.570
	484.722.888	607.446.694
Assets Held For Sale	6.682.570	8.352.768
Non-Current Assets		
Investments	1.225.242	1.066.502
Property, Plant and Equipment, net	843.542.347	889.870.465
Goodwill	5.160.537	3.896.442
Intangible Assets, net	461.864	421.831
Other Non-Current Assets	13.857.685	13.112.468
Deferred Tax Asset	2.226.853	2.657.963
	866.474.528	911.025.671
TOTAL ASSETS	1.357.879.986	1.526.825.133

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS AS OF 30.09.2011 AND 31.12.2010
(Currency - US Dollars)

LIABILITIES	30.09.2011	31.12.2010
Short Term Liabilities		
Financial Liabilities	242.461.751	267.269.091
Trade Payables, net	164.993.560	127.833.746
Taxation Payable on Income	330.593	8.713.990
Other Payables and Accrued Liabilities	37.139.523	6.416.011
	444.925.427	410.232.838
Long Term Liabilities		
Financial Liabilities	506.452.945	519.673.975
Retirement Pay Provision	931.019	861.521
Other Payables and Accrued Liabilities	2.851.990	-
Deferred Tax Liability	1.591.367	1.899.450
	511.827.321	522.434.946
Shareholders' Equity		
Share Capital	314.034.537	374.830.486
General Reserves	131.562.045	112.323.816
Share Premium	52.307.628	62.095.528
Net Profit / (Loss) for the Period	(96.776.972)	44.907.519
	401.127.238	594.157.349
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1.357.879.986	1.526.825.133

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME FOR THE PERIODS ENDED 30.09.2011 AND
30.09.2010
(Currency - US Dollars)

INCOME STATEMENT	01.01.- 30.09.2011	01.01.- 30.09.2010
Net Sales	416.737.953	469.996.688
Cost of Sales	(348.634.307)	(406.490.600)
Gross Profit	68.103.646	63.506.088
Research and Development Expenses	(9.943)	(126)
Marketing and Selling Expenses	(1.163.063)	(1.095.094)
General Administrative Expenses	(6.527.152)	(8.795.083)
Basic Operating Profit	60.403.488	53.615.785
Goodwill arising from the acquisition of new subsidiaries	-	3.126.222
Other Income / (Expenses), net	(31.519.628)	2.607.426
Financing Income / (Expenses), net	(124.178.751)	15.845.912
Profit / (Loss) Before Tax For The Period	(95.294.891)	75.195.345
Taxation on Profit - Current	(1.460.535)	(8.246.309)
Profit / (Loss) After Tax For The Period	(96.755.426)	66.949.036
Discontinued Operations	(21.546)	-
NET PROFIT / (LOSS) FOR THE PERIOD	(96.776.972)	66.949.036
Earnings before interest, tax, depreciation and amortization (EBITDA)	93.422.892	89.563.591

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2011 AND 31 DECEMBER 2010
(Currency - Turkish Lira)

1. Organization and Nature of Activities

Aksa Enerji Üretim A.Ş. (The Company) was established on 12 March 1997 for production and sale of electricity. The shares of Company have been registered in the Turkish Capital Markets Board (CMB) in May 2010 and the shares are now publicly traded on the Istanbul Stock Exchange. The public portion of the shares is 5,47% and 94,52% of the share capital is owned by Kazancı Holding A.Ş. (note 17). As of 30 September 2011, the number of personnel employed by the Company is 285 (31.12.2010: 278).

The Company has the following electricity production plants:

- **Bursa Power Plant:**

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

- **Hakkari Power Plant**

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

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

- **Samsun Power Plant**

The Company has another mobile electricity production plant located in Samsun which has installed capacity of 130 MW. It used (diesel) fuel-oil. All of the production from this installation for five years (2003-2008) was contracted to be sold to EÜAŞ. Since 2008 Samsun Fuel Oil Power Plant was not operating due to cancellation of production licence by EÜAŞ.

Recently a decision was taken to convert the existing Wartsila diesel engines to gas-diesel engines. As of 30.09.2011 a total of TL 33,9 million has been invested in this respect (note 10). Samsun Power Plant is operating as a natural gas fired combined cycle power plant starting in the August 2011. On 11.04.2011 an agreement was reached with EÜAŞ which has granted production licence to Samsun Power Plant. Part of the deal is to pay EÜAŞ a total of USD 28.989.873 (TL 53.495.012) by monthly instalments in 2012 (note 22).

- **Antalya Power Plant**

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

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2011 AND 31 DECEMBER 2010
(Currency - Turkish Lira)

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

The Siemens and GE turbines are located at the same area and most of the constructional works regarding Siemens turbines and GE turbines are carried in parallel. As of October 2011 the construction of the turbines has been completed and the total installed capacity of the power plant increased to 1,150 MW. The operational capacity of the Power Plant at the reporting date was 960 MW

- **Manisa Power Plant**

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

- **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 has been operational since 30.04.2011.

As of 30 September 2011 the subsidiaries which have been included in consolidation are below:

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

Early in 2003, the Company had been awarded a 5 years contract of 20 MW mobile power plant in Northern Cyprus. The plant had started electricity production in mid 2003 and all of its production was sold to Electricity Distribution Company of Turkish Northern Cyprus (KIB-TEK). In October 2004, the Company had signed an additional protocol with KIB-TEK. Accordingly, the Company has increased its capacity to 89 MW during 2005 and all of its production was sold to KIB-TEK. At the end of 2008, the contract with KIB-TEK has been revised and the contract period has been extended up to 2024. The Company in Northern Cyprus, named Aksa Enerji Üretim A.Ş. (Y.Ş.), is the wholly owned subsidiary of the Company and its financial results have been consolidated in the accompanying financial statements.

As of August 2011 the ongoing investment to increase the capacity of the Power Plant and combined cycle conversion by 31 MW , has been fully completed and the capacity of the power plant has increased to 120 MW.

As of 30 September 2011, the number of personnel employed by the Company is 54 (31.12.2010: 46).

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

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

As of 30 September 2011, the number of personnel employed by the Company is 108 (31.12.2010: 104).

AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2011 AND 31 DECEMBER 2010
(Currency - Turkish Lira)

3. Deniz Elektrik Üretim Limited Şirketi:

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

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

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

Karakurt/Manisa Wind Power Plant and Sebenova/Hatay Wind Power Plant became operational in June 2007 and April 2008, respectively. The Company sold most of its production to TEİAŞ in 2010, while, small amount is contracted to the Free Customers by the Bilateral Agreements.

As of 30 September 2011, the number of personnel employed by the Company is 47 (31.12.2010: 50).

4. Baki Elektrik Üretim Limited Şirketi:

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

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

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

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

As of 30 September 2011, the number of personnel employed by the Company is 25 (31.12.2010: 31).

5. Rasa Enerji Üretim A.Ş.:

Rasa Enerji Üretim A.Ş. (The Company) was established on 12.09.2000 for production and distribution of the electricity. As of 30 September 2011, the number of personnel employed by the Company is 80 (31.12.2010: 46).

• **The Van Plant:**

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2011 AND 31 DECEMBER 2010
(Currency - Turkish Lira)

• **The Urfa Plant:**

The Company has licence for naturalgas power plant in Urfa which has a 120 MW capacity. The construction period is completed in August 2011 and the Company started to generate electricity

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

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

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

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

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

As of 30 September 2011, the number of personnel employed by the Company is 22 (31.12.2010: 25).

7. Ayres Ayvacık Rüzgar Enerjisinden Elektrik Üretim Santrali Ltd. Şti.:

The Company has an investment project of wind power plant in Çanakkale Ayvacık. The Company's 99.99% shares have been acquired by parent company at 18.04.2011 from one of the related parties Kazancı Holding.

As of 30 September 2011, the number of personnel employed by the Company is 4.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2011 AND 31 DECEMBER 2010
(Currency - Turkish Lira)

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			120,00	120,00
Aksa Enerji	Hakkari	Fuel oil	18.10.2007	10 year	24,00	24,00
Aksa Enerji	Antalya	Natural Gas	13.11.2007	30 year	2.050,00	960,00
Aksa Enerji	Manisa	Natural Gas	21.02.2008	30 year	115,26	115,26
Aksa Enerji	İncesu-Ortaköy-Çorum	HPP	29.09.2005	40 year	15,00	15,00
Aksa Enerji	Bolu	Thermal	25.03.2008	30 year	270,00	--
Aksa Enerji	Erzincan (*)	HPP	17.01.2008	49 year	85,00	--
Aksa Enerji	Mersin (*)	HPP	14.06.2007	49 year	20,00	--
Aksa Enerji	Kayseri (*)	HPP	17.01.2008	49 year	30,00	--
Aksa Enerji	Mutki-Bitlis (*)	HPP	24.03.2005	35 year	32,00	--
Aksa Enerji	Pazarköy-Akyazı-Sakarya (*)	HPP	10.02.2005	40 year	26,40	--
Aksa Enerji	Eğrikaya Sırtı-Atikboynutepe-Atikkayasitepe-Alacikkayatepe-Çardaklıtepe-İskenderun-Hatay (*)	WPP	13.03.2008	49 year	30,00	--
Aksa Enerji	City of Gümüşhane, Kuletası Dam (*)	HPP	05.03.2009	49 year	30,00	--
Aksa Enerji	City of Bitlis, Kor Dam (*)	HPP	30.10.2008	49 year	26,00	--
Aksa Enerji	Koru Dam (*)	HPP	17.06.2009	49 year	15,00	--
Aksa Enerji	Adana, Yamanlı 1 Reg. (*)	HPP	20.05.2010	49 year	24,20	--
Aksa Enerji	Mardin	Fuel oil	14.07.2011	49 year	32,10	--
Aksa Enerji	Samsun	Natural Gas	28.07.2011	49 year	131,78	130,0
Baki Elektrik	Merkez-Şanlı-Balıkesir	WPP	06.04.2004	49 year	114,00	90,00
Deniz Elektrik	Sebenoba-Gözene-Yayladağı-Samandağ-Hatay	WPP	04.06.2004	49 year	60,00	30,00
Deniz Elektrik	Karakurt-İlyaslar-Çakaltepe-Manisa	WPP	05.12.2003	49 year	10,80	10,80
Rasa Elektrik	Mardin	Fuel oil	22.03.2007	20 year	33,00	33,00
İdil İki	Şırnak	Thermal	22.03.2007	20 year	24,00	24,00
İdil İki	Ordu (*)	HPP	25.04.2008	49 year	62,34	--
İdil İki	Erzurum (*)	HPP	06.09.2007	49 year	60,00	--
Rasa Enerji	Van Energy Station	Natural Gas	15.01.2009	49 year	114,88	114,88
Rasa Enerji	Şanlıurfa	Natural Gas	12.05.2011	49 year	270	120,00
Ayres	Ayvacık Energy Station	WPP	01.11.2007	25 year	5,00	--
Total					3.830,76	1.786,94

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2011 AND 31 DECEMBER 2010
(Currency - Turkish Lira)

2. Basis of Presentation of the Financial Statements

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

Basis of Consolidation

The consolidated financial statements included the financial statements of Aksa Enerji Üretim A.Ş., Deniz Elektrik Üretim Limited Şirketi, Aksa Enerji Üretim Kıbrıs, Baki Elektrik Üretim Ltd. Şti., Rasa Elektrik Üretim A.Ş., Rasa Enerji Üretim A.Ş. and İdil İki Enerji Sanayi ve Ticaret A.Ş. The balance sheets and income statements of the consolidated entities are added on a line by line basis. All significant inter-company transactions and balances between the consolidated entities are eliminated on consolidation.

The subsidiaries which have been included in consolidation and their shareholding percentages at 30 September 2011 and 31 December 2010 are as follows:

Name of Consolidated Entity	Effective Rate of Ownership	
	(%)	
	30.09.2011	31.12.2010
1. Aksa Enerji Üretim Kıbrıs – Y.Ş. (Northern Cyprus)	100,00	100,00
2. Rasa Elektrik Üretim A.Ş.	99,96	99,96
3. Deniz Elektrik Üretim Limited Şirketi	99,99	99,99
4. Baki Elektrik Üretim Limited Şirketi	95,00	95,00
5. Rasa Enerji Üretim A.Ş.	99,99	99,99
6. İdil İki Enerji Sanayi ve Ticaret A.Ş.	99,99	99,99
7. Ayres Ayvacık Rüzgar Enerjisinden Elektrik Üretim Santrali Ltd. Şti. (*)	99,99	99,99

(*) Ayres Ayvacık Rüzgar Enerjisinden Elektrik Üretim Santrali Ltd. Şti. was acquired by on 18.04.2011 and was consolidated in financial statements on 30.09.2011 with its respective balance sheet amount.

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

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

Financial Statements Translation into US Dollars for Convenience Purposes

For the convenience of the reader, the accompanying financial statements have been translated from Turkish Lira to USD with the Central Bank buying exchange rate at year-end (30.09.2011: USD = TL 1,8453, 31.12.2010: USD= TL 1,5460, 30.09.2011: USD=TL 1,8453). Such convenience translations are not intended to comply with the provisions of IAS 21 “The Effects of Changes in Foreign Exchange Rates” or Financial Accounting Standards Board No.52 “Foreign Currency Translations” for the translation of financial statements

AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2011 AND 31 DECEMBER 2010
(Currency - Turkish Lira)

Reporting currency

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

Goodwill

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

Positive goodwill (included in the balance sheet):

Cost (Baki Elektrik)	31.12.2010
Payment	180.258
Fair value of the asset acquired	43.725
Goodwill	223.983

As of 24.05.2006 (from financial statements dated 31.12.2006), 95% of the shares of Baki Elektrik were acquired by the Group and TL 223.983 worth of positive goodwill arose.

Cost (İdil İki)	31.12.2010
Payment	18.000.000
Fair value of the asset acquired	(14.650.644)
Goodwill	3.349.356

As of 05.03.2010 (from financial statements dated 31.03.2010), 99.99% of the shares of İdil İki were acquired by the Group and TL 3.349.356 worth of positive goodwill arose.

Cost (Deniz Elektrik)	31.12.2010
Payment	2.880.310
Fair value of the asset acquired	(429.750)
Goodwill	2.450.560

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

Cost (Ayres)	30.09.2011
Payment	223.757
Fair value of the asset acquired	3.275.083
Goodwill	3.498.840

As of 18.04.2011, Aksa Enerji has acquired %99,99 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, 3.498.840 TL positive goodwill arose.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2011 AND 31 DECEMBER 2010
(Currency - Turkish Lira)

Inflation accounting

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

Adoption of new and revised international financial reporting standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC) that are effective as at 30.09.2011 and that are relevant to its operations

The new and amended IFRS and International Financial Reporting Interpretations Committee ("IFRIC") interpretations effective for the financial statements at 30.09.2011.

The accounting policies, which are basis of presentation of consolidated financial statements, are consistent with those of the previous financial year except for the new standards and interpretation summarized below. The following new and amended IFRS and IFRIC interpretations are adopted in the periods beginning on 01.01.2011:

-IFRIC 17 Distributions of Non-cash Assets to Owners,

-IAS 39 Financial Instruments: Recognition and Measurement (Amended) – eligible hedged items,

-IFRS 2 (Revised), "Share Based Payments" -share based payments paid in cash by the group.

-IFRS 3 (Revised) " Business Combinations" and IAS 27 (Revised) " Consolidated And Separate Financial Statements"

-IFRS 7 'Financial Instruments Disclosures', effective for annual periods beginning on or after 01.01.2011. This improvement gives clarifications of disclosures required by IFRS 7 and emphasized the interaction between quantitative and qualitative disclosures and the nature and extend of risks associated with financial instruments.

-IFRIC 14 (Amended) "Prepayments of a Minimum Funding Requirement", is effective for annual periods beginning on or after 01.01.2011. The purpose of this amendment was to permit entities to recognize as an asset some voluntary prepayments for minimum funding contributions. Earlier application is permitted and must be applied retrospectively. The Group does not expect that this amendment will have any impact on the financial statements of the Group.

IAS 24 (Revised) 'Related Party Disclosures' is effective for annual periods beginning on or after 01.01.2011. This revision related to the judgment which is required so as to assess whether a government and entities known to the reporting entity to be under the control of that government are considered as a single customer. In assessing this, the reporting entity shall consider the extent of the economic integration between those entities. Early application is permitted and adoption shall be applied retrospectively. The Group does not expect that this amendment will have an impact on the financial statements of the Group.

- IFRS 1 Amendment on Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters to IFRSs. Amendments made in the standard introduce limited exemption to the first-time adopters concerning the comparable presentation of UFRS 7 Fair Value disclosures.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2011 AND 31 DECEMBER 2010
(Currency - Turkish Lira)

-IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments”, is effective for annual periods beginning on or after 01.07.2010. This interpretation addresses the accounting treatment when there is a renegotiation between the entity and the creditor regarding the terms of a financial liability fully or partially. IFRIC 19 clarifies such equity instruments are ‘consideration paid’ in accordance with paragraph 41 of IAS 39. As a result, the financial liability is derecognized and the equity instruments issued are treated as consideration paid to extinguish that financial liability. The Group does not expect that this amendment will have any impact on the financial statements of the Group.

-IAS 32 (Revised) “Classification on Rights Issues”, is effective for annual periods beginning on or after 01.02.2010. This amendment relates to the rights issues offered for a fixed amount of foreign currency which were treated as derivative liabilities by the existing standard. The amendment states that if certain criteria are met, these should be classified as equity regardless of the currency in which the exercise price is denominated. The amendment is to be applied retrospectively. The Group does not expect that this amendment will have any impact on the financial statements of the Group.

-Improvements to IFRSs (2009)

- IFRS 1 Additional Exemptions for First-time Adopters (Amendments to IFRS 1) effective from 1 January 2010

- IFRS 2 Group Cash-settled Share-based Payment Transactions (Amendments to IFRS 2) Effective from 1 January 2010

-IFRS 1 First-time Adoption of International Financial Reporting Standards (Revised 2008) Effective from 1 July 2009

-IFRS 3: Contingent consideration that arose from business combinations with acquisition dates precede the adoption of revised IFRS 3.

-IFRS 3: Measurement of non-controlling interests

-IFRS 3: The replacement of the acquire’s share-based payment transactions (whether obliged or voluntarily)

- IFRIC 18 Transfers of Assets from Customers

-Improvements to IFRSs (published at May 2010):

In May 2010 the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. The effective dates of the improvements are various beginning on 01.07.2010. Early application is permitted in all cases and this annual improvements Project has not yet been endorsed by the European Union.

Standards amendments, improvements and interpretations to IFRSs do not have any significant impact on the financial statements of the Group;

IFRS 3: Contingent consideration that arose from business combinations with acquisition dates precede the adoption of revised IFRS 3.

IFRS 3: Measurement of non-controlling interests

IFRS 3: The replacement of the acquire’s share-based payment transactions (whether obliged or voluntarily)

IAS 1: Clarification to the statement of changes in equity

IAS 27: Clarification of the consequential amendments from IAS 27 ‘Consolidated and Separate Financial Statements’ made to IAS 21, IAS 28 and IAS 31

IFRIC 13: Customer Loyalty Programs: The fair value of award credits

IAS 34 Interim Financial Reporting: Guidance to illustrate how to apply disclosure principles and additional disclosure requirements.

Standards amendments, improvements and interpretations to IFRSs with an effective date after 30.09.2011:

The new and amended IFRS and IFRIC interpretations, which are published but not effective as at the date of the approval of the financial statements and not early adopted by the Group, are as follows:

AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2011 AND 31 DECEMBER 2010
(Currency - Turkish Lira)

IFRS 13 Fair Value Measurement 1 January 2013

IFRS 13 has been issued in order to provide a single source of guidance for all fair value measurements and to clarify the definition of fair value has been broadcasted in May 12, 2011. Prior to its publication, the guidance on fair value was distributed across many IFRSs, with some containing quite limited guidance while others contained extensive guidance that was not always consistent. The global financial crisis highlighted the need to improve the transparency of how fair value is measured and also how fair value should be measured when the market for an asset or liability becomes less active. While the measurement principles will be unchanged in many situations, there will be individual scenarios where the effects of IFRS 13 could be significant. These changes will be applicable for the periods beginning on or after 1 January 2013. Group, has not yet identified the effects that may occur in the financial statements as a result of the implementation of this standard.

IFRS 12 Disclosure of Interests in Other Entities effective from 1 January 2013

IFRS 12 The Standard integrates and makes consistent the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities provides transparency about the risks to which a reporting entity is exposed from its involvement with structured entities. These changes will be applicable for the periods beginning on or after 1 January 2013. Group, has not yet identified the effects that may occur in the financial statements as a result of the implementation of this standard.

IFRS 11 Joint Arrangements effective from 1 January 2013;

Arrangements that would have previously been classified as ‘jointly controlled operations’ or ‘jointly controlled assets’ categories will fall into the newly defined category of ‘joint operation’. Under IFRS 11, a joint operator recognizes and measures the assets and liabilities (and the related revenues and expenses) in relation to its interest in the arrangement in accordance with relevant IFRSs applicable to the particular assets, liabilities, revenues and expenses. Similarly most arrangements previously classified as ‘jointly controlled entities’ under IAS 31, will be classified as ‘joint ventures’ under IFRS 11. A joint venturer recognizes its investment in a joint venture and accounts for it using equity accounting (in accordance with IAS 28 Revised) – the option of using proportionate consolidation that was contained in IAS 31 no longer exists. These changes will be applicable for the periods beginning on or after 1 January 2013. Group, has not yet identified the effects that may occur in the financial statements as a result of the implementation of this standard.

IFRS 10 Consolidated Financial Statements effective from 1 January 2013;

AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2011 AND 31 DECEMBER 2010
(Currency - Turkish Lira)

IFRS 10 standard supersedes IAS 27 'Consolidated and Separate Financial Statements' and SIC-12 'Consolidation – Special Purpose Entities'. IFRS 10 aims to address these concerns with a new, principle-based, definition of control that will be applied to all types of investee (including special purpose vehicles and more conventional voting interest entities) to determine which are consolidated. In order to determine whether a reporting entity has control over another entity in which it has invested, the following three elements must always be present in accordance with IFRS 10: i) power over the investee ii) exposure, or rights, to variable returns from its involvement with the investee iii) the ability to use its power over the investee to affect the amount of the investor's returns. These changes will be applicable for accounting periods beginning on or after 1 January 2013. Group, has not yet identified the effects that may occur in the financial statements as a result of the implementation of this standard.

IAS 28 Investments in Associates and Joint Ventures effective from 1 January 2013

IAS 28 'Investments in Associates and Joint Ventures' (2011) has been revised with the release of the standards: IAS 28, IFRS 10, IFRS 11 and IFRS 12.

IAS 27 Separate Financial Statements effective from 1 January 2013

IAS 27: IAS 27 "Consolidated and Separate Financial Statements" presents disclosures on transitional provisions regarding the changes made to IAS 21, IAS 28 and IAS 31. The requirements for separate financial statements are unchanged while disclosures requirements have been added to IAS 27 (revised) standard. Other information in IAS 27 has been replaced by the information mentioned in IFRS 10 standard.

IAS 19 Employee Benefits (Revised 2011) effective from 1 January 2013;

The amendments to IAS 19 changes the accounting treatment for defined benefit plans and termination benefits. These changes will be applicable for the periods beginning on or after 1 January 2013. Group, has not yet identified the effects that may occur in the financial statements as a result of the implementation of this standard.

IFRS 9 Financial Instruments effective from 1 January 2013;

IFRS 9 'Financial Instruments –Phase 1 financial assets, classification and measurement', is effective for annual periods beginning on or after 01.01.2013. Phase 1 of IFRS 9 Financial Instruments introduces new requirements for classifying and measuring financial assets. Early adoption is permitted. This standard has not yet been endorsed by the EU. The Group is assessing the impact of the new standard.

IAS 1 Presentation of Items of Other Comprehensive Income(2011) effective from 1 July 2012 (Amendments to IAS 1);

The amendments to IAS 1 present explanatory information regarding the disclosure of the items included in other comprehensive income and classification of these items. These changes will be applicable for the periods beginning on or after 1 July 2012. Group, has not yet identified the effects that may occur in the financial statements as a result of the implementation of this standard.

IAS 12 Deferred Tax: Recovery of Underlying Assets effective from 1 January 2012 (Amendments to IAS 12);

IAS 12 'Deferred Tax: Recovery of Underlying Assets' (Amendment), is mandatory for annual periods beginning on or after 01.01.2012. IAS 12 has been updated to include i) a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale and ii) a requirement that deferred tax on non- depreciable assets, measured using the revaluation model in IAS 16, should always be measured on a sale basis.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2011 AND 31 DECEMBER 2010
(Currency - Turkish Lira)

IFRS 7 'Financial Instruments: Disclosure as part of its comprehensive review of off balance sheet activities' (Amended), is effective for annual periods beginning on or after 01.07.2011. The purpose of this amendment is to allow users of financial statements to improve their understanding of transfer transaction of financial assets (e.g. securitizations), including understanding the possible effects of additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. The amendments broadly align the relevant disclosure requirements of IFRSs. The Group has not yet assessed the impact of the new standard.

3. Summary of Significant Accounting Policies

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

Cash and cash equivalents

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

Trade receivables and allowance for doubtful receivables

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

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

Related parties

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

Trade payables

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

Inventory

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2011 AND 31 DECEMBER 2010
(Currency - Turkish Lira)

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

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

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

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

	Year
Karakurt (Manisa) Wind Electricity Powerhouse	20
Sebenova (Hatay) Wind Electricity Powerhouse	20
Şamlı (Balıkesir) Wind Electricity Powerhouse	20
Natural Gas Power Plants	20
Fuel Oil Power Plants	15
Hidroelectric Power Plants	40

Financial liabilities

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

Aksa Enerji Üretim A.Ş. has an export credit premium payable in connection with its long term loans used to finance the wind electricity, natural gas and other energy plants. In statutory financial statements, the Company recorded these both at assets (Other current and noncurrent assets – Note 8) and liabilities (Financial liabilities– Note 12) until the time of payment. As of 30 September 2011, TL 46.576.416 (USD 25.240.566) and 31 December 2010, TL 45.381.689 (USD 29.354.262) of export credit premium is netted of from assets and liabilities.

Deniz Elektrik Üretim Ltd. Şti. has an export credit premium payable in connection with its long term loans used to finance the wind electricity plant. In statutory financial statements, the Company recorded these both at assets (Other current and noncurrent assets – Note 8) and liabilities (Financial liabilities – Note 12) until the time of payment. As of 30 September 2011, TL 5.462.856 (USD 2.960.416) and 31 December 2010, TL 5.224.022 (USD 3.379.057) of export credit premium is netted of from assets and liabilities.

Baki Elektrik Üretim Ltd. Şti. has an export credit premium payable in connection with its long term loans used to finance the wind electricity plant. In statutory financial statements, the Company recorded these both at assets (Other current and noncurrent assets – Note 8) and liabilities (Financial liabilities – Note 12) until the time of payment. As of 30 September 2011, TL 32.422.749 (USD 17.570.449) and 31 December 2010, TL 28.758.259 (USD 18.601.720) of export credit premium is netted of from assets and liabilities.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2011 AND 31 DECEMBER 2010
(Currency - Turkish Lira)

Rasa Enerji Üretim A.Ş. has an export credit premium payable in connection with its long term loans used to finance the wind electricity plant. In statutory financial statements, the Company recorded these both at assets (Other current and noncurrent assets – Note 8) and liabilities (Financial liabilities – Note 12) until the time of payment. As of 30 September 2011, TL 4.455.362 (USD 2.414.438) and 31 December 2010, TL 4.716.834 (USD 3.050.992) of export credit premium is netted of from assets and liabilities.

Impairment of assets

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

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.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2011 AND 31 DECEMBER 2010
(Currency - Turkish Lira)

Research and development costs

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

Segment reporting

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

Offsetting

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

Foreign currency transactions and translation

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

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

Currency	30.09.2011	31.12.2010
USD	1,8453	1,5460
EURO	2,5157	2,0491
CHF	2,0577	1,6438
GBP	2,8884	2,3886
JPY	0,02405	0,01890

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.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2011 AND 31 DECEMBER 2010
(Currency - Turkish Lira)

Significant management judgment in applying accounting policies

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

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

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

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

EBITDA

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2011 AND 31 DECEMBER 2010
(Currency - Turkish Lira)

4. Cash and Cash Equivalents

	30.09.2011	31.12.2010
Cash on hand	103.823	93.711
Cash at banks		
- Demand account	63.870.449	23.179.292
- Time deposits and repurchase agreements	10.071.900	47.707.410
- Blocked account	5.535.900	7.343.185
	79.582.072	78.323.598

Bank accounts are listed below:

	30.09.2011		31.12.2010	
	Foreign currency	TL Equivalent	Foreign currency	TL Equivalent
Demand Deposits				
- TL		3.439.900		19.330.129
- USD	31.485.662	58.100.493	1.202.398	1.858.908
- EUR	920.131	2.314.773	967.483	1.982.470
- GBP	4.790	13.834	2.773	6.623
- CHF	79	163	91	150
- JPY	53.472	1.286	53.452	1.012
		63.870.449		23.179.292
Time Deposits and repurchase agreements (*)				
- TL		1.799	-	12.326.902
- USD	3.240.000	5.978.772	20.085.243	31.051.785
- EUR	1.626.318	4.091.329	2.112.500	4.328.723
		10.071.900		47.707.410
Blocked Accounts (**)				
- USD	3.000.000	5.535.900	3.026.750	4.679.355
- EUR	-	-	1.300.000	2.663.830
		5.535.900		7.343.185
		79.478.249		78.229.887

(*)As of 30 September 2011, the average term of the time deposit is between 1 day and the effective interest rate on time deposit is 0,5% (31.12.2010: 30 days, interest rate is 8%).

(*) As of 30 September 2011, the average term of repurchase agreements is between 1 - 13 days and the effective interest rate for TL is between 1%-5,5% (31.12.2010: 5,3%-6,5%) and for foreign currency is 1,5%-4,5% (31.12.2010: 0,40%-1,25%).

(**)As of 30 September 2011, TL 5.535.900 (31.12.2010: TL 7.343.185) is related to the liabilities of the Group, in accordance with provision of the loan agreement.

18
AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2011 AND 31 DECEMBER 2010
(Currency - Turkish Lira)

5. Trade Receivables, net

	30.09.2011	31.12.2010
Customers' current accounts		
- Turkish Lira	53.293.695	53.742.276
- Foreign currency	14.333.628	668.486
Trade receivables from related parties	170.840.168	60.068.753
Notes receivable (*)	563.343	1.278.899
Unearned interest on notes receivable (-)	(862.633)	(233.063)
Provision for doubtful receivables (-)	(2.499.088)	(2.499.088)
	235.669.113	113.026.263

(*)As of 30 September 2011, maturity breakdown of post dated checks and notes receivables were as follows:

Up to 3 months	563.343
	563.343

AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2011 AND 31 DECEMBER 2010
(Currency - Turkish Lira)

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

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

As of 30 September 2011 and 31 December 2010 the breakdown of the related parties balances are as follows:

Due from related parties	30.09.2011		31.12.2010	
	Trade	Non Trade	Trade	Non Trade
Aksa Afyon Doğal Gaz Dağıtım A.Ş.	1.995.031	13.121.733	1.468.797	11.484.546
Aksa CNG Sıkıştırılmış Doğal Gaz Dağ. İletim Ve Satış A.Ş.	--	408	--	408
Aksa Doğal Gaz Toptan Satış A.Ş.	--	--	328.445	234.053
Aksa Doğalgaz Dağıtım A.Ş.	--	376	--	298
Aksa Elektrik Perakende Satış A.Ş.	148.314	1.663.755	183.198	1.953.737
Aksa Elektrik Toptan Satış A.Ş.	89.957.813	31.695.102	982.227	22
Aksa Enerji A.Ş (Iraq)	12.881.446	12.020	--	--
Aksa Gaz Dağıtım A.S.	4.918.039	889.028	10.147.477	193
Aksa Gönük Enerji Üretim A.S.	790.951	12.531.100	3.728.879	501.417
Aksa Gümüşhane Bayburt Doğalgaz Dağıtım A.Ş.	2.105.166	776.106	416.051	162.925
Aksa International Ltd.	399.442	2.208.327	655.784	1.460.305
Aksa Jeneratör Sanayi A.Ş.	--	2.505.086	1.566.816	6.618.325
Aksa Karadeniz Doğalgaz Dağıtım A.Ş.	2.339.797	3.835.152	2.753.364	615.745
Aksa Makina Sanayi A.Ş.	107.274	313.537	242.139	1.433.043
Aksa Malatya Doğalgaz A.Ş	596.699	69	3.173.982	61.637
Aksa Mustafa Kemal Paşa Susurluk Doğalgaz Dağıtım A.Ş.	2.165.183	16.198.145	1.194.692	24.149.739
Aksa Power Gen Changzhou	--	--	--	686.394
Aksa Power Generation Co.	9.365.780	2.919.461	5.908.015	1.583
Aksa Power Generation Fze.	--	1.377.822	--	--
Aksa Satış ve Pazarlama A.Ş.	865	325.066	7.921	292.392
Aksa Servis ve Yedek Parça A.Ş.	--	2.030	1.221	62
Aksa Teknoloji A.Ş.	5.610	74.870	5.883	68.988
Aksa Turizm İşletmeleri A.Ş.	631.273	10.034.533	569.296	8.059.390
Alenka Enerji Ltd. Şti.	16.953	58.728	65.900	--
Anadolu Doğalgaz Dağıtım A.Ş.	72.191	971.402	249.242	665.985
Anadolu Doğalgaz Toptan Satış A.Ş.	--	85	85	--
Atel Telekomünikasyon A.Ş.	13.006	173.572	14.234	159.337
Ayres Ayvacık Rüzgar Enerjisinden Elektirk Üretim Santrali Ltd. Şti.	--	--	1.951	97
Balıkesir Doğal Gaz Dağıtım A.Ş.	549.425	1.092	163.891	--
Bandırma Doğal Gaz Dağıtım A.Ş.	122.524	165	315.719	7.401.882
Bilecik Bolu Doğal Gaz Dağıtım A.Ş.	992.048	208	709.341	368.474
Ceka Enerji Üretim A.Ş.	--	50.361	113.110	1.245.808
Çanakkale Doğalgaz Dağıtım A.Ş.	290.890	1.526	3.070.044	7.369.178
Çoruh Aksa Elektrik Hizmetleri A.Ş.	114.279	1.366	--	2.697
Çoruh Elektrik Dağıtım A.Ş.	124	--	--	--
Dergaz A.Ş.	--	--	5.862	--
Deriş İnşaat A.Ş.	296.696	3.817.089	422.356	3.399.415
Doust Company (Iraq)	573.119	--	2.879.445	--
Düzce Ereğli Doğal Gaz Dağıtım A.Ş.:	1.753.101	184	1.842.467	12.980.061
Elazığ Doğalgaz Dağıtım A.Ş.	1.485.230	2.831.580	3.023.511	2.298.033
Elektrik Altyapı Hizmetleri A.Ş.	--	20.000	--	--
Fatih Büyüktopçu	--	3.797.760	--	56.972
Fırat Aksa Elektrik Hizmetleri A.Ş.	118.434	467	--	30
Gemlik Doğal Gaz Dağıtım A.Ş.	8.479	--	--	--
Gesa Güç Sistemleri A.Ş.	--	9.528	535.611	11.686

AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2011 AND 31 DECEMBER 2010
(Currency - Turkish Lira)

Due from related parties	30.09.2011		31.12.2010	
	Trade	Non Trade	Trade	Non Trade
Gürgaz Şanlıurfa Doğalgaz Dağıtım ve Paz. Ltd.Şti.	3.151.650	496	2.612.973	1.360.611
I.S.P.	--	1.531	--	--
İrfan Cengiz	--	452.652	1.598	99.384
Kapıdağ Rüzgar A.Ş.	--	39.236	--	--
Kazancı Holding A.Ş.	7.145.802	263.415.149	4.432.260	295.727.058
Kazancı Teknik Cihazlar Yedek Parça A.Ş.	76.241	2.460.077	--	2.777.807
Koni İnşaat Sanayi A.Ş.	14.422.894	56.138.683	1.111.096	178.596.578
Koni Tarım İşletmeleri A.Ş.	17.627	239.455	14.953	5.249.867
Koni Tarımsal Yatırımlar A.Ş.	3.838	102.387	5.953	95.674
Koni Turizm San. Ve Ticaret A.Ş.	--	--	107.143	97.123
Manisa Doğalgaz Dağıtım A.Ş.	696.233	440	173.296	384
Onan Enerji Üretim A.Ş.	8.673	115.469	11.801	98.202
Ordu Giresun Doğalgaz Dağıtım A.Ş.	910.186	1.065	93.540	1.065
Rasa Enerji Sancar	--	--	--	45
Rasa Enerji Üretim A.Ş.	--	--	6.586	40
Renk Transmisyon San A.Ş.	--	45	--	533
Siirt Batman Doğalgaz Dağıtım A.Ş.	1.099.695	460	--	--
Sivas Doğalgaz Dağıtım A.Ş.	30.007	568	--	--
Tasfiye Halinde S.S. Endüstriyel Ürün Üreticileri	--	2.112	--	2.112
Tokat Amasya Doğal Gaz Dağıtım A.Ş.	3.967.049	17.710.407	4.141.374	24.173.317
Trakya Doğal Gaz Dağıtım A.Ş.	1.400.418	9.719.013	524.446	20.703.425
Van Doğalgaz Dağıtım A.Ş.	3.094.673	358.105	84.778	972
Vangölü Elektrik Hizm.A.Ş.	--	73	--	--
Total	170.840.168	462.976.262	60.068.753	622.729.054

AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2011 AND 31 DECEMBER 2010
(Currency - Turkish Lira)

Due to related parties	30.09.2011		31.12.2010	
	Trade	Non Trade	Trade	Non Trade
Aksa Doğal Gaz Toptan Satış A.Ş.	--	89.093	9.675	59.506
Aksa Doğalgaz Dağıtım A.Ş.	--	76	--	3.884
Aksa Elektrik Perakende Satış A.Ş.	--	55.608	4.326	51.282
Aksa Elektrik Toptan Satış A.Ş.	--	18.937	--	354.610
Aksa Far East PTE Ltd.	--	936.132	--	727.140
Aksa Gaz Dağıtım A.Ş.	--	--	--	989
Aksa Göynük Üretim A.Ş.	--	3.131.625	--	--
Aksa Havacılık A.Ş.	266.615	--	--	--
Aksa Jeneratör Sanayi A.Ş.	17.030.069	16.786.504	2.378	728.575
Aksa Kiralama Ve Makina Satış A.Ş.	32.948	3.772	29.775	28.169
Aksa Makina Sanayi A.Ş.	--	68.428	975	51.926
Aksa Malatya Doğalgaz Dağıtım A.Ş.	--	25.090	--	21.737
Aksa Satış ve Pazarlama A.Ş.	1.173	63.012	134	--
Aksa Servis ve Yedek Parça A.Ş.	--	6.087	--	747
Aksa Turizm İşletmeleri A.Ş.	--	747	--	--
Alenka Enerji Ltd. Şti.	--	--	--	162.099
Ali Metin Kazancı	--	9.731	--	5.681
Anadolu Doğalgaz Dağıtım A.Ş.	--	--	--	15
Ayres Ayvacık Rüzgar Enerjisinden Elektirk Üretim Santrali Ltd. Şti.	--	--	--	779.371
Balıkesir Doğalgaz Dağıtım A.Ş.	--	32.410	--	2.991
Cemil Kazancı	--	552	--	726
Çanakkale Doğalgaz Dağıtım A.Ş.	--	13.970	--	--
Çoruh Elektrik Dağıtım A.Ş.	--	--	--	--
Deriş İnşaat A.Ş.	--	3.644	--	3.644
Eurl Aksa Generateurs	--	391.924	--	56.536
Fatih Büyüktopçu	--	--	--	521
Gemlik Doğalgaz Dağıtım A.Ş.	--	154.724	--	382.645
Gesa Güç Sistemleri A.Ş.	--	195	--	195
Kapıdağ Rüzgar A.Ş.	667.313	5.496.287	170.350	10.579.316
Kazancı Holding A.Ş.	--	10.672.038	--	3.346
Kazancı Makina Ve Motor Ltd. Şti.	1.662	578	897	1.202
Kazancı Teknik Cihazlar Yedek Parça A.Ş.	--	364.905	186.785	420.585
Koni İnşaat Sanayi A.Ş.	--	9.839.332	332.458	373.794
Manisa Doğalgaz Dağıtım A.Ş.	--	3.000	--	3.000
Mehmet Kazancı	--	521	--	521
Mustafa Kurnaz	--	19	--	19
Necati Baykal	--	521	--	--
Nilgün Nurik Kazancı	--	--	--	150
Onan Enerji Üretim A.Ş.	--	500	--	--
Ovagaz	--	3.109	--	--
Real Makina İthalat İhracat Ltd.	--	259.266	--	--
Aksa Şanlıurfa Doğalgaz Dağıtım Ltd.	--	7.558.990	--	--
Sedat Siverek	--	9	--	155
Serdar Nişli	--	31	--	5
Şerafettin Akkaya	--	41	--	24
Tw.Energy Target	--	--	--	54.685
Van Doğalgaz Dağıtım A.Ş.	--	38.547	33.305	--
Total	17.999.780	56.029.955	771.058	14.859.791

AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2011 AND 31 DECEMBER 2010
(Currency - Turkish Lira)

7. Inventory

	30.09.2011	31.12.2010
Raw materials (*)	81.581.855	59.010.833
Merchandise	20.367.211	16.952.709
Other inventory	9.564.286	5.011.692
Work in process	731.046	538.452
Finished goods	268.584	316.931
Provision for diminution in value of inventory (-)	(506.698)	(506.698)
	112.006.284	81.323.919

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

8. Other Current and Non-Current Assets

Other Current Assets	30.09.2011	31.12.2010
Advances given for raw material purchases	24.319.201	36.402.044
VAT carried forward	24.250.588	3.604.782
Prepaid taxes and funds	6.675.375	15.179.610
Prepaid expenses	4.089.132	2.432.404
Deposits given	480.949	341.159
Advances given to personel	230.537	335.101
Advances given for business purposes	209.589	274.445
Other doubtful receivables	847.156	446.281
Provision for other sundry receivables	(847.156)	(446.281)
	60.255.371	58.569.545

Other Non Current Assets:	30.09.2011	31.12.2010
Advances given	25.451.295	20.044.076
Deposits given	75.122	57.501
Prepaid expenses	45.170	169.480
VAT carried forward - long term	-	819
	25.571.587	20.271.876

AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2011 AND 31 DECEMBER 2010
(Currency - Turkish Lira)

9. Investments

	30.09.2011	31.12.2010
Rasa Radiator (Jiangyin) Co. Ltd.	1.512.300	1.512.300
Alenka Enerji Üretim ve Yatırımları (*)	629.064	-
Kapıdağ Rüzgar Enerji Santrali Ltd. Şti.	119.575	119.575
Ayres Ayvacık Rüzgar Enerji Santrali Ltd. Şti. (**)	-	16.937
I.S.P. A.Ş.	42.108	42.108
Provision for impairment of I.S.P. A.Ş.	(42.108)	(42.108)
	2.260.939	1.648.812

(*) According to the decision number 199 of the Parent company on 25.05.2011, 76% additional share will be purchased after the approval of the EPDK.

(**) According to the decision number 174 of the Parent Company on 10.12.2010, 98.99% additional share was purchased from Kazancı Holding A.Ş. following the EPDK'approval on 18.04.2011. The Company was included in the consolidated financial statements dated 30.09.2011.

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2011 AND 31 DECEMBER 2010
(Currency - Turkish Lira)

10. Property, Plant and Equipment, net

	31.12.2010	Additions	Disposals	Transfer	Acquisition of Ayres	30.09.2011
Cost						
Land, land improvements and buildings	61.757.220	836.413	(48.126)	-	75.971	62.621.478
Leasehold improvements	430.328	9.295	-	-	-	439.623
Machinery and equipment	1.282.518.015	101.046.842	(4.833.581)	100.710.763	-	1.479.442.039
Motor Vehicles	3.489.748	431.786	(508.184)	-	20.953	3.434.303
Furniture, fixtures and office equipment	9.134.322	2.873.153	(375.793)	-	65.215	11.696.897
Construction in Progress	349.527.035	127.699.683	-	(100.735.513)	14.012.106	390.503.311
	1.706.856.668	232.897.172	(5.765.684)	(24.750)	14.174.245	1.948.137.651
Accumulated Depreciation						
Land improvements and buildings	683.688	106.752	-	-	1.029	791.469
Leasehold improvements	240.623	31.302	-	-	-	271.925
Machinery and equipment	322.689.400	59.722.155	(207.556)	-	-	382.203.999
Motor Vehicles	1.639.568	346.225	(179.626)	-	-	1.806.167
Fixtures and Fittings	5.863.650	625.051	(14.011)	-	708	6.475.398
	331.116.929	60.831.485	(401.193)	-	1.737	391.548.958
Net Book Value	1.375.739.739	172.065.687	(5.364.491)	(24.750)	14.172.508	1.556.588.693

AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2011 AND 31 DECEMBER 2010
(Currency - Turkish Lira)

As of 30 September 2011, the Group's property, plant and equipment were insured at EURO 460.728.028 USD 21.4728.909, GBP 50.227.423 and TL 13.759.604.

As of 30 September 2011, TL 40.664.363 (31 December 2010 TL 18.717.549) of interest expenses and foreign exchange losses has been capitalized.

(*) As of 30 September 2011, the breakdown of construction in progress are as follows:

Antalya Siemens & GE NGPP	250.349.703
Ayvacık Wind Farm	67.970.336
Turkish Republic of Northern Cyprus (TRNC) capacity expansion	45.630.295
The movement of Sinjar Fuel Oil PP to Mardin Power Plant	14.012.105
Şamlı Wind Farm	4.096.690
Other (**)	8.444.182
	390.503.311

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

The allocation of current period depreciation and amortization expenses for the period / year ended 30 September 2011 and 31 December 2010 is as follows:

	30.09.2011	31.12.2010
Cost of sales	60.735.018	71.287.146
General administration expenses	195.690	319.663
Discontinued operations	30.937	87.375
	60.961.645	71.694.184

AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2011 AND 31 DECEMBER 2010
(Currency - Turkish Lira)

11. Intangible Assets, net

	31.12.2010	Additions	Tranfers	Acquisition of Ayres	30.09.2011
Cost					
Rights	1.055.904	291.714	24.750	13.967	1.386.335
	1.055.904	291.714	24.750	13.967	1.386.335
Accumulated Depreciation					
Rights	403.754	130.160	-	144	534.058
	403.754	130.160	-	144	534.058
Net Book Value	652.150	161.554	24.750	13.823	852.277

12. Financial Liabilities

	30.09.2011	31.12.2010
Short-term bank loans	168.900.186	129.648.120
Current portion of long-term bank loans	213.562.730	181.038.070
Factoring Payables	24.915.683	71.161.519
Finance lease liabilities, net	30.473.321	19.285.895
Interest expense accruals	9.562.749	12.064.410
Total short-term financial liabilities	447.414.669	413.198.014
Long-term bank loans	794.510.362	679.447.154
Factoring Payables	44.142.036	42.669.600
Finance lease liabilities, net	95.905.222	81.299.211
Total long -term financial liabilities	934.557.620	803.415.965
Total financial liabilities	1.381.972.289	1.216.613.979

AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2011 AND 31 DECEMBER 2010
(Currency - Turkish Lira)

A summary per type of loan is given below:

	30.09.2011		31.12.2010	
	Foreign Currency	TL Amount	Foreign Currency	TL Amount
Current:				
Bank Loans				
-TL		4.015.482		5.730.102
-USD	160.371.896	295.934.260	167.110.787	258.353.277
-EUR	32.799.290	82.513.174	22.743.063	46.602.811
Factoring Payables				
-TL		-		54.711.260
-USD	13.502.240	24.915.683	10.640.530	16.450.259
Finance lease liabilities, net				
-USD	14.266.779	26.326.485	11.396.210	17.618.539
-EUR	1.648.382	4.146.836	813.702	1.667.356
Interest expense accruals		9.562.749		12.064.410
Total Short Term		447.414.669		413.198.014
Non-current:				
Bank Loans				
-TL		2.546.554		4.123.945
-USD	298.654.698	551.107.514	330.789.640	511.400.783
-EUR	95.741.262	240.856.294	79.997.280	163.922.426
Factoring Payables				
-USD	23.921.333	44.142.036	27.600.000	42.669.600
Finance lease liabilities, net				
-USD	43.275.405	79.856.104	47.305.549	73.134.379
-EUR	6.379.584	16.049.118	3.984.594	8.164.832
Total Long Term		934.557.620		803.415.965

As of 30 September 2011, the effective interest rate of the TL loans is between 6,37%-14,40%, USD loans is between 0,60%-8,66% and EURO loans is between 2,32%-6,24%.

Bank loans are guaranteed by Kazancı Holding A.Ş., Akxa Jeneratör Sanayi A.Ş. (a related party), personal guarantee of the Group's shareholders, as well as several other securities (note 25-b).

AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2011 AND 31 DECEMBER 2010
(Currency - Turkish Lira)

As of 30 September 2011, the repayment schedule of the short term and long term loans is as follows:

Payment Year	EURO	TL Equivalent	USD	TL Equivalent	TL	Total TL Equivalent
30.09.2011- 30.09.2012	32.799.290	82.513.174	160.371.896	295.934.260	4.015.482	382.462.916
30.09.2012- 30.09.2013	11.595.925	29.171.869	34.733.003	64.092.810	2.056.023	95.320.702
30.09.2013- 30.09.2014	15.941.930	40.105.113	68.061.758	125.594.362	374.260	166.073.735
30.09.2014- 30.09.2015	13.719.582	34.514.352	53.229.230	98.223.898	116.271	132.854.521
30.09.2015- 30.09.2016	19.969.931	50.238.355	33.030.669	60.951.494	-	111.189.849
30.09.2016- 30.09.2017	6.607.223	16.621.791	28.253.625	52.136.414	-	68.758.205
30.09.2017- 30.09.2018	5.544.123	13.947.350	22.417.753	41.367.480	-	55.314.830
30.09.2018- 30.09.2019	4.864.353	12.237.253	21.199.433	39.119.314	-	51.356.567
30.09.2019- 30.09.2020	4.864.353	12.237.253	20.269.622	37.403.533	-	49.640.786
30.09.2020- 30.09.2021	4.864.353	12.237.253	11.220.634	20.705.436	-	32.942.689
30.09.2021- 30.09.2022	3.544.819	8.917.701	6.238.971	11.512.773	-	20.430.474
30.09.2022- 30.09.2023	1.859.419	4.677.740	-	-	-	4.677.740
30.09.2023- 30.09.2024	1.592.762	4.006.911	-	-	-	4.006.911
30.09.2024- 30.09.2025	772.489	1.943.353	-	-	-	1.943.353
Total	128.540.552	323.369.468	459.026.594	847.041.774	6.562.036	1.176.973.278

Factoring Payables

As of 30 September 2011, the breakdown of the factoring payables is as follows:

	30.09.2011	31.12.2010
Short-term:		
Girişim Faktoring A.Ş.	--	54.711.260
Yapı ve Kredi Faktoring A.Ş.	24.915.683	16.450.259
Total short term	24.915.683	71.161.519
Long-term:		
Yapı ve Kredi Faktoring A.Ş.	44.142.036	42.669.600
Total long term	44.142.036	42.669.600
Total	69.057.719	113.831.119

As of 30 September 2011, TL 17.324.369 (31.12.2010: TL 39.884.153) of KIBTEK receivables is netted off from assets and liabilities.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2011 AND 31 DECEMBER 2010
(Currency - Turkish Lira)

Lease Payables

The Group acquired machinery and equipment via financial leasing. As of 30 September 2011, the repayment schedule of leasing obligations is as follows:

Payment Year	EURO	TL Equivalent	USD	TL Equivalent	Total TL Equivalent
30.09.2011- 30.09.2012	1.648.382	4.146.836	14.266.779	26.326.485	30.473.321
30.09.2012- 30.09.2013	1.835.204	4.616.823	15.018.451	27.713.548	32.330.371
30.09.2013- 30.09.2014	1.573.696	3.958.947	13.033.600	24.050.902	28.009.849
30.09.2014- 30.09.2015	1.651.540	4.154.779	9.125.523	16.839.328	20.994.107
30.09.2015- 30.09.2016	1.198.367	3.014.732	6.097.831	11.252.326	14.267.058
30.09.2016- 30.09.2017	120.777	303.837	-	-	303.837
Total	8.027.966	20.195.954	57.542.184	106.182.589	126.378.543

13. Trade Payables, net

	30.09.2011	31.12.2010
Suppliers' current accounts		
- Turkish Lira	127.306.500	96.319.091
- Foreign Currency (*)	158.310.944	101.007.236
Trade payables from related parties (**)	17.999.780	771.058
Notes payable	300.000	87.722
Unearned interest on notes payable (-)	(204.204)	(554.350)
Other	749.596	214
	304.462.616	197.630.971

(*) TL 158.058.231 (31.12.2010: TL 96.669.697) of the amount is related to letter of credits which are in relation to import of spare parts and small equipments for power plants.

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

14. Taxation Payable on Income

The corporation tax rate in Turkey on the profits for the calendar year 2011 is 20% (2010: 20%). Taxable profits are calculated by modifying accounting income for certain exclusions and allowances for tax purposes from the profit disclosed in the statutory income. No other taxes are paid unless profits are distributed. In Turkey, no taxes are withheld from undistributed profits, profits added to share capital (bonus shares) and dividends paid to other resident companies. Other than those, profits distributed in dividends to individuals and non-resident companies are subject to withholding at the rate of 15%.

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2011 AND 31 DECEMBER 2010
(Currency - Turkish Lira)

Investment Allowance Exemption:

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

During 2007, the Group revised its foreseeable utilization of investment allowances in future corporate tax computations and wrote off TL 5.000.000 from its deferred tax assets. Accordingly the Group is not creating any deferred tax assets or liability since 31.12.2007.

The tax liabilities included in the accompanying financial statements comprised:

	30.09.2011	30.09.2010
<u>a) Included in the income statement:</u>		
Current tax charge	(2.695.125)	(11.967.044)
	30.09.2011	31.12.2010
<u>b) Included in the balance sheet:</u>		
Taxation payable on income (current)	610.043	13.471.828
Deferred tax assets	4.109.211	4.109.211
Deferred tax liabilities	2.936.550	2.936.550

Deferred taxes

As of 30 September 2011 and 31 December 2010, the Group does not have material timing differences which will be reversed in the foreseeable future. Accordingly, the Group does not create any provision for deferred taxation.

15. Other Payables and Accrued Liabilities

Short Term	30.09.2011	31.12.2010
Provision for payment to EÜAŞ regarding Samsun Power Plant (note 1)	47.980.089	-
Rent expense provision	13.232.011	119.780
Taxes and dues payable	3.851.928	3.414.618
Due to personnel	1.447.921	1.182.352
Deposits received	1.208.805	2.801.164
Social security premiums payable	546.292	444.230
Order advances received	146.002	1.920.685
Other provisions	120.517	36.322
	68.533.565	9.919.151
Long Term		
Provision for payment to EÜAŞ regarding Samsun Power Plant (note 1)	5.262.777	-
	5.262.777	-

AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2011 AND 31 DECEMBER 2010
(Currency - Turkish Lira)

16. Retirement Pay Provision

Under the Turkish Labour Law, the Group is required to pay employment termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). The provision is made in respect of all eligible employees, at a rate of 30 days gross pay for each year of service. The rate of pay is that ruling at the respective balance sheet dates, subject to a maximum of TL 2.731,85 per year as of 30.09.2011 (31.12.2010 : TL 2.517,01 per year).

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

As of 30 September 2011 and 31 December 2010 in the accompanying financial statements in accordance with revised IAS 19 (Employee Benefits) the Group reflected a liability for termination benefits based upon factors derived using their experience of personnel terminating their services and being eligible to receive retirement pay and discounted to present value at the balance sheet date by using average market yield, expected inflation rate (5.1 %) and an appropriate discount rate (10 %).

17. Share Capital

The issued and paid up share capital of Akxa Enerji Üretim A.Ş. comprised 577.500.000 shares of par value TL 1 each at 30 September 2011 and 31 December 2010.

	30.09.2011	%	31.12.2010	%
Kazancı Holding A.Ş.	545.865.625	94,52	545.865.625	94,52
Ali Metin Kazancı	4.814	(*)	4.814	(*)
Mehmet Kazancı	4.812	(*)	4.812	(*)
Şaban Cemil Kazancı	4.812	(*)	4.812	(*)
Necati Baykal	4.812	(*)	4.812	(*)
Akxa Makina Sanayi A.Ş.	15.125	(*)	15.125	(*)
Public Share	31.600.000	5,47	31.600.000	5,47
Historic share capital	577.500.000	100,00	577.500.000	100,00
Inflation adjustment to share capital	1.987.932		1.987.932	
Inflation adjusted share capital	579.487.932		579.487.932	

(*) Less than 0.01

A lien has been put on shares corresponding to 43,64 % of the parent company's share capital in favour of Goldman Sachs, for USD 192 million loan used from Goldman Sachs by one of the Group's related parties and shareholders, Kazancı Holding A.Ş.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2011 AND 31 DECEMBER 2010
(Currency - Turkish Lira)

18. General Reserves

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

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

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

19. Net Sales

	01.01.-	01.01.-
	30.09.2011	30.09.2010
Total Sales – MWH / Unit		
Energy sales – MWH	3.409.609	2.956.272
Generator sales – unit	483	897
Radiator sales – unit	7.867	7.547
Total Sales – Amount		
Energy Sales	687.175.921	586.164.281
Natural Gas Equipments	42.213.092	40.584.762
Generator Sales	18.025.804	13.839.233
Radiator Sales	8.324.552	5.858.144
Lignite Sales	-	1.685.736
Other	13.267.175	33.927.038
Total Sales	769.006.544	682.059.194

Total amount of balancing invoices issued by TEIAS in 2011 is TL 50.956.178 (01.01.-30.09.2010: TL 49.696.460), which has been deducted from the cost of sales account.

20. Cost of Sales

Cost of Energy Sales	582.255.366	506.529.430
Cost of Natural Gas Equipments Sales	39.064.741	38.701.386
Cost of Generator Sales	15.459.967	12.845.593
Cost of Radiator Sales	6.554.813	5.522.568
Cost of Lignite Sales	-	1.457.524
Cost of Other Sales	-	24.842.658
Total Cost Of Sales	643.334.887	589.899.159

AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2011 AND 31 DECEMBER 2010
(Currency - Turkish Lira)

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

	01.01.-	01.01.-
	30.09.2011	30.09.2010
Research and development expenses	18.348	183
Marketing, selling and distribution expenses	2.146.201	1.589.201
General administrative expenses	12.044.554	12.763.425
	14.209.103	14.352.809

Breakdown of operating expenses are as follows:

Research and development expenses

Research and development expenses	18.348	183
	18.348	183

Marketing, selling and distribution expenses

Freight and freight insurance	1.789.976	36.512
Personnel salaries and bonus payments	101.419	118.168
Redevance expenses	53.168	423.080
Motor vehicle expenses	11.438	16.601
Repair and maintenance expenses	6.315	13.840
Travelling expenses	252	6.420
Taxes and dues	-	272.784
Other marketing expenses	183.633	701.796
	2.146.201	1.589.201

AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2011 AND 31 DECEMBER 2010
(Currency - Turkish Lira)

General administrative expenses	01.01.- 30.09.2011	01.01.- 30.09.2010
Personnel expenses	6.101.414	6.605.130
Traveling expenses	1.064.448	720.951
Consultancy expenses	999.203	596.524
Taxes paid	807.196	305.584
Motor vehicle expenses	495.314	221.021
Communication expenses	353.144	218.729
Retirement pay provision expense	204.918	44.702
Court and notary expenses	202.294	1.671.912
Depreciation and amortisation expenses	195.690	149.418
Fuel expenses	189.614	284.320
Doubtful debts provision expense	400.875	529.538
Representation expenses	123.604	305.278
Rent expenses	82.297	103.269
Office expenses	71.125	120.541
Insurance expenses	33.675	47.117
Donation and grants	8.200	191.332
Other	711.543	648.059
	12.044.554	12.763.425

22. Other Income / (Expenses), net

Provision for payment to EÜAŞ regarding Samsun Power Plant (*)	(53.495.011)	-
Idle Capacity Expenses	(4.017.796)	(215.590)
Profit / (Loss) on sale of fixed assets, net	160.246	389.103
Goodwill	-	4.536.774
Profit on sale of investments	-	3.458.100
Doubtful debt provision	-	19.722
Other	(810.609)	132.562
	(58.163.170)	8.320.671

(*) Samsun Power Plant is expected to operate as a natural gas fired combined cycle power plant starting in the 3th quarter of 2011. On 11.04.2011 an agreement was reached with EÜAŞ which has granted production licence to Samsun Power Plant. Part of the deal is to pay EÜAŞ a total of USD 28.989.873 (TL 53.495.011) by monthly instalments in 2012. Accordingly, Samsun Power Plant partially started operation in August, 2011 and planning to be under operation until the end of third quarter.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2011 AND 31 DECEMBER 2010
(Currency - Turkish Lira)

23. Financing Income / (Expenses), net	01.01.- 30.09.2011	01.01.- 30.09.2010
Interest income on time deposits at banks and interest income on receivables from Kazancı Group Companies	33.730.698	39.536.794
Foreign exchange gains / (losses), net	(209.969.623)	43.236.318
Interest paid on loans and lease payables	(43.928.551)	(52.104.746)
Bank commission expenses	(5.581.708)	(5.862.179)
Unearned interest income / (expense), net	(729.787)	(228.583)
Letters of Guarantee expenses	(340.133)	(1.509.455)
Other	(2.327.946)	(72.562)
	(229.147.050)	22.995.587

24. Assets Held For Sale and Discontinued Operations

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

In the meantime, Aksa Enerji Üretim A.Ş. and the Turkish Coal Board has decided to get back all the rights and the liabilities of the agreement and the supplements under its own responsibility by transferring “Aksa Göynük Enerji Üretim A.Ş.” under Aksa Enerji Üretim A.Ş.; consequently, it is applied to Energy Market Regulatory Authority to transfer the production license to “Aksa Göynük Enerji Üretim A.Ş.”. For this reason, the assets under Aksa Enerji Bolu Göynük Branch will be sold to Aksa Göynük Enerji Üretim A.Ş.

Since on the report date the approval of the application has not been finalized yet, the financials of the Aksa Enerji Bolu Göynük Branch classified as discontinued operations on 30.09.2011 reports of the Company.

Assets Held For Sale by Aksa Enerji Bolu Göynük Branch:

	30.09.2011	31.12.2010
Land	339.878	339.878
Buildings	292.779	292.779
Machinery and equipment	307.676	307.676
Motor vehicles	2.500	2.500
Fixtures and fittings	174.698	174.698
Construction in progress	11.465.109	12.016.205
	12.582.640	13.133.736
Depreciation and Amortization (-)	(251.294)	(220.357)
Net Book Value	12.331.346	12.913.379

AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2011 AND 31 DECEMBER 2010
(Currency - Turkish Lira)

Discontinued Operation of Aksa Enerji Bolu Göynük Branch:

	01.01.- 30.09.2011	01.01.- 30.09.2010
Net Sales	60.965	--
Cost of Sales	(60.965)	--
Gross Profit	--	--
Marketing and Selling Expenses	--	--
General Administrative Expenses	(174.003)	--
Basic Operating Profit	(174.003)	--
Other Income / (Expenses), net	135.447	--
Financing Income / (Expenses), net	(1.203)	--
	39.759	--

25. Commitments and Contingencies

a) Letters of guarantee given to:

	Foreign Currency	Currency Amount	TL Equivalent
Akdeniz Electricity Distribution Company	TL	28.955	28.955
Ankara 29. İcra	TL	62.000	62.000
Ankara Turkey Electricity Distribution Company	TL	10.000	10.000
Beyoğlu 4.İcra	TL	7.444	7.444
Boru Hatları İle Petrol Taşıma A.Ş.	USD	2.641.000	4.873.437
City Hall of Bursa	TL	1.621	1.621
Bursa Turkey Electricity Distribution Company	TL	600	600
Commerzbank AG	EUR	1.368.899	3.443.739
Public Waterworks Administration	TL	3.076.000	3.076.000
Energy Market Regulation Authority	TL	84.178.262	84.178.262
Electricity Generation Co. Inc. (EÜAŞ)	USD	28.989.873	53.495.013
Gediz Electricity	TL	15.570	15.570
Customs administration	EUR	250.000	628.925
Halkalı customs administration	TL	10.965	10.965
İstanbul 1. İcra	TL	30.200	30.200
İstanbul 10. Asliye Mahkemesi	TL	1.500	1.500
K.K.T.C. Elektrik Kurumu	USD	3.000.000	5.535.900
Sakarya Electricity Distribution Company	TL	68.305	68.305
Samsun Turkey Electricity Distribution Company	TL	26.862	26.862
TEİAŞ Araştırma Planlama	TL	421.008	421.008
Turkey Electricity Transmission Company (TEİAS)	TL	6.803.389	6.803.389
Turkey Electricity Transmission Company (TEİAS)	USD	4.068.729	7.508.025
Uludağ Electricity	TL	425.000	425.000
Yeşilirmak Electricity	TL	1.024.967	1.024.967
			171.677.687

AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2011 AND 31 DECEMBER 2010
(Currency - Turkish Lira)

b) Guarantees given for the Group's loans

Guarantee	Foreign Currency	Currency Amount	Total (TL)
Mortgage (*)	EUR	12.000.000	30.188.400
Commercial Enterprise Pledge (**)	USD	133.000.000	245.424.900
Machinery and Equipment Pledge	EUR	24.914.673	62.677.843
Bank Deposit Blockage	EUR	1.300.000	3.270.410
Surety Ship	TL	433.813.248	433.813.248
Surety Ship	USD	1.003.926.159	1.852.544.941
Surety Ship	EUR	94.475.737	237.672.612
Assignment of Claim	TL	240.000.000	240.000.000
Total			3.105.592.354

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

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

c) Guarantees given to related parties

As of 30 September 2011, the amount of corporate guarantees granted to Kazancı Group companies in relation to their bank loans were at TL 1.867.608.670 (31.12.2010: TL 1.579.751.705).

As of 30 September 2011, there was 2 lawsuits pending in favour of the Group at the amount of TL 1.520.772 and there were 30 law suits pending against the Group at the amount of TL 2.468.058.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2011 AND 31 DECEMBER 2010
(Currency - Turkish Lira)

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

The table below summarizes the foreign monetary position risk of the Group as of 30 September 2011, the recorded amounts of the foreign monetary assets were kept by the Group and those of the payables in terms of total amounts and foreign exchange are as follows:

30.09.2011	USD	EUR	CHF	GBP	JPY	TL Equivalent
Cash on hand	10.415	13.037	-	-	-	52.016
Cash at banks	37.725.662	2.546.449	79	4.790	53.472	76.036.550
Trade receivables (included related parties)	7.740.375	20.000	-	-	-	14.333.628
Due from related parties	13.361.190	274.243	-	-	-	25.345.317
Other current assets	180.730	1.472.660	-	2.160	-	4.044.511
Other non-current assets	308.395	4.863	-	-	-	581.315
Total foreign currency assets	59.326.767	4.331.252	79	6.950	53.472	120.393.337
Financial liabilities	553.992.351	136.568.518	-	-	-	1.365.847.506
Trade payables	66.569.105	13.975.092	-	108.654	-	158.310.944
Total foreign currency liabilities	620.561.456	150.543.610	-	108.654	-	1.524.158.450
Net foreign currency position	(561.234.689)	(146.212.358)	79	(101.704)	53.472	(1.403.765.113)

AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2011 AND 31 DECEMBER 2010
(Currency - Turkish Lira)

31.12.2010	USD	EUR	CHF	GBP	JPY	TL Equivalent
Cash in hand	15.621	3.973	-	-	-	32.291
Cash at banks	24.314.391	4.379.983	91	2.773	53.452	46.572.856
Trade receivables (included related parties)	5.472.796	749.493	-	-	-	9.996.729
Notes receivable	150.000	-	-	-	-	231.900
Due from related parties	1.388.550	-	-	-	-	2.146.698
Advances given for inventory purchasing	122.021	4.356.876	-	24.000	-	9.173.645
Advances given for fixed assets	308.395	4.918.750	-	-	-	10.555.789
Total foreign currency assets	31,771,774	14,409,075	91	26,773	53,452	78,709,908
Financial liabilities	594.842.716	107.538.639	-	-	-	1.139.984.262
Trade payables	49.753.041	11.755.909	-	-	-	101.007.236
Total foreign currency liabilities	644.595.757	119.294.548	-	-	-	1.240.991.498
Net foreign currency position	(612.823.983)	(104.885.473)	91	26.773	53.452	(1.162.281.590)

AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2011 AND 31 DECEMBER 2010
(Currency - Turkish Lira)

Supplementary Disclosures on financial instruments

(a) Capital Management Policies and Procedures

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

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

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

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

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

The following table sets out the gearing ratios as of 30 September 2011 and 31 December 2010:

	30.09.2011	31.12.2010
Total financial liabilities	1.381.972.289	1.216.613.979
Less: cash and cash equivalents	(79.582.072)	(78.323.598)
Net financial debt	1.302.390.217	1.138.290.381
Total equity	740.200.090	918.567.263
Total financing used	2.042.590.307	2.056.857.644
Gearing ratio (net financial debt to overall financing used ratio)	64%	55%

(b) Financial instruments and categories

Financial assets		
Cash and cash equivalents	79.582.072	78.323.598
Trade receivables	235.669.113	113.026.263
	315.251.185	191.349.861
Financial liabilities		
Financial payables	1.381.972.289	1.216.613.979
Trade payables	304.462.616	197.630.971
	1.686.434.905	1.414.244.950

AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2011 AND 31 DECEMBER 2010
(Currency - Turkish Lira)

(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.

27. SUBSEQUENT EVENTS

- (a) The cycle construction for the Antalya natural gas fired combined cycle power plant has been completed at 10.10.2011 and has been operational since then.
- (b) 5 MW installed capacity wind power plant which is owned by one of the Group's subsidiaries, Ayres Ayvacık Rüzgar Enerjisinden Elektrik Üretim Santrali Ltd. Şti., is operational as of 24.10.2011.
- (c) The Company purchased shares of Akso Göynük Enerji Üretim A.Ş. for TL 1.308.108. from Kazancı Holding A.Ş., one of the shareholders and related parties of the Company, who owned 99,993% shares of Akso Göynük Enerji Üretim A.Ş.
- (d) A Board of Directors decision was made for an extraordinary general assembly and a Class A preferred shareholders extraordinary general assembly at 25.11.2011 to approve the changes concerning the amendment of the 6th article of the main contract which was approved by EMRA, Capital Markets Board of Turkey and General Directorate of Domestic Trade in order to convert 183.103.780 Class A preferred stocks that represent the parent company's shares into Class B shares by removing the concession over them.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2011 AND 31 DECEMBER 2010
(Currency - Turkish Lira)

- (e) In the 06.10.2011 dated board of directors assembly a decision was made to increase the share capital of Deniz Elektrik Üretim Limited Şirketi which is a subsidiary of the Group, from TL 9.720.000 to TL 36.720.000.
- (f) The ISE material disclosure made by the Company on 27.10.2011 concerning the negotiations for the loan use from Goldman Sachs, foreign-based financial institution, carried out by one of the Group's related parties and shareholders Kazancı Holding A.Ş. are as follows :

On July 25, 2011, July 26, 2011 and August 5, 2011, we made certain disclosures to the public regarding a loan made to us of USD192 million with a 1 year, 1 week term ("Bridge Facility") and a proposed transaction with Goldman Sachs ("Proposed Transaction").

During the course of discussions between the parties regarding the structure of the Proposed Transaction, a number of changes to the terms disclosed to the public on August 5, 2011 have been agreed in principle. Certain changes to the structure of the Proposed Transaction are summarised below, however, negotiations on the final documents and final transaction terms are ongoing. Final transaction terms may change and are subject to final agreement on documentation, the required internal Goldman Sachs approvals for the Proposed

Transaction, and the successful syndication of the New Facility to be arranged by Goldman Sachs. Upon the execution of the final agreements by the parties, additional information will be disclosed to public.

The main features of the Proposed Transaction are summarized below:

1. The board of directors of Aksa would initiate a process of capital increase through private placement under registered capital system by restricting the pre-emptive rights of current shareholders in which Goldman Sachs would subscribe with share premium for circa 9.86% of the total issued share capital of Aksa (post money) in consideration of USD175 million. During this period, Aksa would make the necessary applications to the CMB for the registration of the shares that are subject to this capital increase and seek approvals from all other authorities.
2. In parallel to such private placement, Goldman Sachs would purchase from us existing B-type Aksa shares representing circa 5.24% (post money) of the total issued share capital of Aksa for a total purchase price of circa USD93 million.
3. After the successful completion of the capital increase through private placement and the share transfer transactions, Goldman Sachs would own approximately 15.10% (post money) of the total issued share capital of Aksa. The total consideration to be paid by Goldman Sachs for those shares ("GS Shares") would be circa USD268 million. See, however, paragraphs 7 and 8 below for a description of the net financing that would be provided to us under the Proposed Transaction and the downside protection that would be provided by us to Goldman Sachs in respect of the GS Shares.
4. Goldman Sachs would have the right to sell some or all of the GS Shares after the first and before the fifth anniversary of the Proposed Transaction. Kazancı Holding would retain voting rights over the GS Shares until such time as GS elects to sell the GS Shares to a third party. Were Goldman Sachs to sell the GS Shares to a third party prior to the maturity of the Proposed Transaction, it would repay to Kazancı Holding a corresponding amount of the cash collateral initially posted by us to Goldman Sachs (see paragraph 7 below) together with cash paid interest until such date under the loan.
5. The New Facility (which would be used, among other things, to repay the Bridge Facility) with an amount of approximately USD460 million would be provided to Kazancı Holding. The New Facility would be secured over the shares of Aksa already pledged under the Bridge Facility. If there are any amendments to the security package, such matter will immediately be disclosed.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2011 AND 31 DECEMBER 2010
(Currency - Turkish Lira)

6. Goldman Sachs would grant a security interest in favour of the Lenders over the GS Shares in order to secure our liabilities arising under the New Facility. but with recourse to Goldman Sachs limited to the lower of the initial purchase price of the GS Shares and the then market value of the GS Shares.
7. Downside Protection: As security for Goldman Sachs to provide such pledge over GS Shares, our Company will deliver cash collateral to Goldman Sachs an amount equal to the total consideration mentioned in paragraph (3) above. At the end of the 5th year, Goldman Sachs would (unless it elected to keep the remaining GS Shares) sell the remaining GS Shares back to Kazancı Holding at a price per share equal to the initial purchase price.
8. The New Facility would allow Kazancı Holding to refinance the existing USD192 million Bridge Facility at its maturity, extend such financing for a period of 5 years and receive an additional funding of USD93 million. Additionally, the private placement per Proposed Transaction would make available to Akxa an additional funding of USD175 million which is intended to be used for general corporate purposes.
9. The Proposed Transaction is planned to be concluded within November, subject to parties obtaining all internal and external approvals and agreeing on all points in a binding manner in order to execute the Proposed Transaction.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2011 AND 31 DECEMBER 2010
(Currency - Turkish Lira)

Appendix 1

Related parties of the Group are shown below:

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