

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

**INDEPENDENT AUDITOR'S REPORT OF
AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES
FOR THE PERIOD ENDED 30 JUNE 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 June 2011 and the related consolidated interim statements of income, changes in equity and cash flow for the six-month period then ended. Management is responsible for the preparation and presentation of this consolidated interim financial information in accordance with International Financial Reporting Standards. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of Review

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

Conclusion

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

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



Nazım Hikmet
Partner

Istanbul, 19 August 2011

AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS AS OF 30.06.2011 AND 31.12.2010
(Currency - Turkish Lira)

ASSETS	Note	30.06.2011	31.12.2010
Current Assets			
Cash and Cash Equivalents	4	45.355.406	78.323.598
Trade Receivables, net	5	96.786.305	113.026.263
Due from/to Related Parties and Shareholders, net	6	532.492.017	607.869.263
Inventory	7	123.065.779	81.323.919
Other Current Assets	8	49.817.193	58.569.545
		847.516.700	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	1.524.514.925	1.375.739.739
Goodwill	2	9.522.739	6.023.899
Intangible Assets, net	11	765.592	652.150
Other Non-Current Assets	8	4.398.509	20.271.876
Deferred Tax Asset	14	4.109.211	4.109.211
		1.545.571.915	1.408.445.687
TOTAL ASSETS		2.405.419.961	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 30.06.2011 AND 31.12.2010
(Currency - Turkish Lira)

LIABILITIES	Note	30.06.2011	31.12.2010
Short Term Liabilities			
Financial Liabilities	12	445.256.213	413.198.014
Trade Payables, net	13	243.953.814	197.630.971
Taxation Payable on Income	14	4.534.271	13.471.828
Other Payables and Accrued Liabilities	15	35.187.312	9.919.151
		728.931.610	634.219.964
Long Term Liabilities			
Financial Liabilities	12	839.227.450	803.415.965
Retirement Pay Provision	16	1.671.224	1.331.912
Other Payables and Accrued Liabilities	15	18.729.829	-
Deferred Tax Liability	14	2.936.550	2.936.550
		862.565.053	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		(104.859.342)	69.427.025
		813.923.298	918.567.263
Commitments and Contingencies	25		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2.405.419.961	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 30.06.2011 AND
30.06.2010
(Currency - Turkish Lira)

INCOME STATEMENT	Note	01.01.- 30.06.2011	01.01.- 30.06.2010
Net Sales	19	401.019.210	372.159.742
Cost of Sales	20	(347.527.712)	(337.583.885)
Gross Profit		53.491.498	34.575.857
Research and Development Expenses	21	(18.348)	(33.358)
Marketing and Selling Expenses	21	(1.340.299)	(1.137.395)
General Administrative Expenses	21	(6.810.857)	(9.330.538)
Basic Operating Profit		45.321.994	24.074.566
Other Income / (Expenses), net	22	(50.550.808)	5.559.805
Financing Income / (Expenses), net	23	(93.397.465)	(24.156.022)
Profit / (Loss) Before Tax For The Period		(98.626.279)	5.478.349
Taxation on Profit - Current	14	(6.193.304)	(3.810.622)
Profit / (Loss) After Tax For The Period		(104.819.583)	1.667.727
Discontinued Operations	24	(39.759)	-
NET PROFIT / (LOSS) FOR THE PERIOD		(104.859.342)	1.667.727
Earnings before interest, tax, depreciation and amortization (EBITDA)	3	82.924.045	60.209.430

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AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED 30.06.2011 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)	(10.755.553)	-	-	(12.345.753)
Share premium	-	-	98.002.898	-	98.002.898
Dividend paid	-	(70.022.808)	-	-	(70.022.808)
Net profit for the period	-	-	-	1.667.727	1.667.727
Balance, 30.06.2010	579.487.932	160.386.411	98.002.898	1.667.727	839.544.968
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	-	-	-	(104.859.342)	(104.859.342)
Balance, 30.06.2011	579.487.932	242.771.442	96.523.266	(104.859.342)	813.923.298

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 30.06.2011 AND 30.06.2010
(Currency - Turkish Lira)

CASH FLOWS FROM OPERATING ACTIVITIES	01.01.- 30.06.2011	01.01.- 30.06.2010
Net profit / (loss) for the period / year	(104.859.342)	1.667.727
<u>Adjustment for:</u>		
Depreciation and amortization	37.632.988	36.134.864
Retirement pay provision	339.312	199.985
Interest expense accruals on loans	2.351.528	
Unrealised foreign exchange (gains) / losses on loans	77.852.787	(14.425.311)
Discount on receivables / (payables), net	(189.940)	475.065
Tax provision	4.534.271	7.206.290
Deferred taxation, net	-	(149.572)
Operating profit before working capital changes	17.661.604	31.109.048
Trade receivables	16.770.328	19.265.213
Inventory	(41.741.860)	(26.166.556)
Other current assets	8.752.352	4.853.823
Other non current assets	15.873.367	39.984
Trade payables	45.982.413	(46.997.871)
Other payables and accrued liabilities	25.268.161	4.429.622
Other long term liabilities	18.729.829	-
Taxes paid	(13.471.828)	(16.463.236)
Net Cash Flows Generated From Operating Activities	93.824.366	(29.929.973)
CASH FLOWS FROM INVESTING ACTIVITIES		
Assets Held For Sale	582.033	-
Purchases / (Disposals) of property, plant and equipment and intangible assets, net	(186.521.616)	(182.615.251)
Goodwill	(3.498.840)	(3.349.356)
Purchase / (Disposal) of equity participations, net	(612.127)	(1.070.408)
Net Cash Flows Used In Investment Activities	(190.050.550)	(187.035.015)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term financial liabilities	7.686.062	41.684.071
Long-term financial liabilities	(20.020.693)	155.342.890
Due from/to related parties and shareholders	75.377.246	(116.325.816)
Effect of first time aggregation of İdil 2 and Rasa Enerji	(303.659)	(12.345.753)
Share Premium	523.580	98.002.898
Dividend Paid	(4.544)	(70.022.808)
Share capital	-	263.765.700
Net Cash Flows Generated From Financing Activities	63.257.992	360.101.182
Net Increase / (Decrease) in Cash and Cash Equivalents	(32.968.192)	143.136.194
Cash and Cash Equivalents at Beginning of Year	78.323.598	16.248.278
Cash and Cash Equivalents at the End of Period	45.355.406	159.384.472

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 30.06.2011 AND 31.12.2010
(Currency - US Dollars)

ASSETS	30.06.2011	31.12.2010
Current Assets		
Cash and Cash Equivalents	27.821.989	50.662.094
Trade Receivables, net	59.370.816	73.108.838
Due from/to Related Parties and Shareholders, net	326.642.140	393.188.398
Inventory	75.491.215	52.602.794
Other Current Assets	30.558.946	37.884.570
	519.885.106	607.446.694
Assets Held For Sale	7.564.315	8.352.768
Non-Current Assets		
Investments	1.386.909	1.066.502
Property, Plant and Equipment, net	935.170.485	889.870.465
Goodwill	5.841.454	3.896.442
Intangible Assets, net	469.631	421.831
Other Non-Current Assets	2.698.141	13.112.468
Deferred Tax Asset	2.520.679	2.657.963
	948.087.299	911.025.671
TOTAL ASSETS	1.475.536.720	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 30.06.2011 AND 31.12.2010
(Currency - US Dollars)

LIABILITIES	30.06.2011	31.12.2010
Short Term Liabilities		
Financial Liabilities	273.129.808	267.269.091
Trade Payables, net	149.646.555	127.833.746
Taxation Payable on Income	2.781.420	8.713.990
Other Payables and Accrued Liabilities	21.584.660	6.416.011
	447.142.443	410.232.838
Long Term Liabilities		
Financial Liabilities	514.800.301	519.673.975
Retirement Pay Provision	1.025.165	861.521
Deferred Tax Liability	1.801.343	1.899.450
	529.116.092	522.434.946
Shareholders' Equity		
Share Capital	355.470.453	374.830.486
General Reserves	148.921.262	112.323.816
Share Premium	59.209.463	62.095.528
Net Profit / (Loss) for the Period	(64.322.992)	44.907.519
	499.278.186	594.157.349
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1.475.536.721	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 30.06.2011 AND
30.06.2010
(Currency - US Dollars)

INCOME STATEMENT	01.01.- 30.06.2011	01.01.- 30.06.2010
Net Sales	245.993.872	236.336.916
Cost of Sales	(213.181.028)	(214.379.809)
Gross Profit	32.812.844	21.957.107
Research and Development Expenses	(11.255)	(21.184)
Marketing and Selling Expenses	(822.168)	(722.293)
General Administrative Expenses	(4.177.927)	(5.925.280)
Basic Operating Profit	27.801.494	15.288.350
Other Income / (Expenses), net	(31.008.961)	3.530.707
Financing Income / (Expenses), net	(57.292.029)	(15.340.079)
Profit / (Loss) Before Tax For The Period	(60.499.496)	3.478.978
Taxation on Profit - Current	(3.799.107)	(2.419.903)
Profit / (Loss) After Tax For The Period	(64.298.603)	1.059.075
Discontinued Operations	(24.389)	-
NET PROFIT / (LOSS) FOR THE PERIOD	(64.322.992)	1.059.075
Earnings before interest, tax, depreciation and amortization (EBITDA)	50.867.406	38.235.492

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 JUNE 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).

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 TEİAŞ. 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 30.06.2011 a total of TL 33,9 million has been invested in this respect (note 10). 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 47.259.291) 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 until beginning of 2010.

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

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

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

- **Manisa Power Plant**

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

As of 30 June 2011, the number of personnel employed by the Company is 280 (31.12.2010: 278).

As of 30 June 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 June 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 June 2011, the number of personnel employed by the Company is 107 (31.12.2010: 104).

AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES
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3. Deniz Elektrik Üretim Limited Şirketi:

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

In May 2004, 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 TEIAS in 2010, while, small amount is contracted to the Free Customers by the Bilateral Agreements.

As of 30 June 2011, the number of personnel employed by the Company is 48 (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 TEIAS in 2010, while, small amount is contracted to the Free Customers by the Bilateral Agreements

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

As of 30 June 2011, the number of personnel employed by the Company is 27 (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 June 2011, the number of personnel employed by the Company is 64 (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.

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

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

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

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

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

As of 30 June 2011, the number of personnel employed by the Company is 25 (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 June 2011, the number of personnel employed by the Company is 4.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS WHOLLY OWNED SUBSIDIARIES
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Electricity production licences held by the Group are as follows:

Licence Owner	Area	Type of Facility	Date of Licence Started	Licence Duration	The capacity of the plant (MWe)	The capacity under operation (MWe)
Aksa Enerji	KKTC	Fuel oil			107,00	107,00
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	850,00
Aksa Enerji	Manisa	Natural Gas	21.02.2008	30 year	115,26	115,26
Aksa Enerji	İncesu-Ortaköy-Çorum	HPP	29.09.2005	40 year	15,00	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 Sirtı-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
Ayres	Ayvackı Energy Station	WPP	01.11.2007	25 year	5,00	--
Total					3.529,76	1.543,94

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

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2. Basis of Presentation of the Financial Statements

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

Basis of Consolidation

The consolidated financial statements included the financial statements of Akxa Enerji Üretim A.Ş., Deniz Elektrik Üretim Limited Şirketi, Akxa Enerji Üretim Kıbrıs, Baki Elektrik Üretim Ltd. Şti., Rasa Elektrik Üretim A.Ş., Rasa Enerji Üretim A.Ş. 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 June 2011 and 31 December 2010 are as follows:

Name of Consolidated Entity	Effective Rate of Ownership	
	(%)	
	30.06.2011	31.12.2010
1. Akxa Enerji Üretim Kıbrıs – Y.Ş. (Northern Cyprus)	100,00	100,00
2. Rasa Elektrik Üretim A.Ş.	99,96	99,96
3. Deniz Elektrik Üretim Limited Şirketi	99,99	99,99
4. Baki Elektrik Üretim Limited Şirketi	95,00	95,00
5. Rasa Enerji Üretim A.Ş.	99,99	99,99
6. İdil İki Enerji Sanayi ve Ticaret A.Ş.	99,99	99,99
7. Ayres Ayvacic Rüzgar Enerjisinden Elektrik Üretim Santrali Ltd. Şti. (*)	99,99	99,99

(*) Ayres Ayvacic Rüzgar Enerjisinden Elektrik Üretim Santrali Ltd. Şti. was acquired by on 18.04.2011 and was consolidated in financial statements on 30.06.2011 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.

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Comparative Information and Correcting The Financial Statements of the Previous Period

Comparative information as of 30 June 2011 have been reclassified where necessary, in terms of ensuring compliance with the presentation of consolidated financial statements for the current period.

In particular, while drawing the consolidated financial statements as of 30 June 2011, the following items have been classified: advances given to inventory suppliers were classified under “inventory”, these have been reclassified in other current asset; advance payments to tangible fixed asset suppliers were classified under “Property, Plant and Equipment”, these have been reclassified in other non-current asset; deposits given classified under “Trade Receivables, net”, these have been reclassified in other current asset; deposits received classified under “Trade Payables, net”, these have been reclassified in other payables and accrued liabilities.

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 (30.06.2011: USD = TL 1,6302, 31.12.2010: USD= TL 1,5460). Such convenience translations are not intended to comply with the provisions of IAS 21 “The Effects of Changes in Foreign Exchange Rates” or Financial Accounting Standards Board No.52 “Foreign Currency Translations” for the translation of financial statements

Reporting currency

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

Goodwill

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

Positive goodwill (included in the balance sheet):

Cost (Baki Elektrik)	31.12.2010
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

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

Negative goodwill (included in the income statement):

Cost (Rasa Enerji)	31.12.2010
Payment	28.000.000
Fair value of the asset acquired	(34.987.334)
Negative goodwill	(6.987.334)

As of 05.03.2010 (from financial statements dated 31.03.2010), 99,99% of the shares of Rasa Enerji were acquired by the Group and TL 6.987.334 worth of negative goodwill arose.

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 30.06.2011 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 30.06.2011.

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.

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-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.

-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.

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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 30.06.2011:

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:

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;

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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.

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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.

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

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

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

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

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

Financial liabilities

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

Aksa Enerji Üretim A.Ş. has an export credit premium payable in connection with its long term loans used to finance the wind electricity, natural gas and other energy plants. In statutory financial statements, the Company recorded these both at assets (Other current and noncurrent assets – Note 8) and liabilities (Financial liabilities– Note 12) until the time of payment. As of 30 June 2011, TL 41.254.094 (USD 25.306.155) 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 June 2011, TL 5.106.366 (USD 3.132.355) 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 June 2011, TL 30.145.454 (USD 18.491.874) and 31 December 2010, TL 28.758.259 (USD 18.601.720) of export credit premium is netted of from assets and liabilities.

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Rasa Enerji Üretim A.Ş. has an export credit premium payable in connection with its long term loans used to finance the wind electricity plant. In statutory financial statements, the Company recorded these both at assets (Other current and noncurrent assets – Note 8) and liabilities (Financial liabilities – Note 12) until the time of payment. As of 30 June 2011, TL 4.706.045 (USD 2.886.790) 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.

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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	30.06.2011	31.12.2010
USD	1,6302	1,5460
EURO	2,3492	2,0491
CHF	1,9549	1,6438
GBP	2,6111	2,3886
JPY	0,0200	0,0189

Provisions

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

Commitments and contingencies

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

Use of estimates

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

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Significant management judgment in applying accounting policies

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

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

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

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

EBITDA

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

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4. Cash and Cash Equivalents

	30.06.2011	31.12.2010
Cash on hand	62.515	93.711
Cash at banks		
- Demand account	20.060.645	23.179.292
- Time deposits and repurchase agreements	20.041.195	47.707.410
- Blocked account	4.890.600	7.343.185
Other liquid assets	300.451	-
	45.355.406	78.323.598

Bank accounts are listed below:

	30.06.2011		31.12.2010	
	Foreign currency	TL Equivalent	Foreign currency	TL Equivalent
Demand Deposits				
- TL		11.637.371		19.330.129
- USD	2.540.430	4.141.409	1.202.398	1.858.908
- EUR	1.808.065	4.247.507	967.483	1.982.470
- GBP	12.679	33.107	2.773	6.623
- CHF	91	178	91	150
- JPY	53.460	1.073	53.452	1.012
		20.060.645		23.179.292
Time Deposits and repurchase agreements (*)				
- TL		10.374.974	-	12.326.902
- USD	1.800.000	2.934.360	20.085.243	31.051.785
- EUR	2.865.597	6.731.861	2.112.500	4.328.723
		20.041.195		47.707.410
Blocked Account (**)				
- USD	3.000.000	4.890.600	3.026.750	4.679.355
- EUR	-	-	1.300.000	2.663.830
		4.890.600		7.343.185
		44.992.440		78.229.887

(*) As of 30 June 2011, the average term of the time deposit is between 3-30 days and the effective interest rate on time deposit is 3,00% (31.12.2010: 30 days, interest rate is 5%).

(*) As of 30 June 2011, the average term of repurchase agreements is between 1 - 50 days and the effective interest rate for TL is 4,00% (31.12.2010: 5,00%) and for foreign currency is 1,00% (31.12.2010: 1,25%).

(**) As of 30 June 2011, TL 4.890.600 (2010: TL 7.343.185) is related to the liabilities of the Group, in accordance with provision of the loan agreement.

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5. Trade Receivables, net

	30.06.2011	31.12.2010
Customers' current accounts		
- Turkish Lira	35.602.101	53.742.276
- Foreign currency	656.044	668.486
Trade receivables from related parties (*)	62.665.274	60.068.753
Notes receivable (**)	835.682	1.278.899
Unearned interest on notes receivable (-)	(473.708)	(233.063)
Provision for doubtful receivables (-)	(2.499.088)	(2.499.088)
	96.786.305	113.026.263

(*)As of 30 June 2011, trade transactions with related parties which are mainly comprised of sale of imported natural gas equipments to Kazancı Group gas distribution companies. Receivables from overseas related parties are mainly in relation to sale of power generations (detailed in note 6).

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

Up to 3 months	835.682
	835.682

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

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

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

Due from related parties	30.06.2011		31.12.2010	
	Trade	Non-Trade	Trade	Non-Trade
Afyon Doğal Gaz Dağıtım A.Ş.	995.675	13.012.141	1.468.797	11.484.546
Akxa CNG Sıkıştırılmış Doğal Gaz Dağ. İletim Ve Satış A.Ş.	--	408	--	408
Akxa Doğal Gaz Toptan Satış A.Ş.	--	--	328.445	234.053
Akxa Doğalgaz Dağıtım A.Ş.	--	376	--	298
Akxa Elektrik Perakende Satış A.Ş.	94.793	2.154.108	183.198	1.953.737
Akxa Elektrik Toptan Satış A.Ş.	21.630.162	469.901	982.227	22
Akxa Gaz Dağıtım A.S.	1.924.845	1.560.184	10.147.477	193
Akxa Goynuk Uretim A.S.	(30.476)	12.435.908	3.728.879	501.417
Akxa İnternational Ltd.	94.372	2.067.801	655.784	1.460.305
Akxa Enerji A.Ş (Iraq)	--	8.809.066	--	--
Akxa Jeneratör Sanayi A.Ş.	--	2.724.308	1.566.816	6.618.325
Akxa Makina Sanayi A.Ş.	61.974	1.210.942	242.139	1.433.043
Akxa Power Gen Changzhou	--	--	--	686.394
Akxa Power Generation Co.	--	1.294.148	5.908.015	1.583
Akxa Power Generation Fze.	6.533.744	1.760.966	--	--
Akxa Satış Ve Pazarlama A.Ş.	1.629	317.656	7.921	292.392
Akxa Servis Ve Yedek Parça A.Ş.	--	53.304	1.221	62
Akxa Teknoloji A.Ş.	3.332	74.870	5.883	68.988
Akxa Turizm İşletmeleri A.Ş.	333.444	10.045.507	569.296	8.059.390
Alenka Enerji Ltd. Şti.	14.793	59.477	65.900	--
Anadolu Doğalgaz Dağıtım A.Ş.	41.891	957.583	249.242	665.985
Anadolu Doğalgaz Toptan Satış A.Ş.	--	85	85	--
Atel Telekomünikasyon A.Ş.	7.703	173.575	14.234	159.337
Ayres Ayvacık Rüzgar Enerji Santrali Ltd. Şti.	--	--	1.951	97
Balıkesir Doğal Gaz Dağıtım A.Ş.	109.174	1.081	163.891	--
Bandırma Doğal Gaz Dağıtım A.Ş.	--	154	315.719	7.401.882
Bilecik Bolu Doğal Gaz Dağıtım A.Ş.	--	208	709.341	368.474
Ceka Enerji Üretim A.Ş.	--	49.722	113.110	1.245.808
Çanakkale Doğalgaz Dağıtım A.Ş.	--	1.526	3.070.044	7.369.178
Çoruh Akxa Elektrik Hizmetleri A.Ş.	--	1.366	--	2.697
Çoruh Elektrik Dağıtım A.Ş.	--	2.919	--	--
Dergaz A.Ş.	5.862	--	5.862	--
Deriş İnşaat A.Ş.	187.613	3.809.842	422.356	3.399.415
Doust Company (Iraq)	1.957.200	--	2.879.445	--
Düzce Ereğli Doğal Gaz Dağıtım A.Ş.:	714.938	178	1.842.467	12.980.061

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Due from related parties	30.06.2011		31.12.2010	
	Trade	Non-Trade	Trade	Non-Trade
Elazığ Doğalgaz Dağıtım A.Ş.	771.203	2.924.163	3.023.511	2.298.033
Elektrik Altyapı Hizmetleri A.Ş.	20.000	--	--	--
Fatih Büyüktopçu	--	2.993.617	--	56.972
Fırat Aksa Elektrik Hizmetleri A.Ş.	--	40	--	30
Gemlik Doğal Gaz Dağıtım A.Ş.	102.302	120.667	--	--
Gesa Güç Sistemleri A.Ş.	535.033	9.528	535.611	11.686
Gümüşhane Bayburt Doğalgaz A.Ş.	1.659.476	654.004	416.051	162.925
İrfan Cengiz	--	452.652	1.598	99.384
Kapıdağ Rüzgar A.Ş.	--	858	--	--
Karadeniz Doğalgaz Dağıtım A.Ş.	1.677.393	3.750.993	2.753.364	615.745
Kazancı Holding A.Ş.	3.650.172	357.196.371	4.432.260	295.727.058
Kazancı Teknik Cihazlar Yedek Parça A.Ş.	33.714	1.525.327	--	2.777.807
Koni İnşaat Sanayi A.Ş.	12.125.253	85.190.278	1.111.096	178.596.578
Koni Tarım İşletmeleri A.Ş.	10.455	238.154	14.953	5.249.867
Koni Tarımsal Yatırımlar A.Ş.	2.277	102.096	5.953	95.674
Koni Turizm San. Ve Ticaret A.Ş.	--	--	107.143	97.123
Malatya Doğalgaz A.Ş.	164.330	54	3.173.982	61.637
Manisa Doğalgaz Dağıtım A.Ş.	--	440	173.296	384
Mustafa Kemal Paşa Susurluk Doğalgaz Dağıtım A.Ş.	1.336.303	16.088.652	1.194.692	24.149.739
Onan Enerji Üretim A.Ş.	5.060	114.609	11.801	98.202
Ordu Giresun Doğalgaz Dağıtım A.Ş.	--	1.065	93.540	1.065
Rasa Enerji Sancar	--	--	--	45
Rasa Enerji Üretim A.Ş.	--	--	6.586	40
Rasa Radiator Company Ltd.	--	2	--	--
Renk Transmisyon San A.Ş.	--	45	--	533
Siirt Batman A.Ş.	--	460	--	--
S.Urfa D.Gaz Dağ.Ltd.Şti	2.709.928	1.030	2.612.973	1.360.611
Tasfiye Halinde S.S.Endüstriyel Ürün Üreticileri	--	2.112	--	2.112
Tokat Amasya Doğal Gaz Dağıtım A.Ş.	1.969.784	17.645.282	4.141.374	24.173.317
Trakya Doğal Gaz Dağıtım A.Ş.	1.029.775	9.915.462	524.446	20.703.425
Van Doğalgaz Dağıtım A.Ş.	180.148	196.000	84.778	972
Total	62.665.274	562.173.271	60.068.753	622.729.054

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Due to related parties	30.06.2011		31.12.2010	
	Trade	Non-Trade	Trade	Non-Trade
Aksa Doğal Gaz Toptan Satış A.Ş.	--	81.091	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.	--	199.869	--	354.610
Aksa Far East PTE Ltd.	--	827.010	--	727.140
Aksa Gaz Dağıtım	--	--	--	989
Aksa Havacılık A.Ş.	140.825	--	--	--
Aksa Jeneratör Sanayi A.Ş.	15.000.877	10.578.389	2.378	728.575
Aksa Kiralama Ve Makina Satış A.Ş.	--	--	29.775	28.169
Aksa Makina Sanayi A.Ş.	--	66.510	975	51.926
Aksa Satış Ve Pazarlama A.Ş.	1.536	54.118	134	--
Aksa Servis Ve Yedek Parça A.Ş.	19.021	3.891	--	747
Aksa Turizm İşletmeleri A.Ş.	--	747	--	--
Alenka Enerji Ltd. Şti.	--	--	--	162.099
Ali Metin Kazancı	--	8.381	--	5.681
Anadolu Doğalgaz Dağıtım A.Ş.	--	--	--	15
Ayres Ayvacık Rüzgar Enerji Santrali Ltd. Şti.	--	--	--	779.371
Balıkesir Doğalgaz Dağıtım A.Ş.	--	30.991	--	2.991
Bandırma Doğalgaz Dağıtım A.Ş.	--	9.155	--	--
Cemil Kazancı	--	752	--	726
Çanakkale Doğalgaz Dağıtım A.Ş.	--	13.301	--	--
Çoruh Elektrik Dağıtım A.Ş.	--	408.227	--	--
Deriş İnşaat A.Ş.	--	3.644	--	3.644
Eurl Aksa Generateurs	--	184.277	--	56.536
Fatih Büyüktopçu	--	--	--	521
Fırat Elektrik Dağıtım A.Ş.	271.563	--	--	--
Gemlik Doğalgaz Dağıtım A.Ş.	--	136.668	--	382.645
Gesa Güç Sistemleri A.Ş.	--	195	--	195
Kapıdağ Rüzgar A.Ş.	428.980	7.850.353	170.350	10.579.316
Kazancı Holding A.Ş.	--	80.646	--	3.346
Kazancı Makina Ve Motor Ltd. Şti.	--	5.051	897	1.202
Kazancı Teknik Cihazlar Yedek Parça A.Ş.	--	83.182	186.785	420.585
Koni İnşaat Sanayi A.Ş.	--	8.389.500	332.458	373.794
Malatya Doğalgaz A.Ş.	--	23.893	--	21.737
Manisa Doğalgaz Dağıtım A.Ş.	--	3.000	--	3.000
Mehmet Kazancı	--	521	--	521
Onan Enerji Üretim A.Ş.	--	500	--	--
Ovagaz A.Ş.	--	3.109	--	--
Mustafa Kurnaz	--	19	--	19
Necati Baykal	--	521	--	--
Nilgün Nurik Kazancı	--	--	--	150

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Due to related parties	30.06.2011		31.12.2010	
	Trade	Non-Trade	Trade	Non-Trade
Sedat Siverek	--	181	--	155
Serdar Nişli	--	182	--	5
Sivas Doğal Gaz Dağıtım A.Ş.	--	540.966	--	--
Şerafettin Akkaya	--	41	--	24
Tw.Energy Target	--	--	--	54.685
Van Doğalgaz Dağıtım A.Ş.	--	36.689	33.305	--
Total	15.862.802	29.681.254	771.058	14.859.791
Due from / to related parties, net	46.802.472	532.492.017	59.297.695	607.869.263

7. Inventory

	30.06.2011	31.12.2010
Raw materials (*)	89.413.409	59.010.833
Work in process	482.058	538.452
Finished goods	308.350	316.931
Merchandise	23.211.005	16.952.709
Other inventory	10.157.655	5.011.692
Provision for diminution in value of inventory (-)	(506.698)	(506.698)
	123.065.779	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	30.06.2011	31.12.2010
Prepaid expenses (**)	2.796.099	2.341.458
Deposits given	362.626	341.159
VAT carried forward	8.490.877	3.603.963
Prepaid taxes and funds	7.312.909	15.181.811
Advances given for raw material purchases	29.776.823	36.300.273
Advances given for business purposes	568.316	274.445
Advances given to personnel	154.378	335.101
Sundry debtors	355.165	191.335
Other doubtful receivables	446.281	446.281
Provision for other sundry receivables	(446.281)	(446.281)
	49.817.193	58.569.545

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

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Other Non Current Assets:	30.06.2011	31.12.2010
Deposits given	73.622	57.501
Prepaid expenses	84.387	169.480
Advances given	4.240.500	20.044.076
VAT carried forward - long term	-	819
	4.398.509	20.271.876

9. Investments

	30.06.2011	31.12.2010
Rasa Radiator (Jiangyin) Co. Ltd.	1.512.300	1.512.300
Kapıdağ Rüzgar Enerji Santrali Ltd. Şti.	119.575	119.575
Ayres Ayyacık 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)
Alenka Enerji Üretim ve Yatırımları (*)	629.064	-
	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 30.06.2011.

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

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10. Property, Plant and Equipment, net

	31.12.2010	Additions	Disposals	Transfer	Acquisition of Ayres	30.06.2011
Cost						
Land, land improvements and buildings	61.757.220	210.714	(48.126)	-	73.795	61.993.603
Leasehold improvements	430.328	9.295	-	-	-	439.623
Machinery and equipment	1.282.518.015	57.541.409	(131.782)	18.697.450	-	1.358.625.092
Motor Vehicles	3.489.748	404.544	(454.785)	-	20.953	3.460.460
Furniture, fixtures and office equipment	9.134.322	2.079.105	(357.731)	-	38.174	10.893.870
Construction in Progress	349.527.035	112.936.885	-	(18.697.450)	13.784.395	457.550.865
	1.706.856.668	173.181.952	(992.424)	-	13.917.317	1.892.963.513
Accumulated Depreciation						
Land improvements and buildings	683.688	70.751	-	-	1.029	755.468
Leasehold improvements	240.623	29.146	-	-	-	269.769
Machinery and equipment	322.689.400	36.801.850	(18.573)	-	-	359.472.677
Motor Vehicles	1.639.568	270.851	(204.021)	-	-	1.706.398
Fixtures and Fittings	5.863.650	388.153	(8.235)	-	708	6.244.276
	331.116.929	37.560.751	(230.829)	-	1.737	368.448.588
Net Book Value	1.375.739.739	135.621.201	(761.595)	-	13.915.580	1.524.514.925

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As of 30 June 2011, the Group's property, plant and equipment were insured at EURO 504.690.762 USD 188.275.417 and TL 1.219.766.

As of 30 June 2011, TL 42,750,264 (31 December 2010 TL 18.717.549) of interest expenses and foreign exchange losses has been capitalized.

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

Antalya Siemens & GE NGPP	240.413.497
Urfa Natural Gas Power Plant	75.322.536
Şamlı Wind Farm	59.660.791
Ayvacık Wind Farm	13.784.395
Samsun Power Plant	33.915.274
Turkish Republic of Northern Cyprus (TRNC) capacity expansion	24.520.730
The movement of Sinjar Fuel Oil PP to Mardin Power Plant	3.625.388
Other ^(**)	6.308.254
	457.550.865

(**) 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 June 2011 and 31 December 2010 is as follows:

	30.06.2011	31.12.2010
Cost of sales	37.417.900	71.287.146
General administration expenses	184.151	319.663
Discontinued Operations	30.937	87.375
	37.632.988	71.694.184

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11. Intangible Assets, net

	31.12.2010	Additions	Acquisition of Ayres	30.06.2011
Cost				
Rights	1.055.904	176.855	8.968	1.241.727
	1.055.904	176.855	8.968	1.241.727
Accumulated Depreciation				
Rights	403.754	72.237	144	476.135
	403.754	72.237	144	476.135
Net Book Value	652.150	104.618	8.824	765.592

12. Financial Liabilities

	30.06.2011	31.12.2010
Short-term bank loans	176.179.898	129.648.120
Current portion of long-term bank loans	161.123.103	181.038.070
Factoring Payables	67.784.529	71.161.519
Finance lease liabilities, net	25.752.745	19.285.895
Interest expense accruals	14.415.938	12.064.410
Total short-term financial liabilities	445.256.213	413.198.014
Long-term bank loans	713.719.863	679.447.154
Factoring Payables	38.899.832	42.669.600
Finance lease liabilities, net	86.607.755	81.299.211
Total long -term financial liabilities	839.227.450	803.415.965
Total financial liabilities	1.284.483.663	1.216.613.979

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A summary per type of loan is given below:

	30.06.2011		31.12.2010	
	Foreign Currency	TL Amount	Foreign Currency	TL Amount
Current:				
Bank Loans				
-TL		4.487.288		5.730.102
-USD	155.531.236	253.547.021	167.110.787	258.353.277
-EUR	33.742.845	79.268.692	22.743.063	46.602.811
Factoring Payables				
-TL		48.151.546		54.711.260
-USD	12.043.297	19.632.983	10.640.530	16.450.259
Finance lease liabilities, net				
-USD	14.129.842	23.034.468	11.396.210	17.618.539
-EUR	1.157.107	2.718.277	813.702	1.667.356
Interest expense accruals		14.415.938		12.064.410
Total Short Term		445.256.213		413.198.014
Non-current:				
Bank Loans				
-TL		3.554.891		4.123.945
-USD	292.599.881	476.996.326	330.789.640	511.400.783
-EUR	99.254.489	233.168.646	79.997.280	163.922.426
Factoring Payables				
-USD	23.862.000	38.899.832	27.600.000	42.669.600
Finance lease liabilities, net				
-USD	45.810.212	74.679.805	47.305.549	73.134.379
-EUR	5.077.452	11.927.950	3.984.594	8.164.832
Total Long Term		839.227.450		803.415.965

As of 30 June 2011, the effective interest rate of the TL loans is 12,00%, USD loans is 6,00% and EURO loans is 5,00%.

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

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

Payment Year	EURO	TL		TL		Total TL Equivalent
		Equivalent	USD	Equivalent	TL	
2011	33.742.845	79.268.692	155.531.236	253.547.021	4.487.288	337.303.001
2012	15.085.454	35.438.749	55.538.635	90.539.084	3.016.088	128.993.921
2013	15.578.549	36.597.127	48.689.483	79.373.595	422.528	116.393.250
2014	13.256.743	31.142.741	40.347.555	65.774.584	116.275	97.033.600
2015	20.604.471	48.404.023	33.179.875	54.089.832	-	102.493.855
2016	6.969.583	16.372.944	28.400.134	46.297.898	-	62.670.842
2017	5.742.673	13.490.687	23.950.224	39.043.655	-	52.534.342
2018	4.252.536	9.990.058	21.348.042	34.801.578	-	44.791.636
2019	4.252.536	9.990.058	20.418.231	33.285.800	-	43.275.858
2020	4.252.536	9.990.058	11.369.243	18.534.140	-	28.524.198
2021	4.252.536	9.990.058	6.238.971	10.170.771	-	20.160.829
2022	1.430.536	3.360.615	3.119.488	5.085.389	-	8.446.004
2023	1.430.536	3.360.615	-	-	-	3.360.615
2024	1.430.536	3.360.615	-	-	-	3.360.615
2025	715.264	1.680.298	-	-	-	1.680.298
Total	132.997.334	312.437.338	448.131.117	730.543.347	8.042.179	1.051.022.864

Factoring Payables

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

	30.06.2011	31.12.2010
Short-term:		
Girişim Faktoring A.Ş.	48.151.546	54.711.260
Yapı ve Kredi Faktoring A.Ş.	19.632.983	16.450.259
Total short term	67.784.529	71.161.519
Long-term:		
Yapı ve Kredi Faktoring A.Ş.	38.899.832	42.669.600
Total long term	38.899.832	42.669.600
Total	106.684.361	113.831.119

As of 30 June 2011, TL 16.503.823 (31.12.2010: TL 39.884.153) of TEİAŞ receivables is netted off from assets and liabilities.

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Lease Payables

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

<u>Payment Year</u>	<u>EURO</u>	<u>TL Equivalent</u>	<u>USD</u>	<u>TL Equivalent</u>	<u>Total TL Equivalent</u>
2011	1.157.107	2.718.277	14.129.842	23.034.468	25.752.745
2012	1.220.705	2.867.680	14.856.492	24.219.053	27.086.733
2013	1.118.107	2.626.657	14.398.085	23.471.758	26.098.415
2014	1.160.954	2.727.313	9.839.441	16.040.257	18.767.570
2015	1.232.297	2.894.912	6.716.194	10.948.737	13.843.649
2016	345.389	811.388	-	-	811.388
Total	6.234.559	14.646.227	59.940.054	97.714.273	112.360.500

13. Trade Payables, net

	30.06.2011	31.12.2010
Suppliers' current accounts		
- Turkish Lira	80.305.692	96.319.091
- Foreign Currency (*)	145.101.103	101.007.236
Trade payables from related parties (**)	15.862.802	771.058
Notes payable	684.615	87.722
Unearned interest on notes payable (-)	(321.094)	(554.350)
Other	2.320.696	214
	243.953.814	197.630.971

(*) TL 138.038.842 (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.

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Investment Allowance Exemption:

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

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

The tax liabilities included in the accompanying financial statements comprised:

	30.06.2011	31.12.2010
<u>a) Included in the income statement:</u>		
Current tax charge	(6.193.304)	(14.069.889)
<u>b) Included in the balance sheet:</u>		
Taxation payable on income (current)	4.534.271	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 June 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	30.06.2011	31.12.2010
Provision for payment to EÜAŞ regarding Samsun Power Plant (note 1)	28.243.283	-
Order advances received	427.724	1.920.685
Taxes and dues payable	2.824.254	3.414.618
Social security premiums payable	481.048	444.230
Deposits received	1.709.773	2.801.164
Provisions	116.553	156.102
Due to personnel	1.376.490	1.182.352
Other	8.187	-
	35.187.312	9.919.151
<hr/>		
Long Term		
Provision for payment to EÜAŞ regarding Samsun Power Plant (note 1)	18.729.829	-
	18.729.829	-

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16. Retirement Pay Provision

Under the Turkish Labour Law, the Group is required to pay employment termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). The provision is made in respect of all eligible employees, at a rate of 30 days gross pay for each year of service. The rate of pay is that ruling at the respective balance sheet dates, subject to a maximum of TL 2.623 per year as of 30.06.2011 (31.12.2010 : TL 2.517 per year).

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

As of 30 June 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 June 2011 and 31 December 2010.

	30.06.2011	%	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

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18. General Reserves

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

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

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

19. Net Sales

	01.01.-	01.01.-
	30.06.2011	30.06.2010
Total Sales – MWH / Unit		
Energy sales – MWH	1.730.803	1.736.509
Radiator sales – unit	6.010	5.021
Generator sales – unit	378	620
	01.01.-	01.01.-
	30.06.2011	30.06.2010
Total Sales – Amount		
Energy Sales	349.210.496	327.918.536
Total Lignite Sales and Transportation Income	-	1.174.212
Radiator Sales	5.246.883	3.563.247
Generator Sales	13.568.712	10.129.892
Natural Gas Equipments	27.656.357	28.762.174
Other	5.336.762	611.681
Total Sales	401.019.210	372.159.742

(*) Total amount of balancing invoices issued by TEIAS in 2011 is TL 33.163.949 (01.01.-30.06.2010: TL 28.149.131), which has been deducted from the cost of sales account.

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20. Cost of Sales

	01.01.- 30.06.2011	01.01.- 30.06.2010
Energy Sales	312.283.692	300.162.837
Lignite Sales	-	888.154
Radiator Sales	3.349.731	3.511.161
Generator Sales	12.591.594	9.696.787
Natural Gas Equipments Sales	19.302.695	23.324.946
Cost Of Sales	347.527.712	337.583.885

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

Research and development expenses	18.348	33.358
Marketing, selling and distribution expenses	1.340.299	1.137.395
General administrative expenses	6.810.857	9.330.538
	8.169.504	10.501.291

Breakdown of operating expenses are as follows:

Research and development expenses

Research and development expenses	18.348	33.358
	18.348	33.358

Marketing, selling and distribution expenses

Freight and freight insurance	1.057.705	368.838
Personnel salaries and bonus payments	76.449	73.236
Rent expenses	59.540	39.356
Insurance expenses	34.315	-
Repair and maintenance expenses	7.200	11.217
Motor vehicle expenses	6.626	9.810
Communication expenses	3.822	7.927
Travelling expenses	1.375	5.544
Redevance expenses	-	315.452
Taxes and dues	-	272.308
Other marketing expenses	93.267	33.707
	1.340.299	1.137.395

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General administrative expenses	01.01.- 30.06.2011	01.01.- 30.06.2010
Personnel expenses	3.757.980	4.489.944
Taxes paid	586.348	282.760
Traveling expenses	552.303	498.527
Motor vehicle expenses	470.648	309.367
Consultancy and notary expenses	298.503	2.094.103
Communication expenses	242.351	121.166
Depreciation and amortisation expenses	184.151	201.897
Representation expenses	90.903	238.833
Rent expenses	68.780	57.665
Retirement pay provision expense	64.950	20.602
Commision expenses	64.824	-
Office expenses	42.381	81.702
Insurance expenses	28.369	31.174
Repair and maintenance expenses	21.609	-
Transportation expenses	1.041	39.508
Donation and grants	200	120.633
Other	335.516	742.657
	6.810.857	9.330.538

22. Other Income / (Expenses), net

Provision for payment to EÜAŞ regarding Samsun Power Plant (*)	(47.259.289)	-
Idle Capacity Expenses	(2.165.804)	(1.854.570)
Profit / (Loss) on sale of fixed assets, net	(160.859)	-
Goodwill (note - 2)	-	6.987.334
Doubtful debt provision	-	19.723
Other income / (expense), net	(964.856)	407.318
	(50.550.808)	5.559.805

(*) 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 47.259.289) 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.

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23. Financing Income / (Expenses), net

	01.01.- 30.06.2011	01.01.- 30.06.2010
Foreign exchange gains / (losses), net	(68.602.643)	(18.046.919)
Interest paid on loans and lease payables	(41.600.600)	(30.104.499)
Bank commission expenses	(3.453.104)	(1.347.840)
Unearned interest income / (expense), net	(189.940)	(981.156)
Letters of Guarantee expenses	(134.802)	(912.879)
Interest income on time deposits at banks and interest income on receivables from Kazancı Group Companies	27.144.279	28.117.537
Other	(6.560.655)	(880.266)
	(93.397.465)	(24.156.022)

24. Assets Held For Sale and Discontinued Operations

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

Assets Held For Sale by Aksa Enerji Bolu Göynük Branch:

	30.06.2011	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

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Discontinued Operation of Aksa Enerji Bolu Göynük Branch:

	01.01.- 30.06.2011	01.01.- 30.06.2010
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	4.305.358
Belediyeler	TL	1.621	1.621
Bursa Turkey Electricity Distribution Company	TL	600	600
Commerzbank AG	EUR	1.000.000	2.349.200
Commerzbank AG	TL	350.000	350.000
Public Waterworks Administration	TL	3.076.000	3.076.000
Enerji Piyasası Düzenleme Kurumu	TL	100.322.154	100.322.154
Electricity Generation Co. Inc. (EÜAŞ)	USD	28.989.873	47.259.291
Gediz Electricity	TL	15.570	15.570
Gümrük Müsteşarlığı	EUR	250.000	587.300
Halkalı Gümrüğü	TL	10.965	10.965
İskenderun Demir Çelik	TL	11.703.812	11.703.812
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	4.890.600
K.K.T.C. Maliye Bakanlığı	TL	15.000	15.000
Ortadoğu Antalya	USD	300.000	489.060
Sakarya Electricity Distribution Company	TL	98.305	98.305

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	Foreign Currency	Currency Amount	TL Equivalent
Samsun Turkey Electricity Distribution Company	TL	26.862	26.862
TEİAŞ Araştırma Planlama	TL	421.008	421.008
Türk PrysmianKablo ve Sistemleri	TL	340.000	340.000
Turkey Electricity Transmission Company (TEIAS)	TL	3.247.664	3.247.664
Turkey Electricity Transmission Company (TEIAS)	USD	4.068.729	6.632.841
Türkiye Kömür İşl. Kurumu	TL	10.554.634	10.554.634
Uludağ Electricity	TL	410.000	410.000
Yeşilirmak Electricity	TL	1.024.967	1.024.967
			198.272.911

b) Guarantees given for the Group's loans

Guarantee	Foreign Currency	Currency Amount	Total (TL)
Mortgage ^(*)	EUR	12.000.000	28.190.400
Commercial Enterprise Pledge ^(**)	USD	133.000.000	216.816.600
Machinery and Equipment Pledge	EUR	24.914.673	58.529.550
Bank Deposit Blockage	EUR	1.300.000	3.053.960
Surety Ship	TL	--	433.813.248
Surety Ship	USD	905.853.965	1.476.723.134
Surety Ship	EUR	94.475.737	221.942.401
Assignment of Claim	TL	--	240.000.000
Total			2.679.069.293

^(*) 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 June 2011, the amount of corporate guarantees granted to Kazancı Group companies in relation to their bank loans were at TL 2.043.009.029 (31.12.2010: TL 1.579.751.706).

As of 30 June 2011, there was 5 lawsuits pending in favour of the Group at the amount of TL 4.227.686 and there were 32 law suits pending against the Group at the amount of TL 2.545.014.

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

The table below summarizes the foreign monetary position risk of the Group as of 30 June 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:

30.06.2011	USD	EUR	CHF	GBP	JPY	TL Equivalent
Cash in hand	4.329	13.037	-	-	-	37.683
Cash at banks	7.340.430	4.673.662	91	12.679	53.460	22.980.092
Trade receivables (included related parties)	-	20.100	-	-	-	47.219
Due from related parties	13.417.399	274.243	-	-	-	22.517.296
Other current assets	391.979	1.730.032	-	-	-	4.703.195
Other non-current assets	308.395	-	-	-	-	502.746
Total foreign currency assets	21.462.532	6.711.074	91	12.679	53.460	50.788.231
Financial liabilities	543.976.468	139.231.893	-	-	-	1.213.873.998
Trade payables	313.214	95.020	-	-	-	733.823
Total foreign currency liabilities	544.289.682	139.326.913	-	-	-	1.214.607.821
Net foreign currency position	(522.827.150)	(132.615.839)	91	12.679	53.460	(1.163.819.590)

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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)

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Supplementary Disclosures on financial instruments

(a) Capital Management Policies and Procedures

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

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

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

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

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

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

	30.06.2011	31.12.2010
Total financial liabilities	1.284.483.663	1.216.613.979
Less: cash and cash equivalents	(45.355.406)	(78.323.598)
Net financial debt	1.239.128.257	1.138.290.381
Total equity	813.923.298	918.567.263
Total financing used	2.053.051.555	2.056.857.644
Gearing ratio (net financial debt to overall financing used ratio)	60%	55%

(b) Financial instruments and categories

Financial assets		
Cash and cash equivalents	45.355.406	78.323.598
Trade receivables	96.786.305	113.026.263
	142.442.162	191.349.861
Financial liabilities		
Financial payables	1.284.483.663	1.216.613.979
Trade payables	243.953.814	197.630.971
	1.528.437.477	1.414.244.950

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(c) Market risk

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

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

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

(d) Foreign currency risk

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

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

(e) Interest rate risk management

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

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

(f) Price risk

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

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Appendix 1

Related parties of the Group are shown below:

- 1 Afyon Doğal Gaz Dağıtım A.Ş.
- 2 Akxa Ankara Makina Satış ve Servis A.Ş.
- 3 Akxa CNG Sıkıştırılmış Doğal Gaz Dağ. İletim ve Satış A.Ş.
- 4 Akxa Doğal Gaz Toptan Satış A.Ş.
- 5 Akxa Doğalgaz Dağıtım A.Ş.
- 6 Akxa Elektrik Perakende Satış A.Ş.
- 7 Akxa Elektrik Toptan Satış A.Ş.
- 8 Akxa Far East Pte Ltd.
- 9 Akxa Gaz Dağıtım A.Ş.
- 10 Akxa Göynük Enerji Üretim A.Ş.
- 11 Akxa Havacılık A.Ş.
- 12 Akxa International Ltd.
- 13 Akxa Jeneratör Sanayi A.Ş.
- 14 Akxa Makina Sanayi A.Ş.
- 15 Akxa Power Generation Co.
- 16 Akxa Power Generation Fze.
- 17 Akxa Satış ve Pazarlama A.Ş.
- 18 Akxa Servis ve Kiralama A.Ş.
- 19 Akxa Teknoloji A.Ş.
- 20 Akxa Televizyon Hizmetleri A.Ş.
- 21 Akxa Tokat Amasya Doğal Gaz Dağıtım A.Ş.
- 22 Akxa 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 Akxa Elektrik Hizmetleri A.Ş.
- 31 Çoruh Elektrik Dağıtım A.Ş.
- 32 Deriş İnşaat A.Ş.
- 33 Doust Company (Iraq)
- 34 Düzce Ereğli Doğal Gaz Dağıtım A.Ş.
- 35 Elazığ Doğalgaz Dağıtım A.Ş.
- 36 EURL AKSA Generateurs
- 37 Fırat Akxa 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.