AYEN

AYEN ENERJİ A.Ş.

2013

ANNUAL REPORT

TABLE OF CONTENT

FOREWORD

The total energy generation in Turkey reached 239.29 billion kWh in 2013 with an increase by 0.1% compared to 2012 while the energy consumption became 245.48 billion kWh with a 1.3% increase.

The peak demand, which was 39,045 MW in 2012, on the other hand, decreased by 2% and took place as 38,274 MW in 2013.

As can be seen from these figures, there are not many power plants that were commissioned and put into commercial operation in 2013 from those under construction.

Despite an upward trend in foreign exchange rates due to the financial crises experienced in the world, which have also taken effect in our country, the fact that parallel changes have not taken place in the domestic derivatives of energy, which constitute a major part of the foreign trade deficit, has adversely affected energy companies.

Our Company continued generating energy in its currently operating power plants in 2013. The MORDOĞAN WPP with an installed capacity of 30.75 MW was commissioned on September 27, 2013. With respect to the KORKMAZ WPP with an installed capacity of 24 MW, on the other hand, a delay was experienced due to certain reasons originating from the government and it is expected to be commissioned during the first half of 2014.

On the other hand, the feasibility negotiations with DSI (the General Directorate of State Hydraulic Works) are continuing related to the 70 MW ÇANKAYA HEPP.

The Fan River Basin Hydroelectricity Power Plants owned by AYEN AS ENERGJI SHA, an overseas subsidiary, is still under construction.

As AYEN ENERJI, we are continuing with our current investments as well as our operations towards new investments that are feasible.

Fahrettin Amir ARMAN

General Manager

AYEN

AYEN ENERJİ A.Ş.


ALBANIA • AYEN AS ENERGJI SHA
GUMUSHANE • Buyukduz HEPP
ANKARA • Ostim Combined Cycle Natural Gas Power Plant
IZMIR • Mordogan WPP
IZMIR • Korkmaz WPP
KAYSERI • Camlica HEPP
AYDIN • Akbuk WPP
AYDIN • Akbuk II WPP
INVESTMENTS
POWER PLANTS

THE AGENDA FOR THE 2013 ORDINARY GENERAL ASSEMBLY OF SHAREHOLDERS

MARCH 31, 2014

1. Opening and election of the General Assembly Committee,
2. Authorization of the General Assembly Committee for the execution of the minutes of the General Assembly of Shareholders,
3. Presentation, discussion, and approval of the Annual Report 2013 prepared by the Board of Directors of the Company,
4. Presentation, discussion, and approval of the Independent Auditor's Report Summary for the 2013 accounting period,
5. Presentation, discussion, and approval of the Financial Statements for the 2013 accounting period,
6. Approval of the appointment to the Board of Directors pursuant to Article 363 of the Turkish Commercial Code,
7. Releasing of the Board of Directors' members severally for the 2013 operations, transactions, and accounts of the Company,
8. Presentation, discussion, and submission for approval of the "Profit Distribution Policy" of the Company concerning 2014 and subsequent years pursuant to the regulations of the Capital Market Board,
9. Discussion and approval of the proposal resolution to be taken by the Board of Directors of the Company concerning Profit Distribution for 2013,
10. Election of Independent Board of Directors' Members,
11. Briefing of the Shareholders about the "Wage Policy" for the Board of Directors' Members and Senior Executives as well as the executives with Administrative Liability and the payments made within the scope of this policy as required by the Corporate Governance Principles,
12. Determination of the wages to be paid to Board of Directors' Members during their terms office,
13. Approval of the designation of an Independent Audit Firm by the Board of Directors pursuant to the Turkish Commercial Code and the regulations of the Capital Market Board,
14. Discussion and approval of the "Proposed Amendment to the Articles of Association" prepared by the Board of Directors of the Company concerning Articles 8, 20, and 21 of the Articles of Association,
15. Briefing of the Shareholders about the donations made by the Company in 2013 and determination of a cap for the donations to be made in 2014,
16. Authorization of controlling shareholders, Board of Directors' Members, and senior executives of the Company as well as their blood or non-blood relatives up to the second degree pursuant to Articles 395 and 396 of the Turkish Commercial Code and briefing of the Shareholders on the transactions carried out within this scope in line with the Corporate Governance Communiqué of the Capital Market Board in 2013,
17. Briefing of the Shareholders on the transactions carried out with the related parties within the scope of the Corporate Governance Communiqué no II-17.1 of the Capital Market Board in 2013,
18. Briefing of the Shareholders about the fact that no incomes or advantages were obtained with the guarantees, pledges, and mortgages established in favor of third persons in 2013,
19. Wishes and requests,
20. Closing.

Principles of Preparation

The Annual Report has been prepared pursuant to the Communiqué Serial No: II-14.1 on the Guidelines for Financial Reporting in the Capital Market issued by the Capital Market Board and the "Regulation on Determining the Minimum Content of Annual Reports of Companies" issued by the Ministry of Customs and Trade.

Trade Name, Trade Registration Number, contact information for the central office and branches of the Company and the address of the Company website

AYEN ENERJİ ANONİM ŞİRKETİ

Date of establishment	: August 15,1990
Central Office	: Hülya Sokak No: 37 G.O.P. / ANKARA
Tel	: (312) 445 04 64
Fax	: (312) 445 05 02
e-mail	: ayen@ayen.com.tr
web	: www.ayen.com.tr
Capital	: TL 171,042,300
Trade Registration No	: 79297-Merkez
Chamber of Industry Registration No	: 520264.34
Tax Office / Registration No	: Cumhuriyet-119 004 5930
Purpose and Subject of Activity	: Generation and trade of electricity.

The Company does not have any branches.

Organization Structure of the Company

The company has been organized as a "Group" of companies including its subsidiaries Ayen Ostim Enerji Üretim A.Ş., Kayseri Elektrik Üretim Sanayi ve Ticaret A.Ş., Ayen Elektrik Ticaret A.Ş., Aksu Temiz Enerji elektrik Üretim Sanayi ve Ticaret A.Ş., Ayel Elektrik Üretim Sanayi ve Ticaret A.Ş., Araklı Doğalgaz Enerji Üretim Sanayi ve Ticaret A.Ş., Ayen Doğalgaz Enerji Üretim Sanayi ve Ticaret A.Ş. Ayen Enerji Anonim Şirketi, and Ayen AS Energji SHA, a company incorporated in accordance with the laws of Albania, all of which operate in the same sector and are included in the consolidated financial statements.

SHAREHOLDING STRUCTURE

Capital and shareholding structures of the Company and changes related to these structures within the accounting period

The shareholding structure of the Company as of December 31, 2013 and December 31, 2012 is as follows.

SHAREHOLDER	SHARE (%)	NUMBER OF SHARES	AMOUNT OF SHARES	CLASS OF SHARES
Aydıner İnşaat A.Ş.	56,8738023	9.727.825.965	97.278.259,65	A
Aydıner İnşaat A.Ş.	28,1038374	4.806.945.000	48.069.450,00	B (non-trading shares)
Mehmet AYDINER	0,0000451	772.200	7.722,00	A
Fatma Nirvana AYDINER	0,0000169	289.575	2.895,75	A
Ömer Ali AYDINER	0,0000169	289.575	2.895,75	A
Turhan AYDINER	0,0000169	289.575	2.895,75	A
Turgut AYDINER	0,0000147	250.965	2.509,65	A
Fahrettin Amir ARMAN	0,0000012	2.145	21,45	A
Halka Açık Kısım	15,0222486	2.567.565.000	25.675.650,00	B (publicly traded)
Toplam:	%100	17.104.230.000	171.042.300,00	

The registered capital of company is TL 171,042,300.00 (one hundred and seventy one million forty two thousand and three hundred Turkish Liras) divided into 17,104,230,000 shares with a nominal value of 1 (one) Turkish kurus each. From these, 9,729,720,000 shares are Class (A) registered shares and of all Class (B) shares 2,567,565,000 are bearer and publicly traded shares, and 4,806,945,000 are registered and non-traded shares.

Preferential shares

a) Pursuant to Article 10 of the Articles of Association, the Board of Directors comprises of at least 7 (seven) members, elected by the General Assembly, of whom 5 (five) are nominated among Class (A) shareholders.
b) Pursuant to Article 13 of the Articles of Association, each Class (A) shareholder has 15 (fifteen) votes per share at the Ordinary and Extraordinary General Assembly meetings.
c) Attendance of at least 50% of Class (A) shareholders will be required for quorum at General Assembly meetings.

No changes took place in the shareholding structure of the Company within this operation period.

Management Body, Senior Executives, their limits of authority and terms of duty,

The operations and administration of the Company are carried out by the Board of Directors comprising of at least 7 (seven) members, elected by the General Assembly, of whom 5 (five) are nominated among Class (A) shareholders.

BOARD OF DIRECTORS

FULL NAME	TITLE	TERM OF DUTY
Mehmet Aydıner	Chairman of the Board of Directors	3 years starting from May 08, 2013
Turgut Aydıner	Vice Chairman of the Board of Directors	3 years starting from May 08, 2013
Ayşe Tuvana Aydıner Kıraç	Member of the Board of Directors	3 years starting from May 08, 2013
Ömer Ali Aydıner	Member of the Board of Directors	3 years starting from May 08, 2013
Fahrettin Amir Arman	Member of the Board of Directors, General Manager	3 years starting from May 08, 2013
Metin Bostancıoğlu	Independent Member of the Board of Directors	1 year starting from May 08, 2013
Kadir Nejat Ünlü	Independent Member of the Board of Directors	1 year starting from May 08, 2013

AUDIT COMMITTEE

FULL NAME	TITLE
Kadir Nejat Ünlü	Chairman of the Committee
Metin Bostancıoğlu	Member

CORPORATE GOVERNANCE COMMITTEE

FULL NAME	TITLE
Metin Bostancıoğlu	Chairman of the Committee
Mehmet Aydıner	Member
Turgut Aydıner	Member

EARLY DETECTION AND ASSESSMENT OF RISK COMMITTEE

FULL NAME	TITLE
Metin Bostancıoğlu	Chairman of the Committee
Mehmet Aydıner	Member
Ayşe Tuvana Aydıner Kıraç	Member

The Board of Directors manages and represents the company. In order for any document to be issued or any contract to be entered into by the Company to be valid it should bear the signatures of at least two authorized signatories of the Company underneath its common seal.

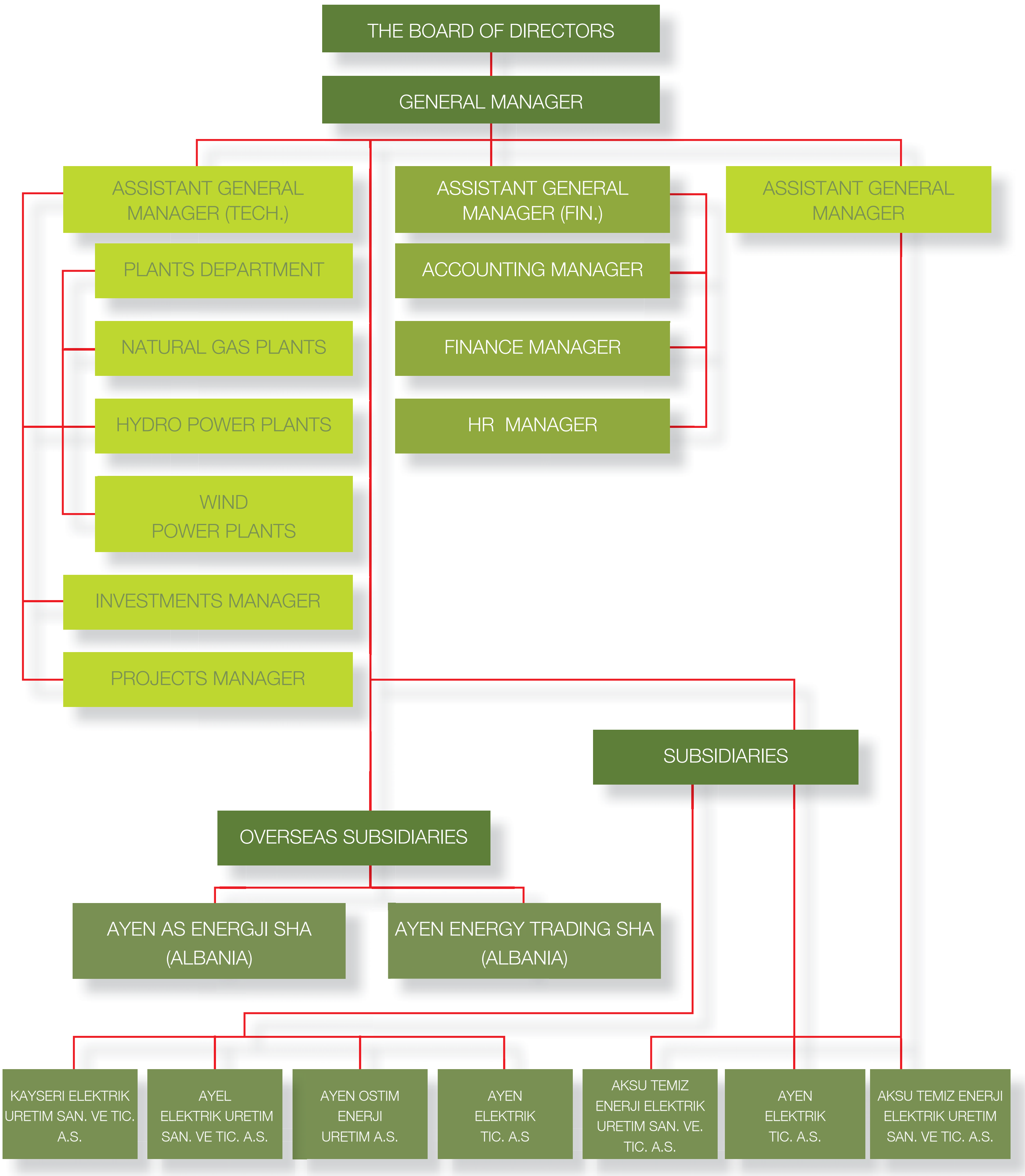
Those who shall represent and bind the Company as well as their degrees of authority and duties shall be determined, registered, and promulgated by the Board of Directors pursuant to the Turkish Commercial Code, the Capital Market Law, and the regulations thereof.

The Board of Directors may, through a power of attorney, grant the authorities to represent and bind the Company in whole or in part to any Member of the Board of Directors or any third person.

Mehmet Aydıner, the Chairman of the Board of Directors of the Company, and Turgut Aydıner, Ayşe Tuvana Aydıner Kıraç, Ömer Ali Aydıner, Fahrettin Amir Arman, the Members of the Board of Directors, are all Executive Members and they perform the same duty in our subsidiaries as well.

No actions or transactions were carried out in 2013 with regard to allowing controlling shareholders, Board of Directors' Members, and senior executives of the Company as well as their blood or non-blood relatives up to the second degree to perform transactions that might cause any conflicts of interest or to compete with the Company or its subsidiaries.

ORGANIZATION CHART



There has been no transactions realized by the Board of Directors' members on their or someone else's behalf that would contradict with the non-transaction with the Company requirement.

Article 25 of the Law No. 6103 on the Effectiveness and Enforcement of the Turkish Commercial Code requires that any director who was elected to represent a legal entity in the Board of Directors should resign. Therefore, Ayşe Tuvana Aydıner Kıraç, who was elected to represent Aydıner İnşaat A.Ş. in our Board of Directors, resigned as of May 10, 2013. The Board of Directors of our Company resolved during its meeting held on May 10, 2013 to appoint Aydıner İnşaat A.Ş. as a member of the Board of Directors in compliance with Article 363 of the Turkish Commercial Code No. 6102, to appoint Tuvana Aydıner Kıraç nominated by Aydıner İnşaat A.Ş. to represent the entity, and to submit this Board of Directors' membership proposal to the next General Assembly for approval.

Main factors affecting the performance of the Company, material changes to environment in which the Company operates, policies implemented by the Company against such changes, investment and dividend policy applied by the Company to improve its performance

The Company operates in the energy sector. The vulnerabilities and fluctuations taking place in the global economy also affect the national economy and consequently the energy sector. The decline in the electricity demand has an adverse impact on the electricity sector in terms of both price and sales.

Furthermore; the dry period we are in has affected generations negatively for hydroelectricity power plants. The extreme rise in the foreign exchange rates particularly during the 3rd and 4th quarters of 2013 increased the electricity and credit costs. Since the retail sales price of electricity is indexed on TL, the prices remained fixed. This affected the performance of our Company.

The dividend policy of the Company is described in the attached Corporate Governance Compliance Report.

The Sources of Finance of the Company

The sources of finance of the Group comprise of the incomes obtained from the sales of electricity to the public and eligible consumers under contracts.

The Group meets its cash requirements with the cash it obtains from its operations. The cash for investment operations is used within the scope of long termed project loans. The payment plans of long termed project loans obtained are established in a way that such payments are made with the sales incomes of the electricity generated in the power plant for which the loan was used after the relevant power plant is put in commercial operation. Thus the liquidity risk is minimized.

The cash flows obtained by the Group from its principal operations during the 2013 period are included in detail within the 2013 consolidated financial statements.

Risk management policies of the Company

During the Board of Directors' meeting held on May 27, 2013 an Early Detection and Assessment of Risk Committee was resolved to be formed within the structure of the Board of Directors pursuant to the Capital Market Board Communiqué (Serial IV No 56) on the Determination and Implementation of Corporate Governance Principles.

The risks detected within the structure of the group are explained in detail below.

• Operational risks

- Risk originating from clients

The entire amount of the electricity generated by the Çamlıca I HEPP and Yamula HEPP is sold to Türkiye Elektrik Ticaret ve Taahhüt A.Ş. (TETAŞ). TETAŞ provides a purchase guarantee for the electricity generated by the Group.

The energy prices are collected within 30 days following delivery based on the foreign exchange rate effective on the date of payment and a regular cash flow can be ensured as a result.

The prices for the electricity sold by the Ostim Natural Gas Power Plant, the Akbük Wind Power Plant, the Aksu Wind Power Plant, and the Büyükdüz HEPP, on the other hand, are determined by taking the prices set in compliance with the Electricity Market Balancing and Settlement Regulation (DUY). The invoice amounts are paid within 7 business days following the date of delivery of the invoice by the Market Operator (PMUM). Any delays in payments are calculated pursuant to the delay provisions applied by PMUM and collected against invoice.

In addition, electricity is also sold to eligible consumers under bilateral agreements. The price is set by negotiation on the basis of the tariffs of TEDAŞ by applying a certain rate of discount. The average collection period for the invoices is 15 days. The risks are minimized with the use of Letters of Guarantee and various other instruments.

- Risks originating from the product (supply, generation, distribution and logistics, sales, quality, etc.)

Ensuring security of supply for electricity is the responsibility of the relevant governmental agencies and distribution companies.

- Risks arising from external factors (competition risk)

We have a unit operating within the structure of the Group to maintain our competitive advantage and to perform price analyses. The credibility of potential clients is analyzed and supply agreements are made on the basis of a risk classification. This way we aim to create a long termed relationship with our clients where we can maintain our competitive advantage.

• Financial risks

The management of the financial risks to which the Group is exposed is explained in the annotations of the Consolidated Financial Statements.

• Legal risks

All legal consequences are evaluated by the top management before starting any actions and transactions realized with the aim of carrying out principal operations. The Group carries out its operations based on the recommendations of its legal advisors in order to eliminate any legal risks it might face because of its operations.

• Risks or Hazards imposed on Stakeholders and the Environment by the Company

We bear in mind that occupational health, safety and environmental controls constitute an indispensable and active part of our overall operations and we place importance on occupational health, safety and environmental practices.

We comply with all applicable laws, legislations, and regulations of all countries in which we operate.

We put emphasis on ensuring that all of our employees receive proper occupational health, safety and environmental training. We aim to improve our occupational health, safety and environmental performance on a continuous basis..

Other matters not included in the Financial Statements, which might however, be useful for users

Included in the annotations of the Consolidated Financial Statements dated December 31, 2013 prepared by the Group.

Material events taking place after the closing of the January 01 – December 31, 2013 accounting period until the date of the General Assembly meeting during which the relevant financial statements are to be discussed

The Board of Directors of Ayen Enerji A.Ş. resolved during the meeting held on February 12, 2014 to amend Articles 8, 20, and 21 of the Articles of Association of the Company in order to ensure compliance with the Electricity Market License Regulation issued by the Energy Market Regulatory Authority. The necessary applications were made to the Energy Market Regulatory Authority and the Capital Market Board with this aim and assents of both agencies were obtained. These amendments shall be submitted for approval at the 2013 ordinary general assembly meeting to be held on March 31, 2014 after the required permissions are obtained from the Ministry of Customs and Trade.

Report on Compliance with Corporate Governance Principles

Provided attached to this Report.

Research and development activities carried out

No R&D activities were carried out during the operation period of the Group.

Amendments made to the Articles of Association during the Period and the grounds for such amendments

The Amendment to the Articles of Association, which was approved during the 2012 Ordinary General Assembly Meeting held on May 08, 2013, was made with the aim of ensuring compliance with the CMB Communiqué Serial IV No 56 on Corporate Governance and the Turkish Commercial Code no 6012.

Capital Market Instruments issued

None.

Sector in which the Company Operates and its place in this sector

Ayen Enerji A.Ş. was established to generate, transmit, distribute, and trade electricity energy in 1990 and its shares started to be traded at the Istanbul Stock Exchange after its initial public offering within 2000.

A GLANCE AT THE ENERGY SECTOR

The main objective of the energy policy of Turkey is to supply the electricity power, which occupies an undisputable place in our economic and social lives, to all consumers in a sufficient, continuous, cost-efficient manner by taking into consideration the relevant matters of environmental consciousness

In line with this aim, the works for establishing a competitive free market will continue, practices towards realizing new generation investments , which will be commissioned to meet the electricity power demand, within the market structure, in harmony with the resource priorities of the energy policy, and under sustainable conditions will be accelerated, electricity transmission and distribution services will be ensured to be provided in a quality and sufficiency that would meet the consumer satisfaction, the generation and distribution privatizations, which are among the instruments for establishing a competitive market, will be completed, and an electricity market based on competition and operating within the framework of free market rules will be established.

The following principles will be complied with in the structuring of the electricity sector and the operation of the market;

- Establishing and sustaining the market structure and the market activities in a way to ensure security of supply;
- Taking climate change and environmental impacts into consideration for activities in all areas of the sector in line with the objective of establishing a sustainable electricity market;
- Minimizing losses in the generation, transmission, distribution, and use of electric energy, increasing efficiency, reducing electric energy costs through the competition environment to be established taking as basis the resource priorities of the energy policy and providing the electricity service to consumers at more reasonable costs with the help of the gains to be obtained in this manner;
- Encouraging new technologies, ensuring resource diversity, and using domestic and renewable resources to the maximum extent in order to decrease foreign source dependency in energy supply;
- Increasing the share of domestic contribution in investments to be made in the sector.

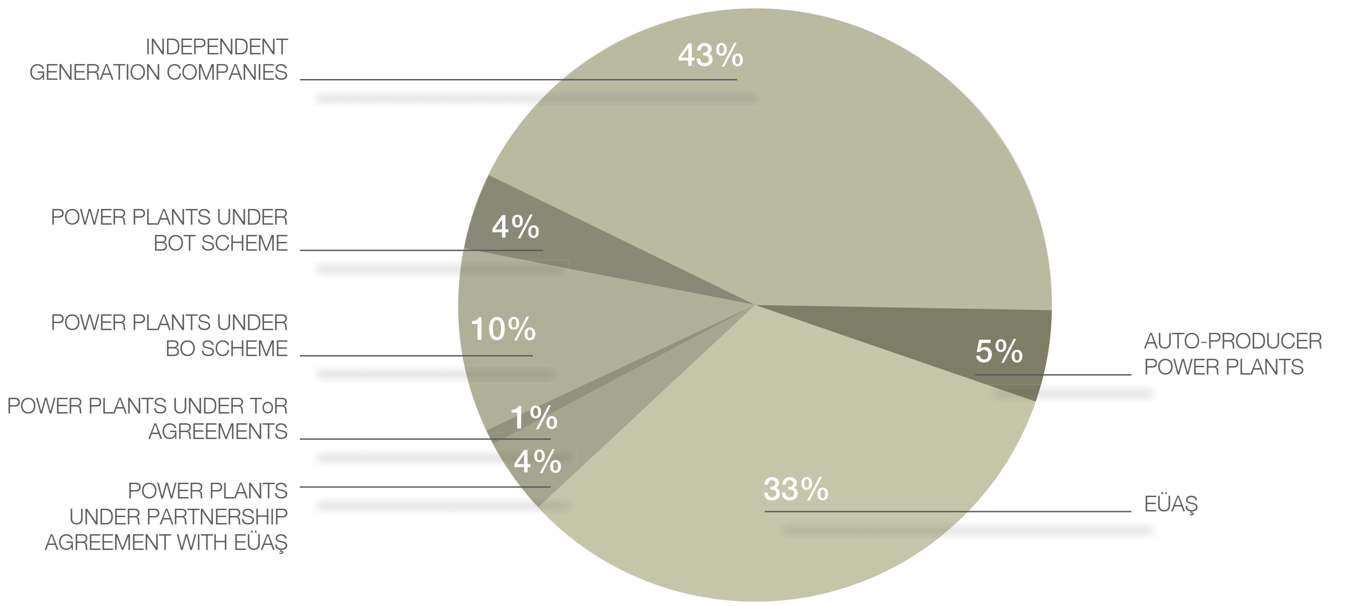
Power plants with an installed capacity of 6,984.6 MW commissioned as of the end of 2013 and the Total Installed Capacity of Turkey reached 64,044.0 MW.

LECTRIC ENERGY IN TURKEY
INSTALLED CAPACITY BY PLANT AND FUEL TYPE

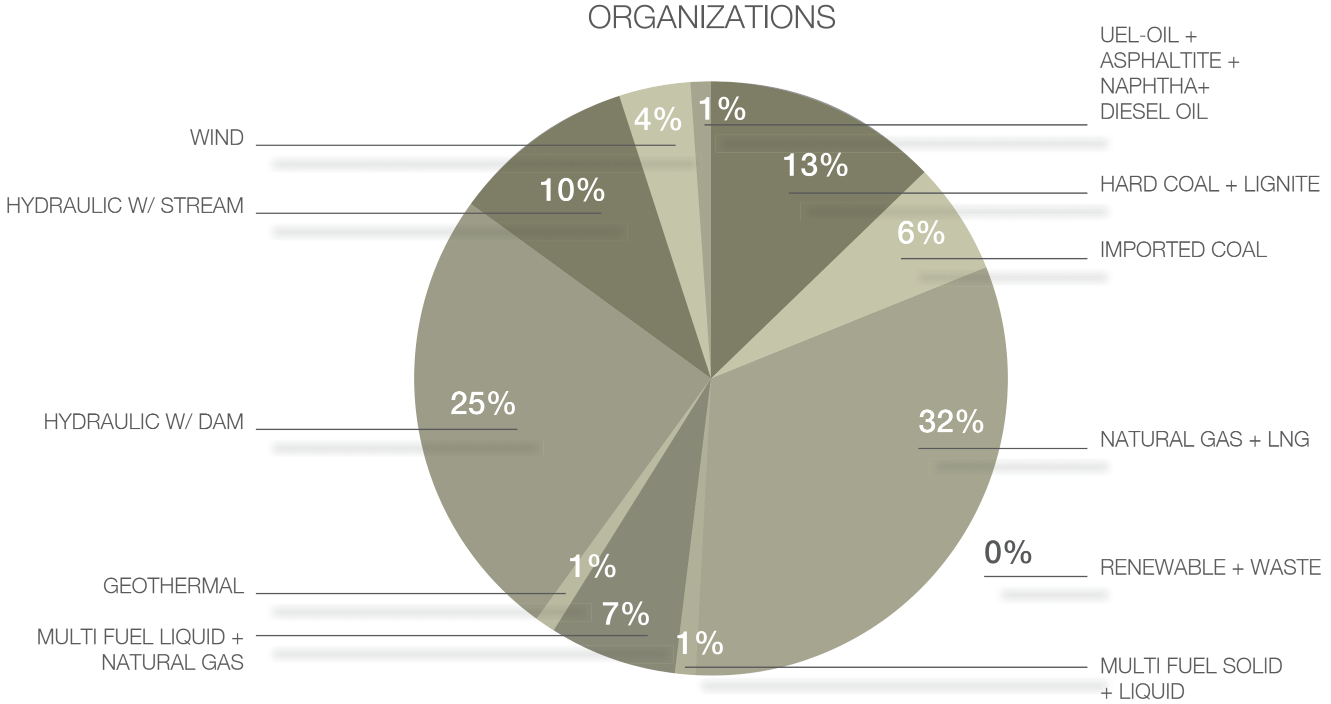
ORGANIZATIONS	END OF 2013		
	INSTALLED CAPACITY MW	NUMBER OF PLANTS CONTRIBUTION %	NUMBER OF PLANTS
EÜAŞ	21,068.8	32.9	83
POWER PLANTS UNDER PARTNERSHIP AGREEMENT WITH EÜAŞ	2,714.0	4.2	4
POWER PLANTS UNDER ToR AGREEMENTS	937.5	1.5	52
POWER PLANTS UNDER BO SCHEME	6,101.8	9.5	5
POWER PLANTS UNDER BOT SCHEME	2,335.8	3.6	20
INDEPENDENT GENERATION COMPANIES	27,429.4	42.8	541
AUTO-PRODUCER POWER PLANTS	3,456.9	5.4	205
TOTAL	**64,044.0**	**100.0**	**910**

TYPES OF FUEL	END OF 2013		
	INSTALLED CAPACITY MW	NUMBER OF PLANTS CONTRIBUTION %	NUMBER OF PLANTS
FUEL-OIL + ASPHALTITE + NAPHTHA+ DIESEL OIL	708.3	1.1	21
HARD COAL + LIGNITE	8,515.2	13.3	20
IMPORTED COAL	3,912.6	6.1	7
NATURAL GAS + LNG	20,269.9	31.7	218
RENEWABLE + WASTE	236.9	0.4	39
MULTI FUEL SOLID + LIQUID	675.8	1.1	8
MULTI FUEL LIQUID + NATURAL GAS	4,365.8	6.8	45
GEOTHERMAL	310.8	0.5	13
HYDRAULIC W/ DAM	16,142.5	25.2	74
HYDRAULIC W/ STREAM	6,146.6	9.6	393
WIND	2,759.6	4.3	72
TOTAL	**64,044.0**	**100.0**	**910**

INSTALLED CAPACITY BY ORGANIZATIONS



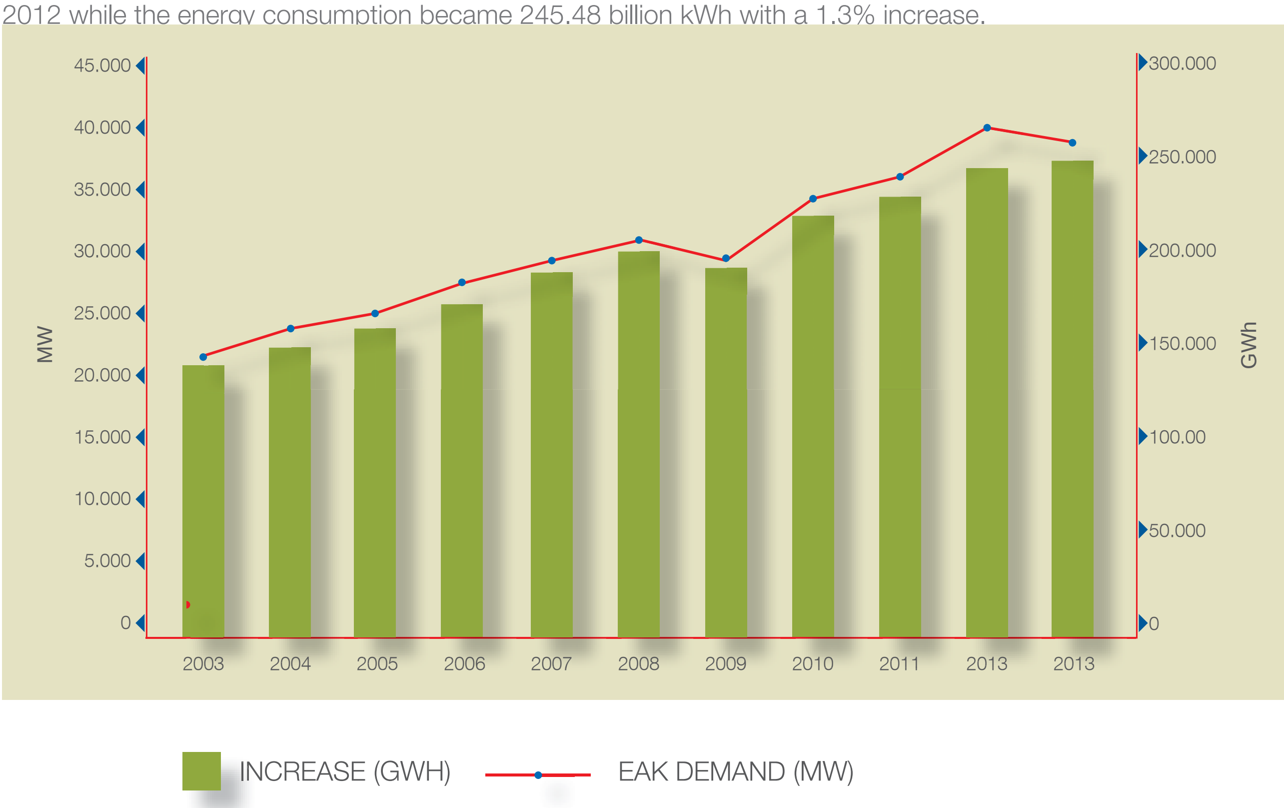
INSTALLED CAPACITY BY ORGANIZATIONS



The peak demand, which was 39,045 MW in 2012, decreased by 2% and took place as 38,274 MW in 2013.

TURKISH ELECTRICITY SYSTEM PEAK DEMAND AND ENERGY CONSUMPTION BETWEEN 2003 - 2013				
	EAK DEMAND (MW)	INCREASE (%)	ENERGY CONSUMPTION (GWh)	INCREASE (%)
2003	21.729	3,4	141.151	6,5
2004	23.485	8,1	150.018	6,3
2005	25.174	7,2	160.794	7,2
2006	27.594	9,6	174.637	8,6
2007	29.249	6,0	190.000	8,8
2008	30.517	4,3	198.085	4,3
2009	29.870	-2,1	194.079	-2,0
2010	33.392	11,8	210.434	8,4
2011	36.122	8,2	230.306	9,4
2012	39.045	8,1	242.370	5,2
2013	38.274	-2,0	245.484	1,3

The total energy generation in Turkey reached 239.29 billion kWh in 2013 with an increase by 0.1% compared to 2012 while the energy consumption became 245.48 billion kWh with a 1.3% increase.



DISTRIBUTION OF GENERATION BY ORGANIZATIONS AS OF THE END OF 2013 (GWh)

	2013	CONTRIBUTION %
EÜAŞ	66.040,6	27,6
POWER PLANTS UNDER PARTNERSHIP AGREEMENT WITH EÜAŞ	13.957,1	5,8
POWER PLANTS UNDER ToR AGREEMENTS	5.182,2	2,2
AUTO-PRODUCER POWER PLANTS	12.436,0	5,2
INDEPENDENT GENERATION COMPANIES	83.922,0	35,1
POWER PLANTS UNDER BO SCHEME	44.231,2	18,5
POWER PLANTS UNDER BOT SCHEME	13.524,1	5,7
TOTAL	**239.293,3**	**100,0**

DISTRIBUTION OF GENERATION BY RESOURCES AS OF THE END OF 2013 (GWh)

RESOURCES	2013	CONTRIBUTION %
COAL	60.844,1	25,4
NATURAL GAS + LNG	104.835,0	43,8
HYDRAULIC	59.245,8	24,8
WIND	7.517,6	3,1
RENEWABLE WASTE + GEO	2.253,2	0,9
OTHER - 1 (F.OIL + DIESELOIL + NAPHTHA + ASPHALTITE)	4.431,0	1,9
OTHER - 2 (MULTI FUEL SOLID + LIQUID + NATURAL GAS)	166,5	0,1
TOTAL	**239.293,3**	**100,0**

IMPORTS	7.425,0
EXPORTS	1.234,6
TOTAL CONSUMPTION OF TURKEY	**245.483,7**

5 YEAR GENERATION CAPACITY PROJECTION OF TURKISH ELECTRIC ENERGY

The demand projections made in the Turkish Electric Energy 5 year Generation Capacity Projection for 2013-2017 study, which was prepared on the basis of demand forecasts developed by the Ministry of Energy and Natural Resources in compliance with the Electricity Market Law No: 6446 and the Grid Regulations as a guide for market participants, were developed by the Türkiye Elektrik İletim A.Ş. (TEİAŞ) by using the Reference (Base), High, and Low Demand serials in line with the macroeconomic objectives.

On the basis of the high demand projection, it is expected that the energy demand, which was 245.5 billion kWh in 2013, would be 340.7 billion kWh in 2017 and 453.5 billion kWh in 2022. On the basis of the low demand projection, on the other hand, the energy demand was calculated to be 300.3 billion kWh in 2017 and 378 billion kWh in 2022.

The peak demand, which was 38,274 MW in 2013, is expected to reach 52,490 MW in 2017 and 69,880 MW in 2022 based on the high demand projection. Based on the low demand projection, on the other hand, the peak demand was calculated to be 46,270 MW in 2017 and 58,230 MW in 2022.

With respect to meeting such demand, two distinct scenarios were developed in relation with the power plants licensed by the EMRA, which are expected to be put into operation in the specified period, in addition to the existing operating plants and those still under construction. According to Scenario 1, with the addition of a total additional capacity of 18,717 MW, which comprises of 2,975 MW representing public power plants under construction and 15,743 MW representing private power plants under construction, the installed capacity would reach 75,477 MW during the 2013-2017 period.

According to Scenario 2, on the other hand, with the addition of a total additional capacity of 16,832 MW, which comprises of 2,975 MW representing public power plants under construction and 13,858 MW representing private power plants under construction, the installed capacity would reach 73,592 MW during the 2012-2021 period.

In conclusion, in case the energy demand reaches 318.7 billion kWh in 2017 according to Scenario “1 and Scenario 2, it will be possible to meet the energy demand with sufficient reserve until the end of the 5 year study period.

If the private sector projects that are licensed and still under construction representing 15,742.7 MW according to Scenario 1 and 13,857.7 MW according to Scenario 2 as well as the public generation plants under construction, which represent 2,974.6 MW are commissioned on their projected dates in addition to the existing electric energy generation system in operation at the end of 2013, it was calculated that the energy requirement would be met with sufficient reserve throughout the 5 year study period based on both scenarios.

PLACE OF AYEN ENERJİ A.Ş. IN THE ENERGY SECTOR

Ayen Enerji A.Ş. was established to generate, transmit, distribute, and trade electricity energy in 1990 and its shares started to be traded at the Istanbul Stock Exchange after its initial public offering within 2000.

Ayen Enerji A.Ş.

POWER PLANTS CURRENTLY IN OPERATION	
Hydroelectric	170,80 MW
Wind	134,25 MW
Natural Gas	41 MW
Total	**346,05MW**

ANNUAL ELECTRICITY GENERATION CAPACITY	
Hydroelectric	614.300.000 kWh
Wind	455.600.000 kWh
Natural Gas	280.000.000 kWh
Total	**1.349.900.000 kWh**

With the power plants expected to be commissioned until the end of 2014, the installed capacity and the generation capacity are expected to reach 370.05 MW and 1,422,900,000, respectively.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INVESTMENTS

Developments in investments, benefiting from incentives

The required field permissions related to the **Korkmaz WPP** with an installed capacity of 24 MW and an electric energy generation capacity of 73 million kWh based on wind energy were obtained within the scope of the Electricity Market Law no 4628 and the facility is planned to be put into commercial operation during the first half of 2014.

The constructions of the Fangut HEPP and Pesqeshit HEPP projects, which are from the Fan River Basin projects with an installed capacity of 110.7 MW and an electric energy generation capacity of 377,350,000 kWh being constructed by our overseas subsidiary **Ayen AS Energji SHA** established in the Republic of Albania, are continuing at a fast pace and these projects are planned to be put into commercial operation within 2015. The completion percentage of this project reached 30% as of the date of this Report.

Akbük II WPP: Our application for a 49 year license for the generation plant with an installed capacity of 20 MW and an electric energy generation capacity of 68,153,000 kWh based on wind energy, which will be established and operated in the Akbük locality of the Didim district of the province of Aydın within the scope of the Law no 4628, was approved by EMRA on October 20, 2011 and the construction works for the facility were started. This plant is planned to be put into commercial operation within 2015.

Ayen Erciyes Natural Gas Combined Cycle Power Plant: Our License application for the Natural Gas Combined Cycle Power Plant with an installed capacity of 518 MW and an electric energy generation capacity of 3,560,000,000 kWh, which is planned to be established and operated in the Ebiç-Mahzemin locality of the Kocasinan district of the province of Kayseri, was approved by EMRA on May 04, 2011. Our works related to this project are continuing.

Benefiting from Incentives

The Group has an Incentive Certificate covering VAT and Customs Tax exemptions, which was granted by the Ministry of Economy in relation with the Korkmaz WPP. In addition, the necessary applications were made to benefit from the tax incentives and exemptions granted under the laws of the relevant country for the Fan Basin HEPP projects being carried out in Albania and the necessary permissions are expected to be obtained.

OPERATIONS

Characteristics of the Generation Units of the Company, their Capacity utilization ratios, developments regarding the production of the goods and services that constitute the subject of activity, and the figures containing comparisons of quantities, qualities, sales, and prices with the figures of previous periods

GENERAL	ÇAMLICA (**)	AKBÜK	YAMULA (*)
Location of Plant	Zamantı River Kayseri	Didim Aydın	Kızılırmak River Kayseri
Type of Plant	River type with settling pond, covered and uncontrolled floodgate, regulator with no storage	Wind Power Plant	With Reserve
Installed Capacity	84 MW	31. 5 MW	100 MW
Annual Generation	429 million kWh	122,4 million kWh	422. 3 million kWh
Actual Generation in 2013 (net)	358 million kWh	98 million kWh	479 million kWh
Capacity Utilization Rate	85%	80%	100%

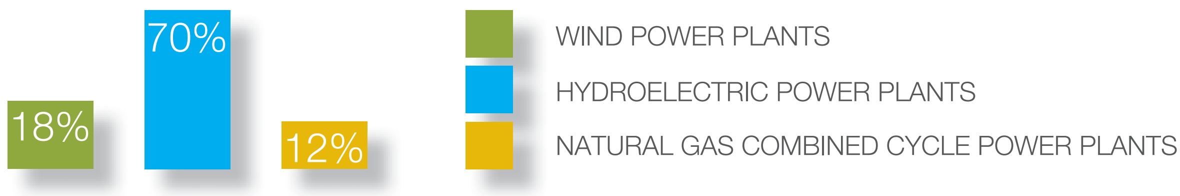
GENERAL	AYEN OSTİM	BÜYÜKDÜZ	AKSU	MORDOĞAN WPP (***)
Location of Plant	Ostim Ankara	Kürtün District Gümüşhane	Dikme Village Yahyalı Kayseri	Karaburun İzmir
Type of Plant	Natural Gas Combined Cycle Power Plant	River type with settling pond, covered and uncontrolled floodgate, regulator with no storage	Wind Power Plant	Wind Power Plant
Installed Capacity	41 MW	70. 8 MW	72 MW	30,75 MW
Annual Generation	280 million kWh	192 million kWh	237,2 million kWh	96 million kWh
Actual Generation in 2013 (net)	112 million kWh	129 million kWh	161 million kWh	13,8 million kWh
Capacity Utilization Rate	40%	68%	78%	

* The operation period for the Yamula HEPP is between August 01 – July 31.

** The operation of the Çamlıca HEPP was transferred to EÜAŞ on December 12, 2013 (at the end of the contract term). The share of the Çamlıca HEPP within our turnover for 2013 was below 5%

(***) Mordoğan WPP was put into commercial operation on September 27, 2013.

DISTRIBUTION OF GENERATION BY RESOURCES

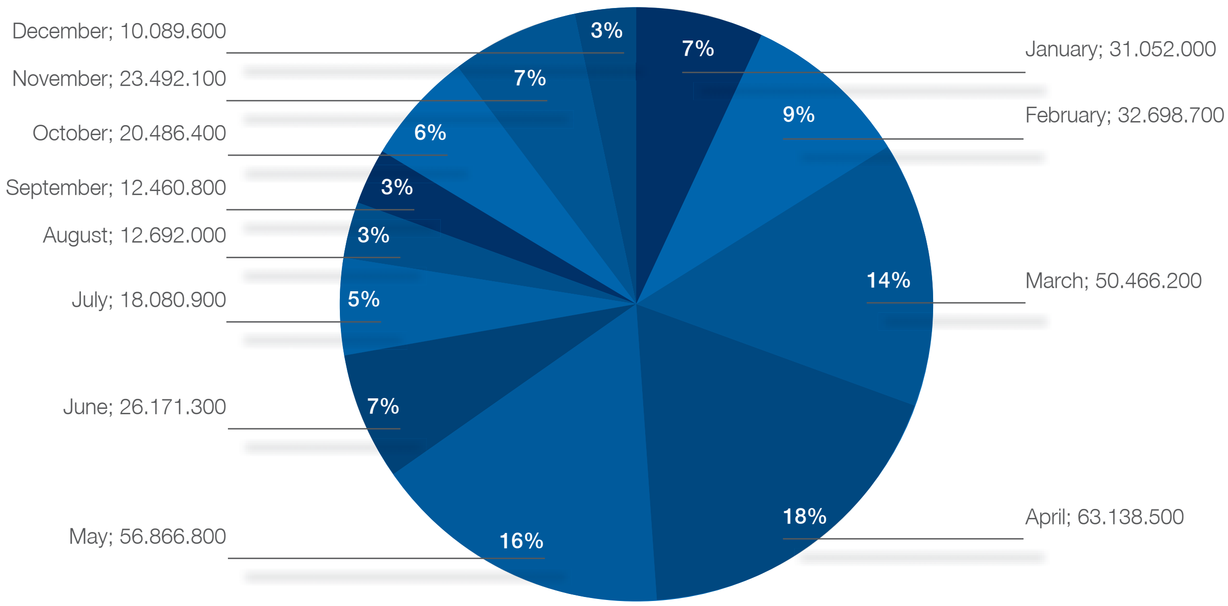


ÇAMLICA I HYDROELECTRIC POWER PLANT

The Çamlıca 1 HEPP is located on Zamantı, one of the main branches of the Seyhan River, in the Çamlıca Village of the Yahyalı District in the Province of Kayseri. The Facility is 42 km from Yahyalı and 150 km from Kayseri. The construction of Çamlıca I was started in 1995, and the plant was put into operation in December 1998. The installed capacity of the plant is 84 MW and its annual generation capacity is 429 m kWh. The Facility is capable of full-automatic operation without any personnel and can be monitored from our central office in Ankara. Since Çamlıca is a river type power plant and has no storage capacity like dams, the efficient use of water has further importance on operations.

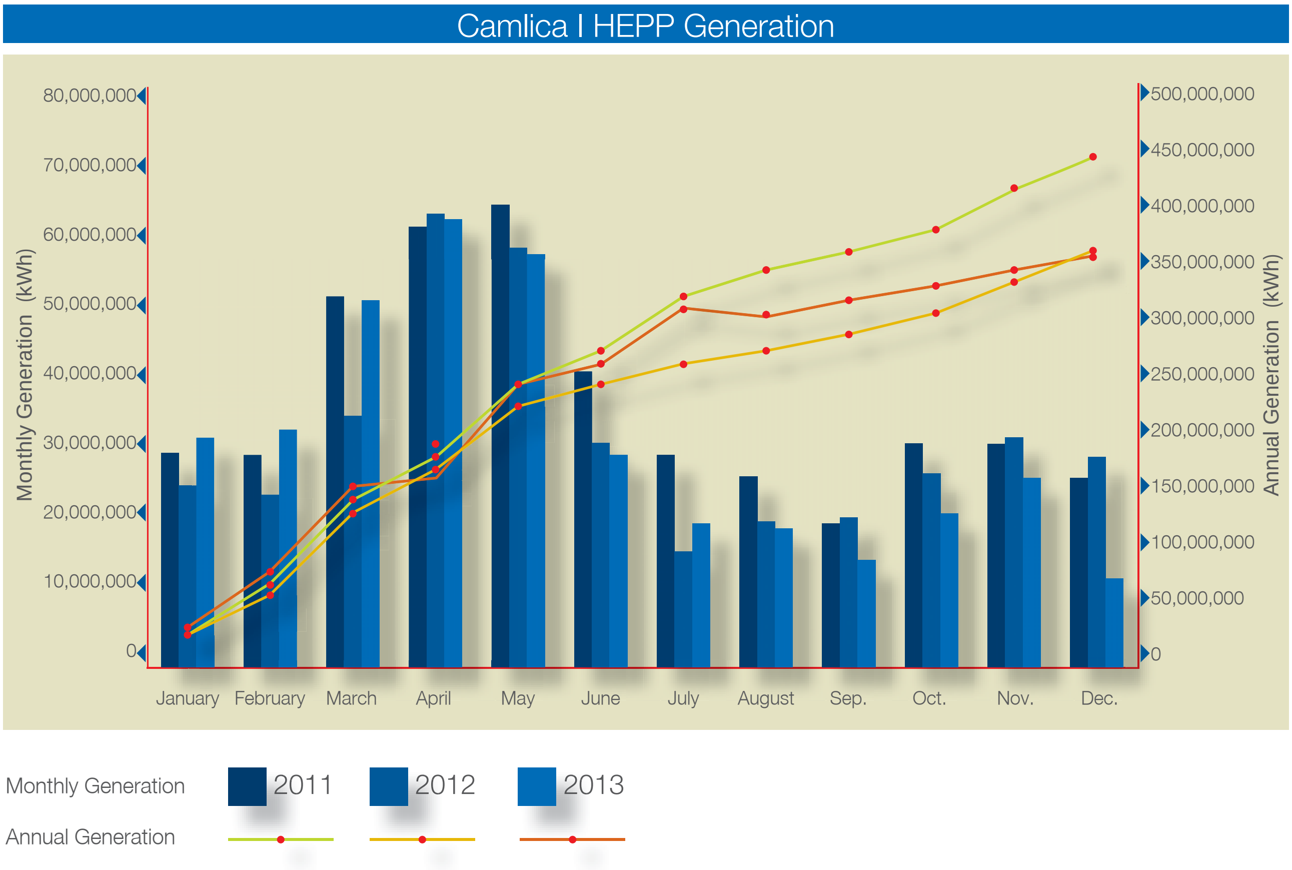
The Çamlıca HEPP was transferred to EÜAŞ (Electricity Generation Company) on December 12, 2013, upon the expiry of its contract term.

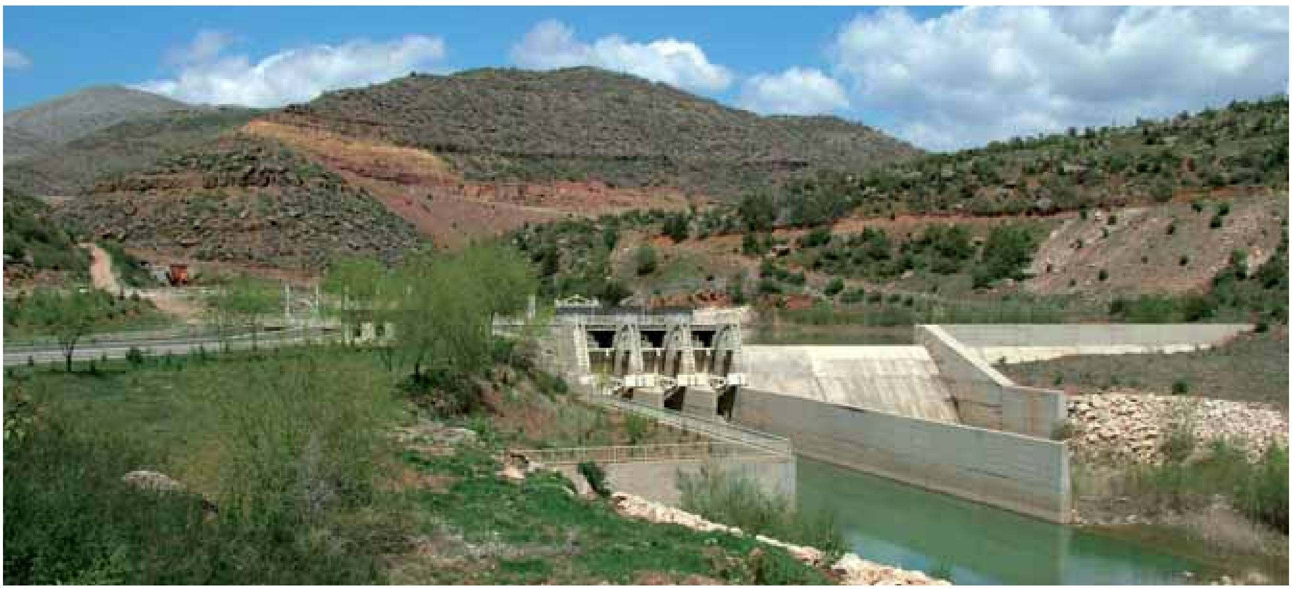
ÇAMLICA 1 HEPP
MONTHLY GENERATION IN 2013
(million kWh)



Çamlıca I HEPP Electricity Sales Price

The electricity sales price is determined annually with a contract during the operating period. The price is increased every year by 70% of the rise in the USA Consumer Price Index. Under the contract, if the generation realized at the end of the year is below the generation anticipated in the feasibility study, the difference is compensated by the Ministry of Energy and Natural Resources. If the generation is more than the quantity specified in the feasibility study the excess energy is sold for ¼ of the price set for that year. Moreover, the annual generation anticipated in the feasibility study is revised according to the last three years' average generation and the price is readjusted by the Ministry of Energy and Natural Resources by keeping the total income constant.





CAMLICA I HYDROELECTRIC POWER PLANT

Plant Location	: On Zamanti River within the province of Kayseri
Plant Type	: Gated weir with overfall spillway and silting tank
Nominal Water Elevation	: 1,193,85 m
Maximum Water Elevation	: 1,193. 85 m
Spillweir Discharge Capacity	: 400 m3/sec
Regulator Type	: Radial Gate Concrete
Number of Silting Tanks	: 3
Diversion Tunnel Length	: 10,483 m
Diversion Tunnel Type	: Concrete Covered Horseshoe Section
Diversion Tunnel Inner Diameter	: 3.60 m
Diversion Tunnel Nominal Flow	: 35 m^3/sec
Surge Tank Diameter	: 22.0 / 12.5 m
Surge Tank Volume	: 2000 m^3
Penstock Diameter	: 3.25 / 3.00 / 2.75 m
Penstock Length	: 914 m

TURBINES	
Number and Type of Units	: 3-Vertical Axis Francis
Gross Fall	: 331 m
Net Fall (Single Unit)	: 325 m
Net Fall (Three Units)	: 295 m
Turbine Nominal Power	: 28 MW
Installed Power	: 84 MW
Speed	: 750 rpm
Turbine Discharge	: 11.66 m^3/sec
Total Discharge	: 35 m^3/sec
Specific Water Factor	: 1.30 m^3/kWh

GENERATORS	
Number and Type of Units	: 3-Three-phased Extending Pole, Synchronous
Power	: 31. 5 MVA
Power Factor	: 0. 90
Output Voltage	: 10600 V
Rotation	: 750 rpm
Frequency	: 50 Hz

TRANSFORMERS	
Number and Type of Units	: 3-Oil-cooled, External Type
Cooling System	: ONAN/ONAF
Power	: 32-40 MVA
Voltage	: 10.6 / 154 ± 3 x 2.5 % kV
Power for Internal Transformer	: 2 x 630 kVA

ANNUAL ENERGY GENERATION: 429,000,000 kWh


AYEN

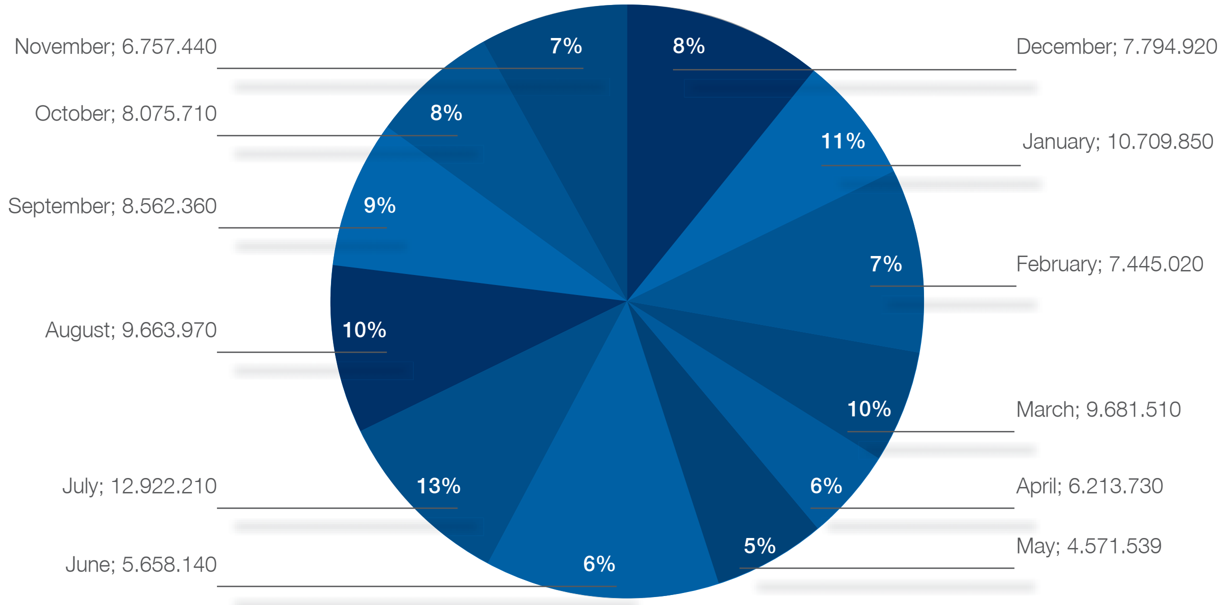
AKBUK WIND POWER PLANT

It is in the Saplatan Mountain locality of the Didim District of the Province of Aydın. The facility, which was started to be constructed in 2008 with the Generation License for 49 years obtained from EMRA within the scope of the Law no. 4628, was completed in March 2009. The installed capacity of the power plant is 31.5 MW and its annual generation capacity is 122.5 million kWh. The facility was commissioned after its acceptance by the Ministry of Energy and Natural Resources on April 03, 2009. 10 personnel are employed in this facility.

AKBUK WPP

Installed Capacity	31.5 MW
Type of Power Plant	Wind Energy
Annual Energy Generation	122,461,800 kWh/Annual
Capacity Factor	42.6%
Average Wind Speed (at 30m)	7.90 m/s
Number of Units	15
Power Capacity of Each Turbine	2.1 MW
Turbine Supplier	Suzlon Denmark
Turbine Hub Height	79 m
Generator Output Voltage	690 V AC
Power Factor	0.92

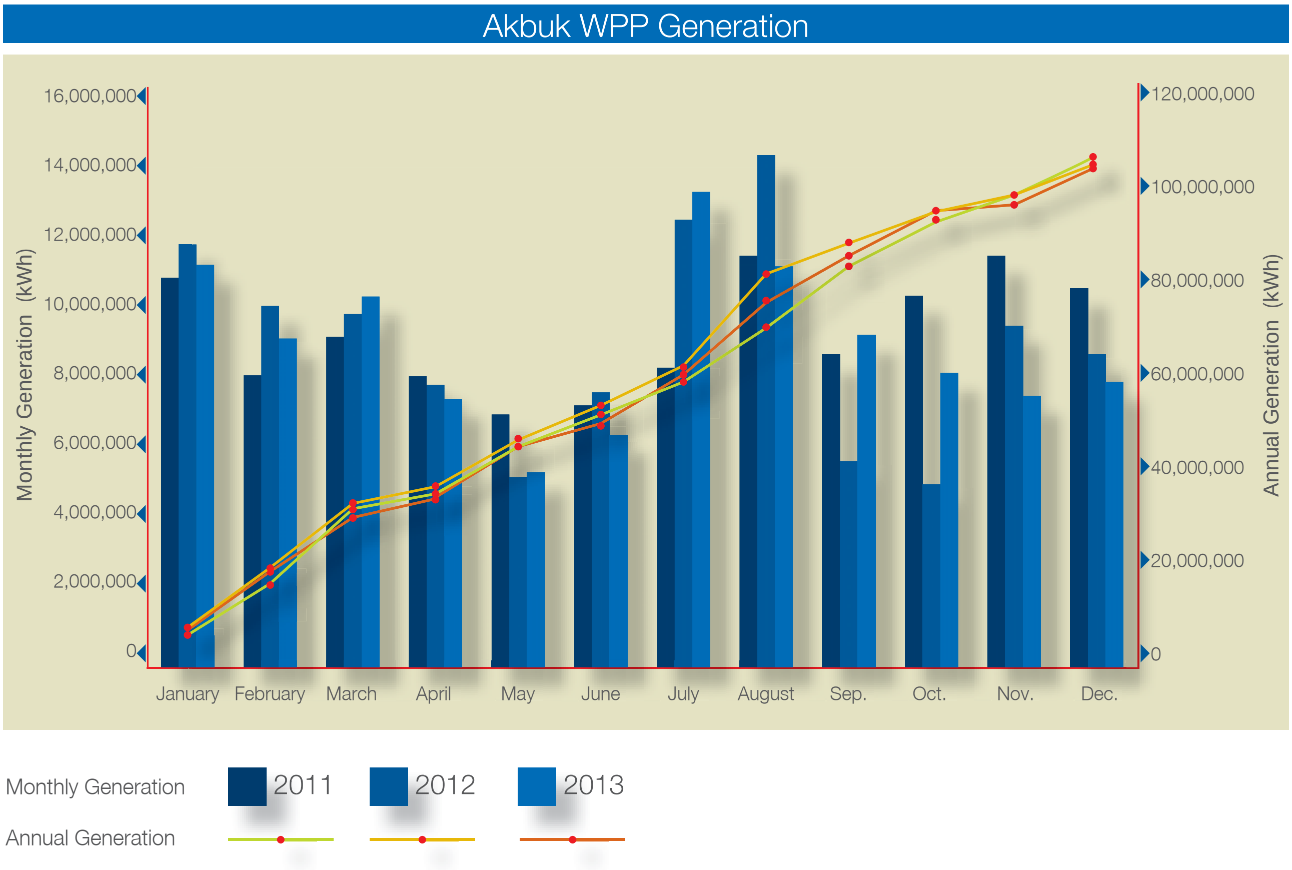
AKBUK WPP
MONTHLY GENERATION IN 2013
(kWh)



Akbük WPP Electricity Sales Price

The prices for the electricity sold by the Akbük Wind Power Plant are determined by taking the prices set in compliance with the Electricity Market Balancing and Settlement Regulation (DUY). The invoice amounts are paid within 7 business days following the date of delivery of the invoice by the Market Operator (PMUM). Any delays in payments are calculated pursuant to the delay provisions applied by PMUM and collected against invoice.

In addition, electricity is also sold to eligible consumers under bilateral agreements. The price is set by negotiation on the basis of the tariffs of TEDAŞ by applying a certain rate of discount. The average collection period for the invoices is 15 days. The risks are minimized with the use of Letters of Guarantee and various other instruments.



YAMULA DAM AND HYDROELECTRIC POWER PLANT

Yamula Dam and Hydroelectric Power Plant, located 30 km northwest of Kayseri, on Kizilirmak River, is one of the most important Build-Operate-Transfer (BOT) type power and irrigation projects in Turkey.

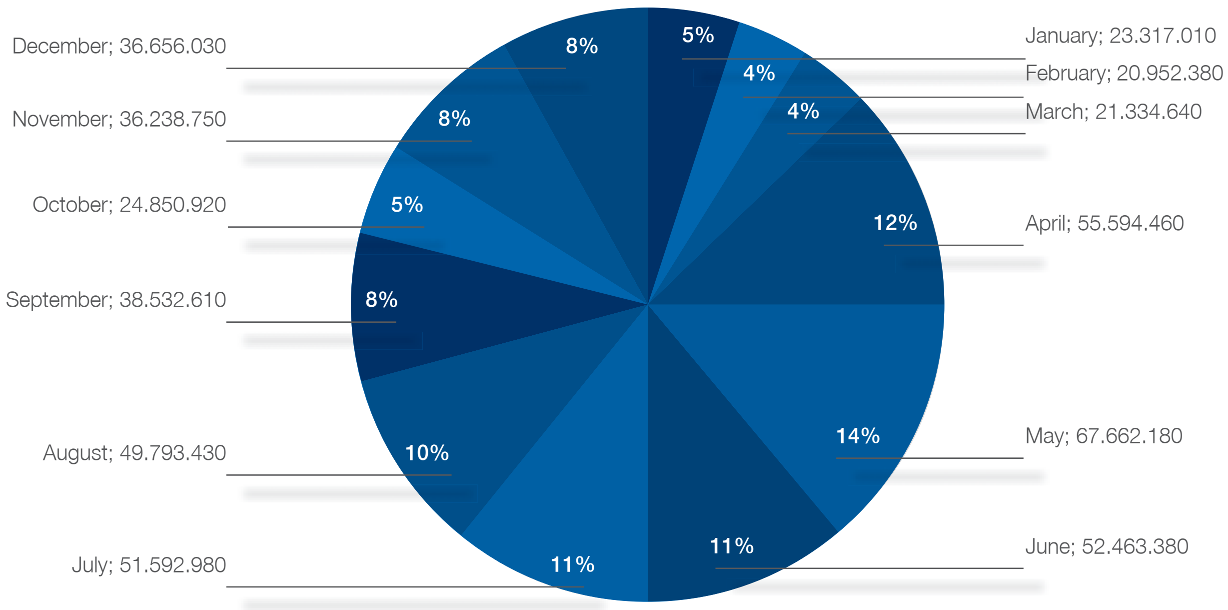
The Project was realized by Kayseri Elektrik Üretim San. ve Tic. A.Ş., one of the subsidiaries of Ayen Enerji A.Ş.

Its installed capacity is 100 MW and annual generation capacity is 422 million kWh. 43 personnel are employed in our facility.

Generation was realized pursuant to the planning made by the General Directorate of State Hydraulic Works for the Kızılırmak Basin in 2013.

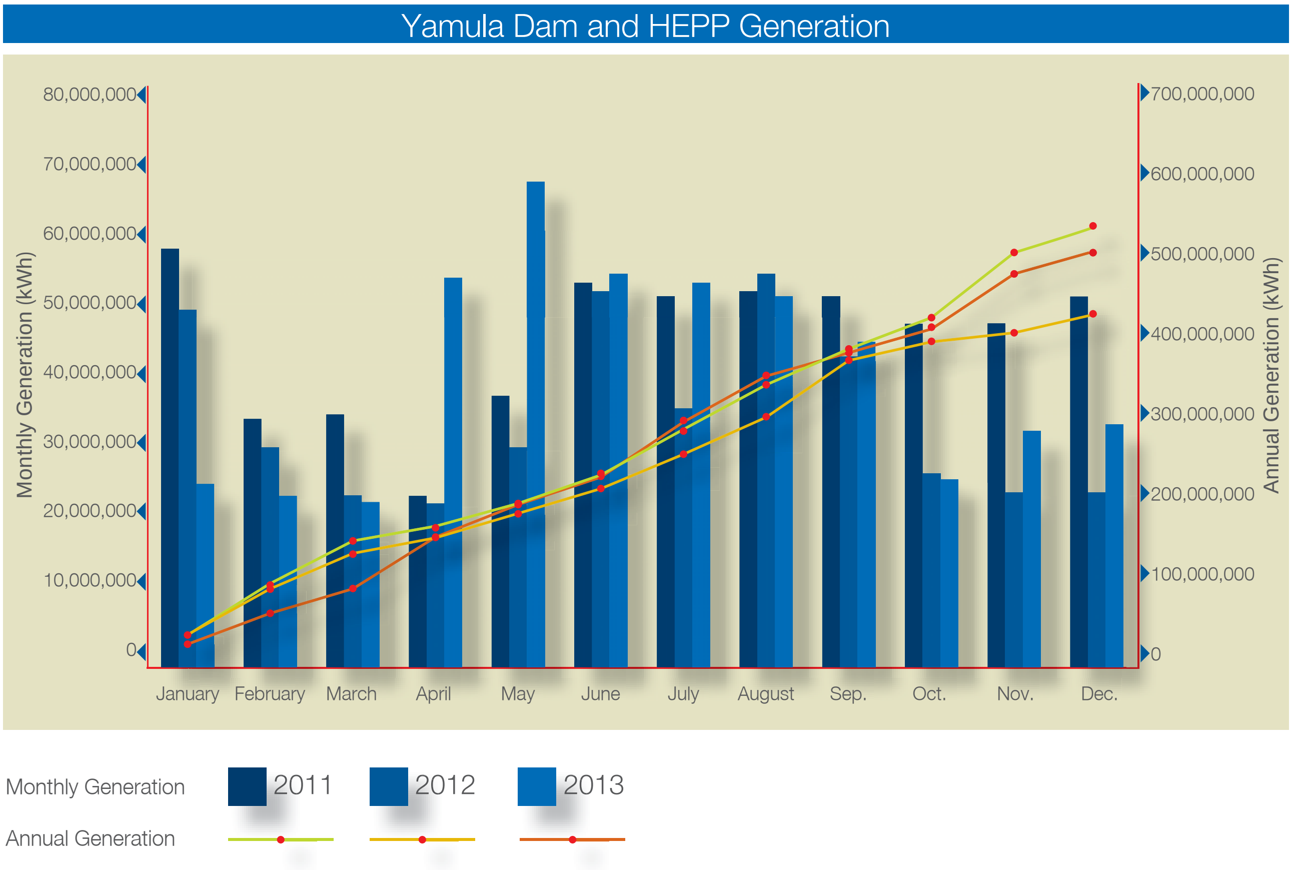
Since the plant has a dam, the water exceeding the capacity during overflow seasons is stored. There were no technical problems that would affect the generation in our power plant. Periodic maintenances were performed as planned on a regular basis.

YAMULA DAM AND HYDROELECTRIC
POWER PLANT
MONTHLY GENERATION IN 2013
(kWh)



Yamula Dam and HEPP Electricity Sales Price

The electricity sales price is determined annually with a contract during the operating period from the date of operation, the sales price will be determined by escalating the operation costs according to the increase in the previous year's USA Consumer Price Index. The energy generation will be realized according to the Operations Schedule, prepared with the related organizations under the coordination of the Ministry of Energy and Natural Resources and the sales price will be readjusted keeping the total income con. As required by the contract, if the anticipated annual generation value cannot be realized because of insufficient water flow during the loan re-payment period, the income loss caused by the difference between the anticipated and actual generation will be compensated by the Ministry of Energy and Natural Resources.



YAMULA DAM AND HYDROELECTRIC POWER PLANT

Dam Location	: On Kızılırmak River within the province of Kayseri

HYDROLOGY

Precipitation Area	: 15,581.6 km^2
Annual Average Natural Flow	: 2,135 x 106 m^3
Annual Average Flow	: 1,956 x 106 m^3
Average Flow	: 67.7 m^3/s
Maximum Flood	: 5,500 m^3/s

DAM BODY

Type	: Partitioned, clay-kernel, rock fill
Crest Height	: 1,104.00 m
Crest Length	: 510.00 m
Thalweg Height	: 984.00 m
Max Height from Thalweg	: 120.00 m
Max Height from Base	: 130.00 m

RESERVE

Max. Water Level	: 1,100.00 m
Min Water Level	: 1,070.00 m
Max. Water Level (under flood)	: 1,102.50 m
Total Volume	: 3,476.00 x 106 m^3
Active Volume	: 2,025 x 106 m^3
Dam Area (nor. water level)	: 85.3 x 106 m^2

DIVERSION TUNNELS

Type	: Concrete cover, circular
Number of Tunnels	: 2
Length T1	: 630.44 m
T2	: 691.46 m
Diameter	: 6.5 m each

SPILLWEIR

Location	: Left Coast
Type	: Gate controlled, overfall
Threshold Height	: 1,086.00 m
Max. Discharge Capacity	: 5,500 m^3/s
Gate Type	: Radial
Number of Gates	: 4

ENERGY TUNNEL

Type	: Steel coated
Diameter	: 7.00 m
Length	: 248.77 m

PENSTOCK

Diameter	: 7m, 5m, 2 x 3 m (after pant)
Length	: 202.02 m
Type	: Çelik

PLANT

Length	: 45.10 m
Width	: 25.85 m
Number of Units	: 2
Unit Power	: 50 MW
Total Installed Power	: 100 MW

TURBINES

Type	: Vertical axis, Francis
Number	: 2
Rpm	: 250
Max Net Fall	: 105.53 m
Min Net Fall	: 74.12 m
Net Design Fall	: 96.47 m
Output Power of Each Turbine	: 51 MW

GENERATOR

Type	: Vertical axis, Extending Pole, Synchronous
Number	: 2
Power	: 59 MVA
Output Voltage	: 11 kV
Frequency	: 50 Hz
Power Factor	: 0.85

UNIT TRANSFORMERS

Type	: External, three-phased
Number	: 2
Voltage	: 11/154(+/- 2x2.5%) kV
Frequency	: 50 Hz
Connection Group	: Ynd 11

SWITCHING AREA

Type	: External, two main bus bars
Max. System Voltage	: 170 kV
Nominal Voltage	: 154 kV
Number of Breakers	: 5
Unit Inputs	: 2
Line Outputs	: 2
Transfer	: 1

RELIABLE POWER AND GENERATION

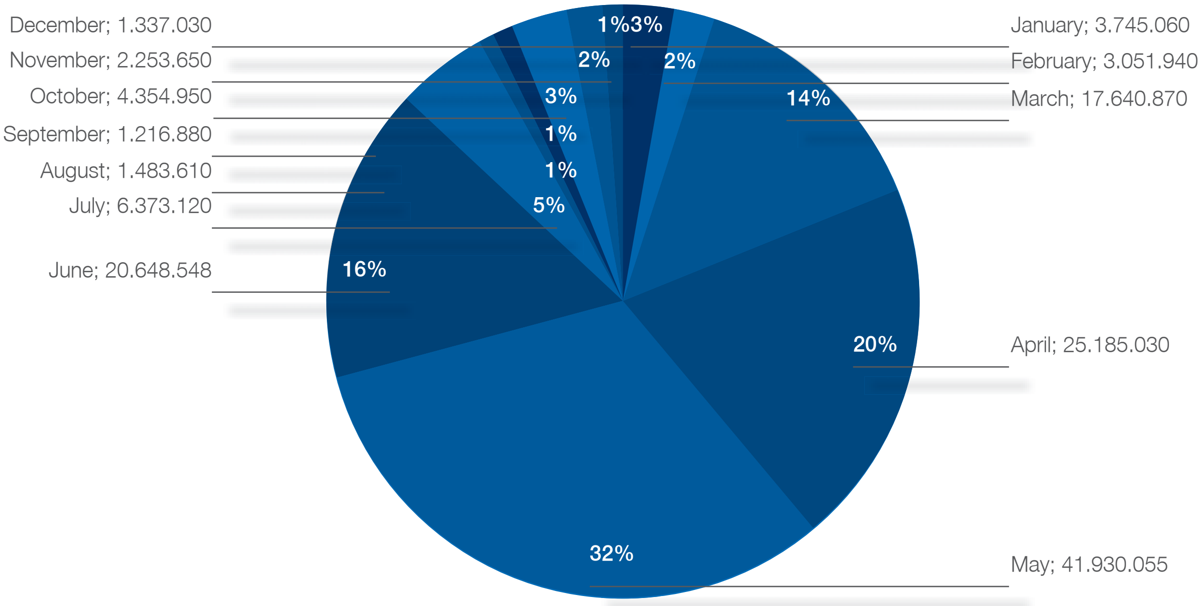
Reliable Power	: 35,300 kW
Reliable Generation	: 309.23 x 106 kWh
Secondary Generation	: 114.33 x 106 kWh

TOTAL ANNUAL GENERATION : 422,300,000 kWh

BUYUKDUZ HYDROELECTRIC POWER PLANT

The Provisional Acceptance of 2 x 35.422 MWm Water Turbines & Generator group of the Büyükdüz HEPP; a 70.844 MW HEPP with electric energy generation capacity of 192,021,000 kWh, which was constructed within the boundaries of the Torul and Kürtün districts and at the locality of Taşoba - Elmalı villages in the province of Gümüşhane under a generation license of 49 years granted pursuant to the Law no 4628 was completed and the plant was commissioned as of June 01, 2012. 30 personnel are employed in our facility.

BUYUKDUZ HYDROELECTRIC POWER PLANT
MONTHLY GENERATION IN 2013
(kWh)

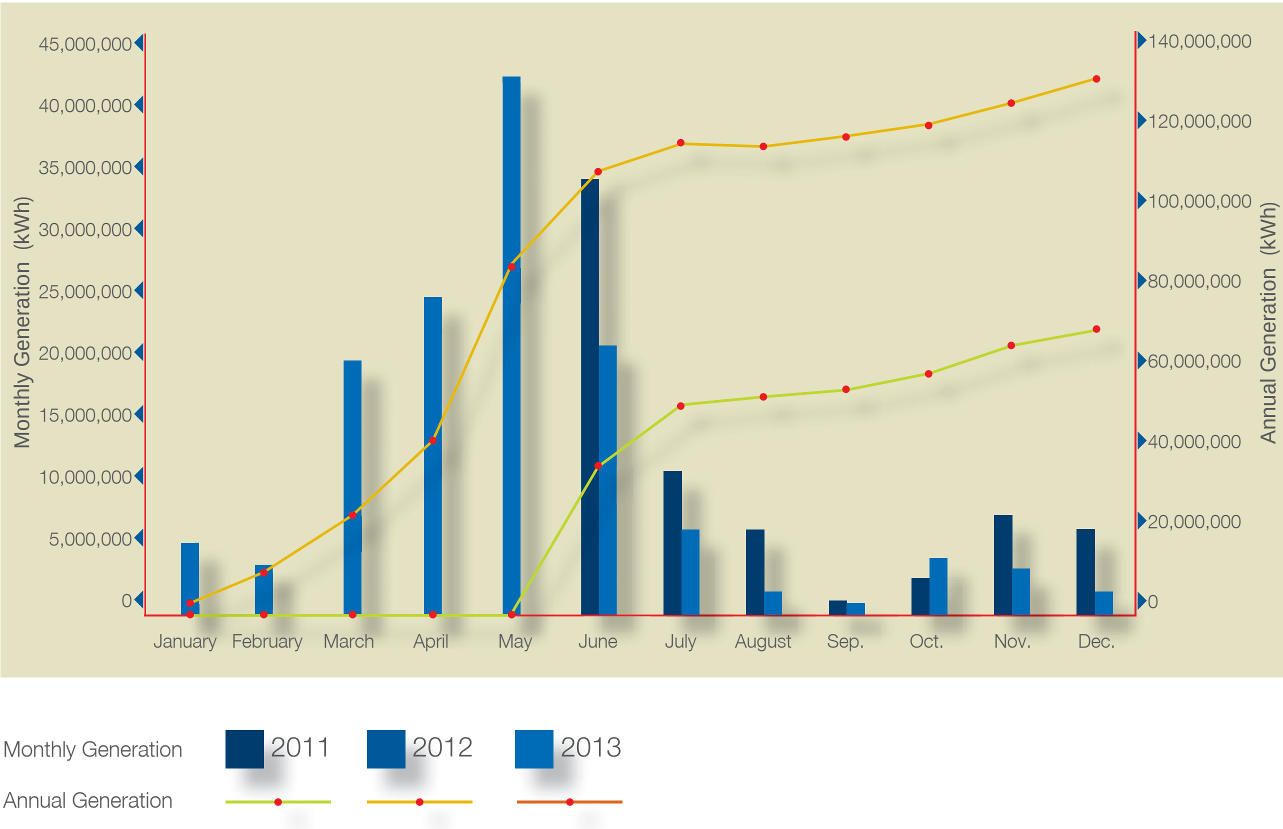


Büyükdüz HEPP Electricity Sales Price

The prices for the electricity sold by the Büyükdüz Hydroelectric Power Plant are determined by taking the prices set in compliance with the Electricity Market Balancing and Settlement Regulation (DUY). The invoice amounts are paid within 7 business days following the date of delivery of the invoice by the Market Operator (PMUM). Any delays in payments are calculated pursuant to the delay provisions applied by PMUM and collected against invoice.

In addition, electricity is also sold to eligible consumers under bilateral agreements. The price is set by negotiation on the basis of the tariffs of TEDAŞ by applying a certain rate of discount. The average collection period for the invoices is 15 days. The risks are minimized with the use of Letters of Guarantee and various other instruments.

Buyukduz HEPP Generation



BUYUKDUZ HYDROELECTRIC POWER PLANT

Plant Location	: In the village of Demirciler, town of Kurtun, city of Gumushane
Plant Type	: Gated weir with overfall spillway and silting tank
Nominal Water Elevation	: 1,189.50 m
Max. Water Elevation	: 1,190.00 m
Regulator Type	: Radial Gate Concrete w/ bottom outlet, solid concrete body
Diversion Tunnel Length	: 6,932.65 m (Tasoba) + 5,284.55 m (Elmali)
Diversion Tunnel Type	: Horse Shoe Shaped Free Water Surface
Penstock Diameter	: 2.00 m
Penstock Length	: 1,677.00 m

TURBINES	
Number and Type of Units	: 2-Vertical Axis Pelton
Gross Fall	: 507.24 m
Net Fall (Double Units)	: 488.51 m
Turbine Nominal Power	: 35,422 MWm
Installed Power	: 70,844 MWm
Speed	: 600 rpm
Turbine Discharge	: 8.18 m^3/sec
Total Discharge	: 16.36 m^3/sec
Specific Water Factor	: 0.835 m^3/kWh

GENERATORS	
Number and Type of Units	: 3-Three-phased Extending Pole, Synchronous
Power	: 34,431 MWe MVA
Power Factor	: 0.90
Output Voltage	: 10600 V
Rotation	: 600 rpm
Frequency	: 50 Hz

TRANSFORMERS	
Number and Type of Units	: 3-Oil-cooled, External Type
Cooling System	: ONAN/ONAF
Power	: 32-40 MVA
Voltage	: 10.6 / 154
Power for Internal Transformer	: 2 x 400 kVA

ANNUAL ENERGY GENERATION: 192,021,000kWh


AYEN STİM

AYEN OSTIM COMBINED CYCLE NATURAL GAS PLANT

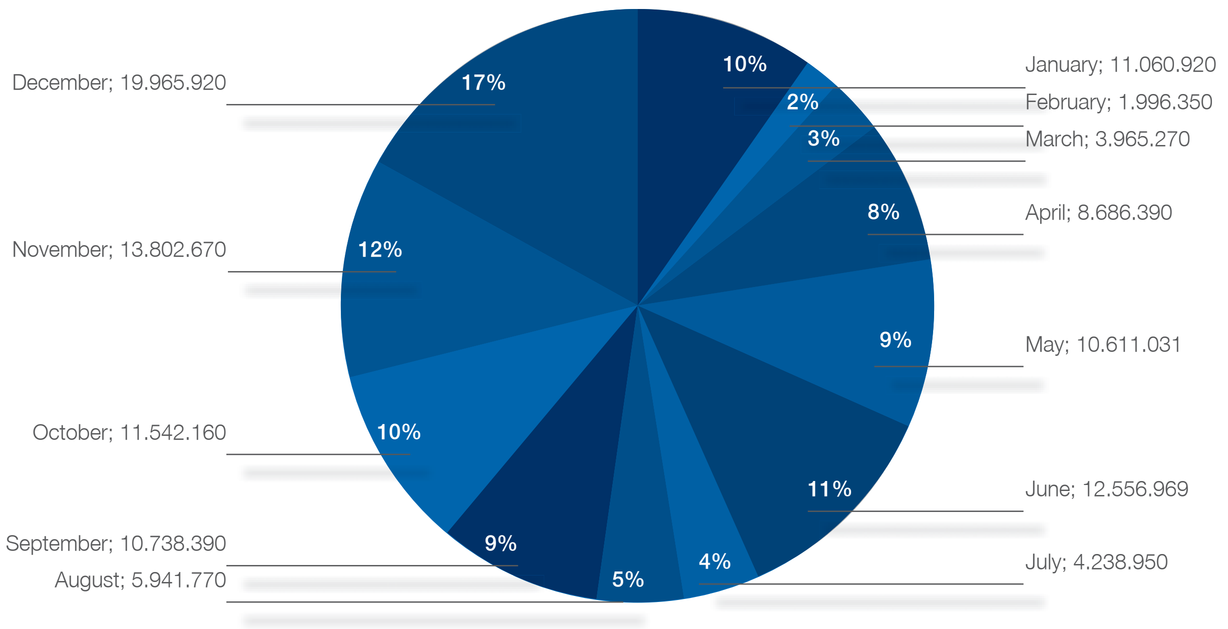
The Ayen Ostim Combined Cycle Natural Gas Power Plant is a natural gas power plant project with a generation capacity of 280 melon kWh of our subsidiary Ayen Ostim Enerji Üretim A.Ş., established and operated in the Ostim Organized Industrial Zone with the aim of meeting the energy requirement of the region.

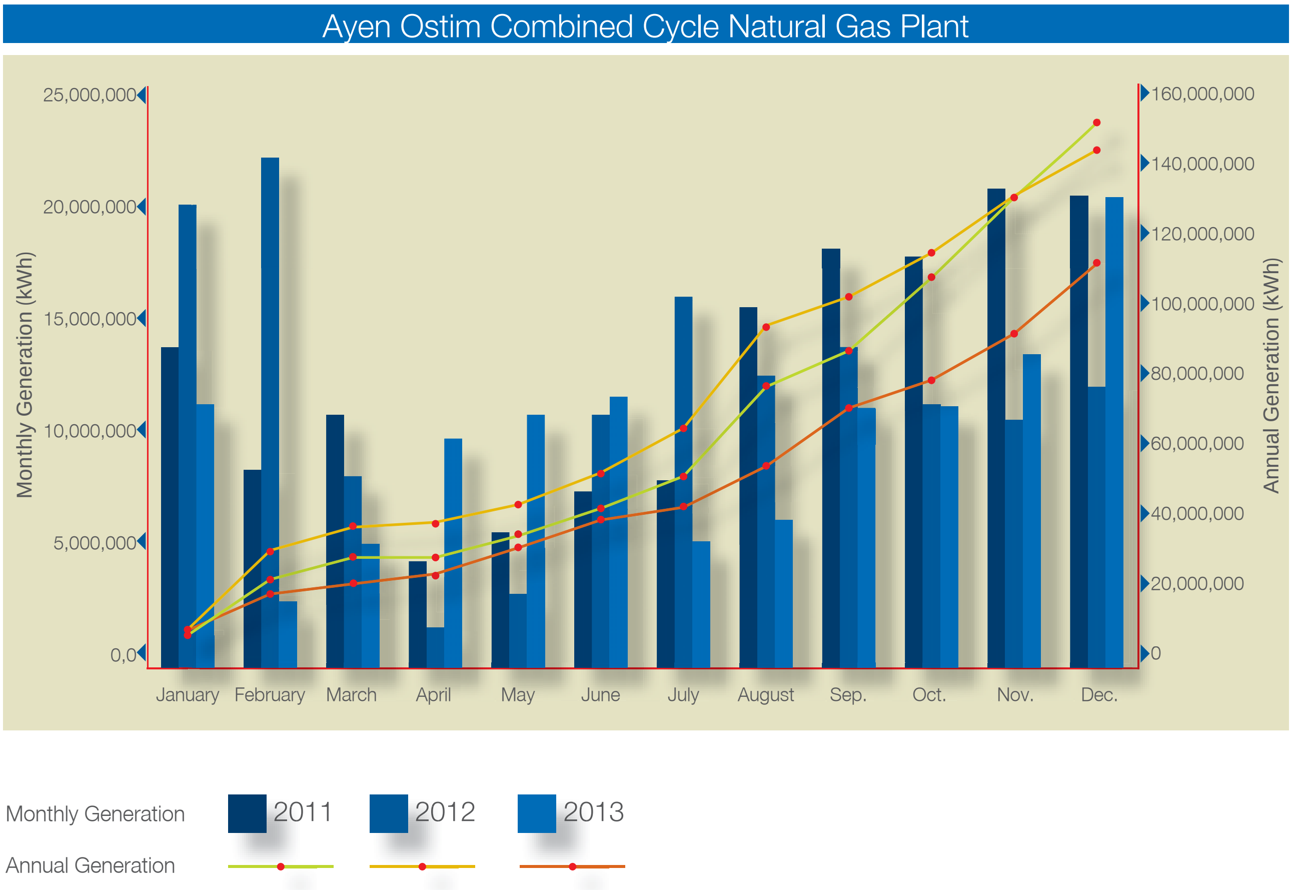
111,238,400 kWh energy generated in 2013 was sold in the free market under bilateral agreements and in compliance with DUY (Balancing and Settlement Regulation).

A long-term maintenance agreement covering planned and unplanned maintenances for gas turbines was signed with the manufacturer firm GE, and periodic maintenances were performed as planned on a regular basis. There were no technical problems that would affect the generation in our power plant.

40 personnel are employed in our facility.

AYEN OSTIM COMBINED
CYCLE NATURAL GAS PLANT
MONTHLY GENERATION IN 2013
(kWh)




Ayen Ostim Combined Cycle Natural Gas Plant
Monthly Generation (kWh)
Annual Generation (kWh)
25,000,000
20,000,000
15,000,000
10,000,000
5,000,000
0,0
160,000,000
140,000,000
120,000,000
100,000,000
80,000,000
60,000,000
40,000,000
20,000,000
0
January
February
March
April
May
June
July
August
Sep.
Oct.
Nov.
Dec.
Monthly Generation
2011
2012
2013
Annual Generation

AYEN OSTIM COMBINED CYCLE NATURAL GAS PLANT

Location of power plant	: Ostim Organized Industry District within Province of Ankara
Plant type	: Combined Cycle Natural Gas
Installed power	: 37.5 MW (ISO)
Net Output Power (operating conditions)	: 34.5 MW

GAS TURBINE	
Ambient Temperature	: 15 °C
Output Power at Generator Terminal	: 25,952 KWa
Thermal Value	: 9,569 KJ/kWh
Electricity Efficiency	: 37.62%

STEAM TURBINE	
HIGH PRESSURE LINE	
Steam Pressure	: 65 Bar
Steam Temperature	: 460°C
Steam Flow	: 8.63 kg/s
LOW PRESSURE LINE	
Steam Pressure	: 5.3 Bar
Steam Temperature	: 180 °C
Steam Flow	: 2.28 kg/s
EXHAUST	
Pressure	: 0.07 Bar
Flow	: 10.91 kg/s
Output Power at Generator Terminal	: 9,150 KWe

WASTE HEAT BOILER	
Ambient Temperature	: 15 °C
Exhaust Flow (Gas Turbine)	: 74.3 kg/s
Exhaust Temperature (Gas Turbine)	: 508°C
Supply Water Temperature	: 60°C
Chimney Temperature	: <105°C

TRANSFORMERS	
Type	: External, Oil-cooled
Number	: 2
Gas Turbine Transformer Output Power	: 36 MWA
Steam Turbine Transformer Output Power	:12 MWA
Voltage	: 10.5 / 34.5 (+/- 2x2.5%) kV
Frequency	: 50 Hz
Internal Needs Transformer Power	: 1,600 kVA

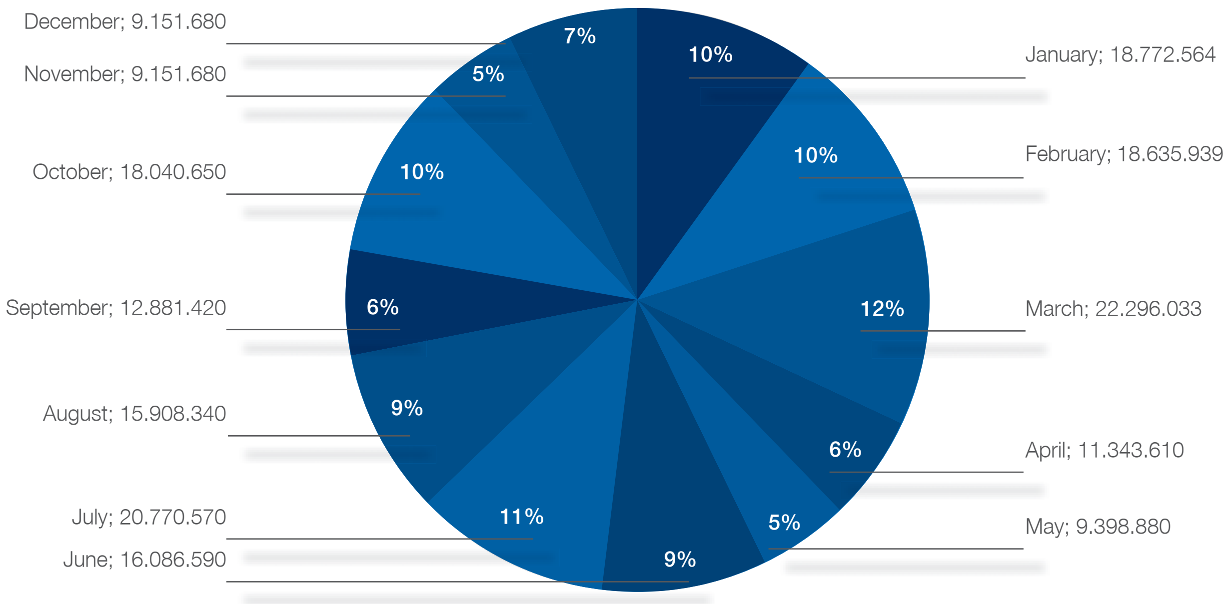
ANNUAL ENERGY GENERATION : 280,000,000 kWh


Vestas

AKSU WIND POWER PLANT

The acceptance of the remaining 3 Turbine & Generator groups of the Electric Energy Generation Facility with an installed capacity of 72 MW based on Wind Power, which was constructed by Aksu Temiz Enerji Üretim Sanayi ve Ticaret A.Ş., one of our subsidiaries, in the Yahyalı district of the province of Kayseri, was completed within 2012 and the plant with a generation capacity of 237,200,000 kWh/year was put into commercial operation. 20 personnel are employed in our facility.

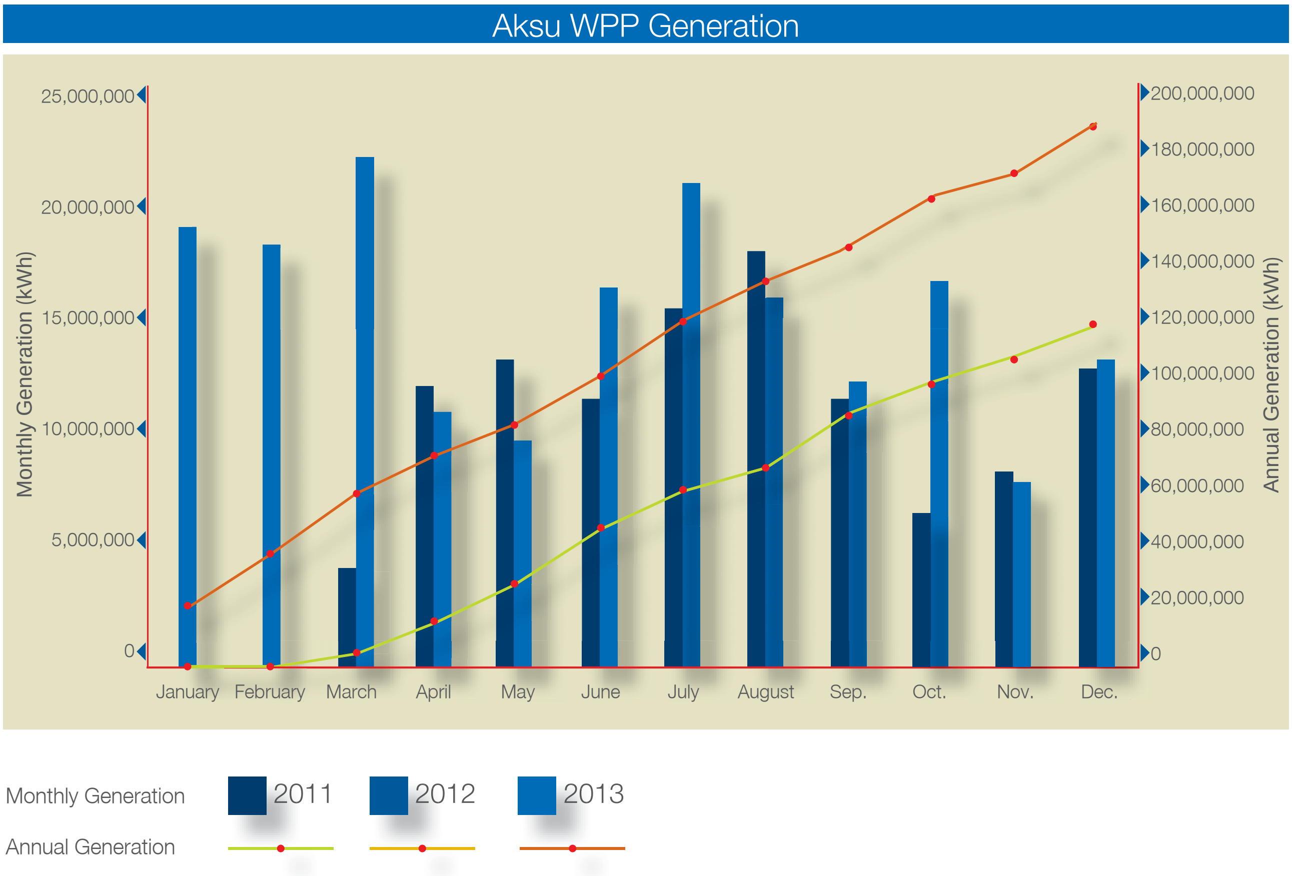
AKSU WIND POWER PLANT
MONTHLY GENERATION IN 2013
(million kWh)



Aksu WPP Electricity Sales Price

The prices for the electricity sold by the Aksu Wind Power Plant are determined by taking the prices set in compliance with the Electricity Market Balancing and Settlement Regulation (DUY). The invoice amounts are paid within 7 business days following the date of delivery of the invoice by the Market Operator (PMUM). Any delays in payments are calculated pursuant to the delay provisions applied by PMUM and collected against invoice.

In addition, electricity is also sold to eligible consumers under bilateral agreements. The price is set by negotiation on the basis of the tariffs of TEDAŞ by applying a certain rate of discount. The average collection period for the invoices is 15 days. The risks are minimized with the use of Letters of Guarantee and various other instruments.



AKSU WIND POWER PLANT

Location	: Village of Dikme, district of Yahyali in the city of Kayseri
Installed Power	: 72 MW
Annual Energy Generation	: 237,218,900 kWh/year
Turbine Type	: Vestas V100 2.0 MW
Turbine Power	: 2000 kW
Generator Voltage	: 690 VAC
Number of Turbines	: 36
Hub Height	: 80 m
Power Factor	: 0.9
Capacity Utilisation Factor	: 37.6%
Investment Cost (Total Cost of Plant)	: EUR110,519,793

MORDOĞAN WIND POWER PLANT

The Mordoğan Wind Power Plant (WPP), which was established by our firm at the localities of Bitiktepe - Değirmendağı - Kemerdağı - Düzlendağı – Mordoğan within the district boundaries of Karaburun in the province of İzmir, has and installed capacity of 30,75 MWe and was put into commercial operation as of September 27, 2013. 4 personnel are employed in our facility.

MORDOĞAN WPP

Installed Capacity	30.75 MWe / 31.5 MWm
Annual Energy Generation	99,409,200 kWh / Year
Turbine Type	SUZLON 2.1 MW S88
Turbine Power	2.05 MWe / 2.1 MWm
Generator Voltage	690 V AC
Number of Turbines	15
Hub Height	80 m
Power Factor	0.9
Capacity Utilization Factor	36.9%
Date of Commissioning	September 27, 2013
Average Wind Speed (at 30m)	7.30 m/sec

SUBSIDIARIES

Information on the shares of consolidated companies in the parent company

There is no mutual affiliation relationship between the enterprises subject to consolidation and the Company.

With respect to the preparation process of the Consolidated Financial Statements; explanations concerning the main elements of the internal audit, internal control, and risk management systems of the Group and the opinion of the management body

The Financial Affairs Department of Ayen Enerji A.Ş. is responsible for individual financial statements of all consolidated companies as well as their consolidation. The Audit Coordination Department is responsible for auditing financial processes which the Audit Coordination Department and the top management consider, upon risk assessment, that they need to be audited. Furthermore, the consolidated annual financial statements of Ayen Enerji A.Ş. are audited by an independent audit firm.

Information on the direct and indirect subsidiaries of the Company and its ratio of shares in these subsidiaries

1 - AYEN OSTİM ENERJİ ÜRETİM A.Ş.

AYEN

Our Company signed a cooperation agreement with the General Directorate of Ostim Organized Industrial Zone in October 2001 to build and operate a Natural Gas Power Plant to meet the energy requirements of the region. Pursuant to this agreement, Ayen Ostim Enerji was founded.

The investment for the 41 MW natural gas power plant was started in 2002 and it was commissioned in June 2004.

The company; which at the time had the Auto-producer Group license under the Electricity Market Licensing Regulation; made amendments to its articles of association to change its trade name, purpose and subject, and changed its license to Generation License.

Our company holds 76 % of the shares of this subsidiary, which has a capital of TL 44,000,000.

The share corresponding to 24% in the capital of the company was acquired through purchasing by Aydıner İnşaat A.Ş , our main partner, in July 2012.

The total generation in this power plant was 111,238,400 kWh in 2013.

2 - AYEN ELEKTRİK TİCARET A.Ş.

Founded in 2002 with a capital of TL 5 billion, Ayen Elektrik Ticaret A.Ş. made amendments to its articles of association to change its trade name, purpose and subject to obtain a wholesale license under the Electricity Market Licensing Regulation. The Company has a TL 25,000,000 capital of which 99.9% belongs to Ayen Enerji A.Ş. The Electricity Wholesale License was obtained for this Company and it is engaged in energy sales and purchase activities in the electricity market.

Providing high quality services under the most favorable conditions to our clients and establishing long-termed relationships constitute the fundamental principles of our Company. Alternative solution packages suitable for the needs and special conditions of our clients are offered by analyzing their loads and consumptions. Our Company informs its clients on the legislation and trading of electric energy within the free market and provides them with the necessary support to enable them to benefit from this free market.

Ayen Elektrik Ticaret A.Ş. started selling electric energy to eligible consumers through bilateral agreements starting with the second half of 2010. A total amount of 1,070,781,544 kWh electric energy was sold in 2013.

3 - KAYSERİ ELEKTRİK ÜRETİM SAN. ve TİC. A.Ş.

Founded in 1988, Kayseri Elektrik Üretim Sanayi ve Ticaret A.Ş. operates in the fields of electricity generation, transmission, distribution and investments in the construction of hydroelectric plants, gas and wind power plants within and outside the country. The company is the project developer and Concession Contract holder of the Yamula Dam and HEPP, which will be constructed on the Kızılırmak River in Kayseri under the Build-Operate-Transfer scheme and operated for 20 years under the Law no 3096.

The Yamula Dam and HEPP Project, which has and installed capacity of 100 MW and annual generation capacity of 422 million kWh, is the most important energy project of the region.

Our company holds 96.72 % of the shares of this subsidiary, which has a capital of TL 80,000,000.

The total generation in this power plant was 478,988,770 kWh in 2013 and the entire amount of the planned generation was achieved according to the schedule given. (The operation period for the Yamula HEPP is between August 01 – July 31.)

4 - AYEL ELEKTRİK ÜRETİM SANAYİ VE TİCARET A.Ş.

The company was established on January 28, .2010 with the purpose of engaging in the construction, ownership, operation and leasing of hydroelectric, wind, solar, natural gas, and other power plants within and outside the country and the sales of electricity energy and/or the capacity generated to customers.

The capital of this Company is TL 5,000,000 and our share in this subsidiary is 55%.

5 - AYEN AS ENERGJI SHA (ARNAVUTLUK)

The Ayen Enerji A.Ş. and A.S. Energy S.H.P.K. Joint Venture submitted the best offer during the tendering process of the 110.7 MW "Fan River Basin Hydroelectric Power Plants Project" comprising of a total of 5 hydroelectric power plants (4 river type, 1 dam) with a 41 year Concession Contract and 377,350,000 kWh electric energy generation capacity per year, which was put out to tender by the Ministry of Economy, Trade and Energy of the Republic of Albania, and signed the 35 year Concession Contract with the relevant ministry after completing the required processes pursuant to the laws of Albania. This Agreement became effective after being published in the Albanian Official Gazette on May 24, 2011.

Pursuant to the provisions of the Concession Contract, the AYEN AS ENERGJI SHA was established for a period of 35 years and with a capital of ALL 140,000,000 to be subject to the Laws of Albania. Its capital was increased to ALL 3,500,000,000 within 2013.

The share of Ayen Enerji A.Ş. within this company is 82%. The construction period for the subject project is 54 months following the approval of the contract and the construction works have been started. The completion percentage of this project reached 30% as of the date of this Report.

6 - AKSU TEMİZ ENERJİ ELEKTRİK ÜRETİM SANAYİ VE TİCARET A.Ş.

Aksu Temiz Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş. from our subsidiaries was established on September 08, 2003 within the scope of the Law no 4628. The electricity generation facility with an installed capacity of 72 MW based on Wind Power and a generation capacity of 295,800,000 kWh/year, which is located within the boundaries of the Yahyalı district of the province of Kayseri, holds a 49 year generation license.

This company joined our subsidiaries in April 2011.

Its capital is TL 41,800,000. Our share in this subsidiary is 70%. The construction of the power plant started in the middle of 2011 and the power plant was put into commercial operation with the commissioning of a total of 36 Wind Turbines - Generator Units, including 18 Wind Turbines - Generator Units, 15 Wind Turbines - Generator Units, and 3 Wind Turbines - Generator Units which were commissioned on March 13, 2012, April 05, 2012, and June 09, 2012, respectively.

7- ARAKLI ENERJİ DOĞALGAZ SANAYİ VE TİCARET A.Ş.

The construction of the Çankaya Hydroelectric Power Plant with an installed capacity of 72 MW, which is planned to be built and operated within the boundaries of the district of Araklı in the province of Trabzon and the licensing application for which was approved by EMRA, will begin once the Generation License is granted.

Our company holds 76% shares in this subsidiary, which has a capital of TL 17,500,000.

8 - AYEN DOĞALGAZ ENERJİ ÜRETİM SANAYİ VE TİCARET A.Ş.

Our company holds 90% shares in this subsidiary, which has a capital of TL 100,000.

Şirketin İktisap ettiği kendi paylarına ait bilgiler

2012 faaliyet döneminde böyle bir işlem gerçekleşmemiştir.

Şirket aleyhine açılan ve şirketin mali durumunu ve faaliyetlerini etkileyebilecek Information on the shares acquired by the Company

Information on the shares acquired by the Company

Litigations initiated against the Company, which might adversely affect its

financial standing and operations and their probable consequences

There are 6 pending actions filed involving the Group as of December 31, 2013, one of which is in favor and the remaining 5 are against the Group. The majority of these actions are debt and labor related cases. The Group assesses the probable consequences and financial impacts of these actions at the end of every period and sets aside appropriate provisions for potential liabilities. There are no provisions made for litigations as of December 31, 2013.

Information of the administrative and judicial sanctions imposed against the Company and the management body due to practices contradicting with the provisions of the legislation

No material administrative sanctions were imposed against the Company during the 2013 financial year, nor were any directors subjected to any judicial sanctions.

If the Company is the member of a group of companies, all legal actions taken together with the parent company or a subsidiary thereof in accordance with the direction given by the parent company or in favor of a subsidiary thereof and all measures taken or omitted in favor or the parent company or a subsidiary thereof in the previous financial period,

The arm's length principle was observed in any transaction carried out with any related party. No special treatment occurred in favor or against any company.

If the Company is the member of a group of companies, to the best of their knowledge of situation and conditions at the time when the legal action or measure specified in item 31 was taken or omitted, whether or not an appropriate counter act was performed with respect to each legal action and whether or not the measure taken or omitted caused any harm to the company, and if yes whether or not the company indemnified such damages

No such action or measure took place in the reporting period.

Management body's determination and assessment whether or not company lost part of its capital, or the company is insolvent

No such incident took place in the Group during the 2013 reporting period.

Whether or not the Company directly or indirectly holds five, ten, twenty, twenty five, thirty three, fifty, sixty seven, or one hundred percent of the shares of a corporation, or whether or not the shares of the company in such corporation decreased below the above-mentioned percentages and the reasons for such decrease

No such incident took place in the Group during the 2013 reporting period.

FINANCIAL INDICATORS

Basic ratios related to financial standing, profitability, and solvency of the Company determined on the basis of financial statements prepared in accordance with the CMB Communiqué Serial: II-14.1.

A) Liquidity Ratios	December 31, 2013	December 31, 2012
Current Ratio	0,63	0,71
B) Financial Standing Ratios		
Total liabilities / Equity	2,91	1,95
C) Profitability Ratios		
Gross Margin (%)	16,14	27,83
Operating Margin (%)	14,27	22,43
EBITDA Margin (%)	28,41	31,84

Total amount of benefits provided to the management body members and senior executives such as attendance fee, remuneration, premiums, bonuses, profit shares

This information is described in the annotations of the Consolidated Financial Statements prepared by the Group as of December 31, 2013 and subjected to Independent Audit.

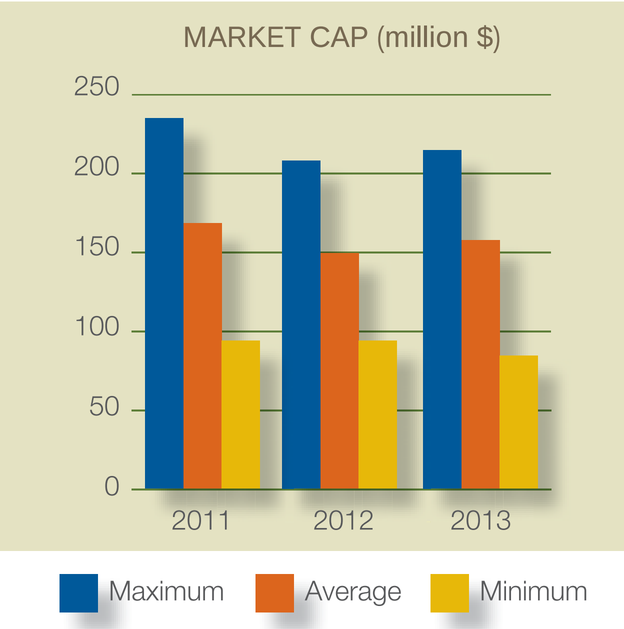
Benefits provided to the Board of Directors' Members and Senior Executives within the period:

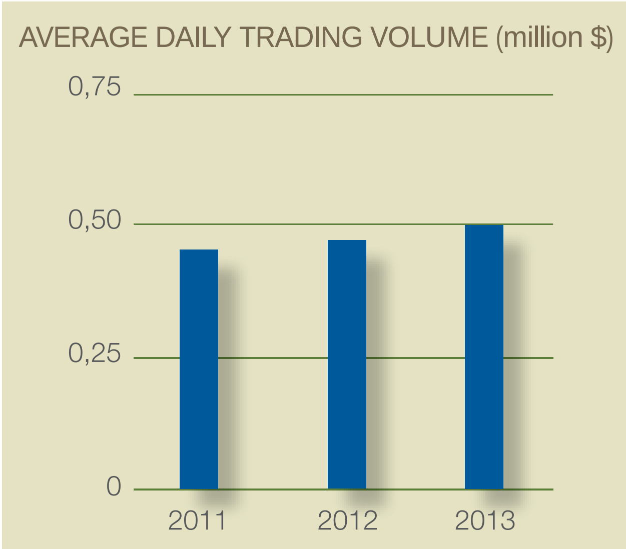
Fees and other short termed benefits:	TL 2,137,844
Other long termed benefits:	TL 113,638

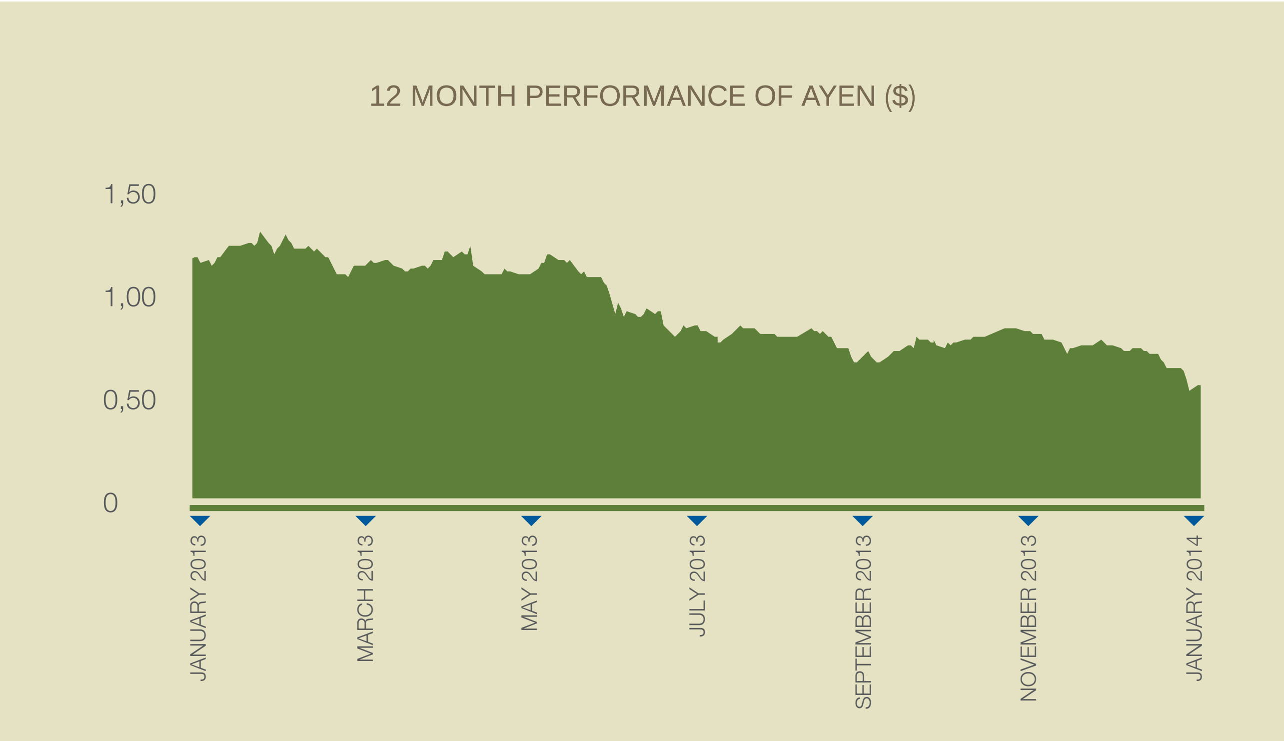
AYEN ENERJİ IN ISTANBUL STOCK EXCHANGE 2013

The shares of Ayen Enerji were traded at an average daily trading volume of TL 0.93 million (USD 0.51 million) in 2013. The maximum and minimum values reached in terms of the daily trading volume within the year were TL 10.4 million (USD 5.28 million) and TL 0.05 million (USD 0.2 million), respectively.

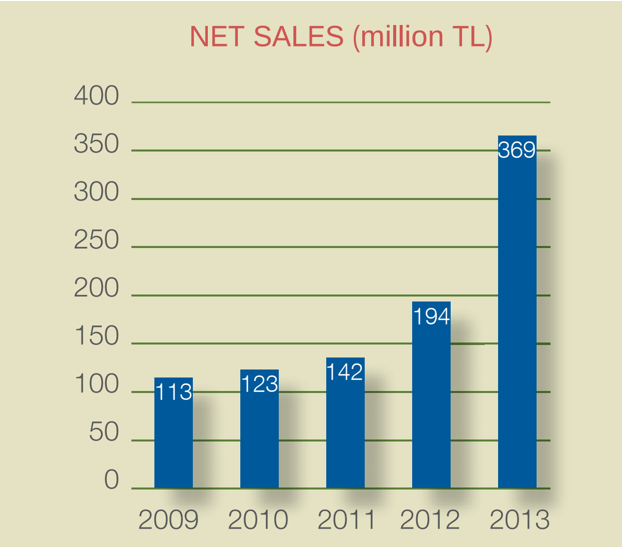
The average Market Cap of the Company in 2013 was USD 157.8 million. The maximum and minimum prices of the stock within the year took place as TL 2.28 (USD 1.29) and TL 1.12 (USD 0.52), respectively, representing a maximum Market Cap of USD 220.9 million and a minimum Market Cap of USD 88.5 million.

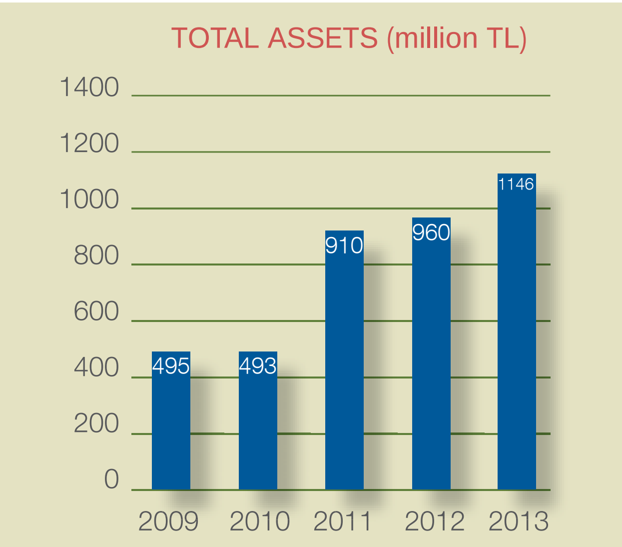


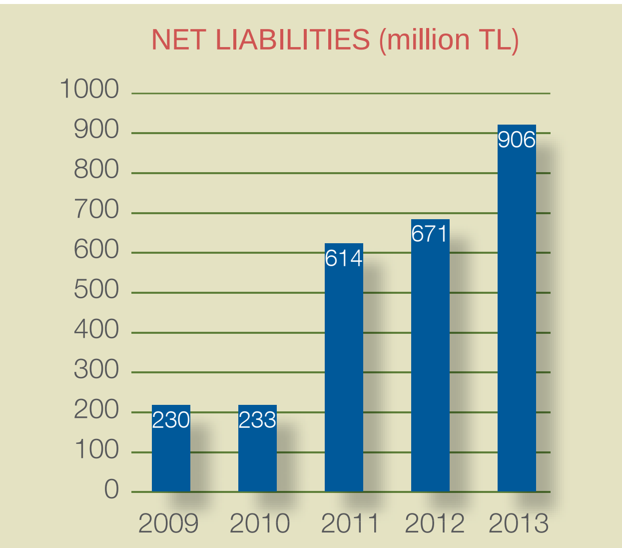


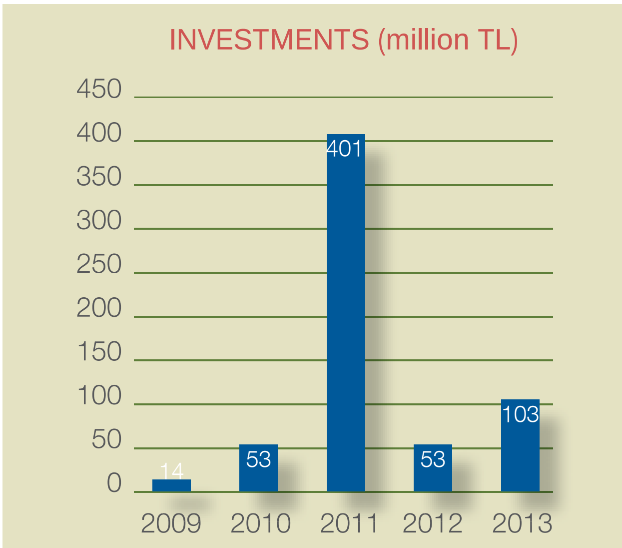


FINANCIAL HIGHLIGHTS









HUMAN RESOURCES

Employee and worker turnover ratios, collective bargaining practices, and rights and benefits granted to employees

"**Our most valuable capital is our human resources**" represents the foundation on which our human resources policy is based.

We adopt the principle of providing equal opportunities to those under equal conditions when creating our recruitment policies and doing career planning.

Our objective in the human resources process is to continuously develop competences of our human resources and to sustain our competitive advantage in the global environment by adhering to the following principles;

Right person for the right position
Equal pay for equal work
Merit based on success
Equal opportunity for everybody

Our company does not discriminate against religion, language, race or gender, treats all employees equally in terms of training and promotion; plans training and formulates training policies to enhance the knowledge, skills and experience.

The highest level of conditions is ensured in terms of safety and efficiency in the working environment of our Company.

Job description and work distribution as well as performance and reward criteria for our employees are defined by the managers and communicated to the employees.

The Company employs a total of 204 employees comprising of
50 employees at the Central Office,
40 employees at the Ostim Natural Gas Combined Cycle Power Plant,
43 employees at the Yamula HEPP electricity generation facility,
10 employees at the Akbük WPP facility,
20 employees at the Aksu WPP facility,
3 permanent employees at the Kızılcahamam Forest investment,
30 employees at the Büyükdüz HEPP,
4 employees at the Mordoğan WPP construction site, and
4 employees at the Korkmaz WPP construction site

10 to 15 temporary workers are employed on a temporary basis from time to time at our Kızılcahamam Forest Establishment for hoeing and irrigation works. These workers are not members to a trade union Employees who have tenure longer than one year are paid bonuses twice a year each at one month's pay and for each employee who completed a year, a severance pay fund is reserved at one month's pay, and this amount is paid upon layoff, retirement, military service call or death (in case of death to their heirs).

SOCIAL RESPONSIBILITY

Information on donations made within the year and social responsibility.

The Group donated a total amount of TL 42,900 to students to contribute for their education as well as various other organizations and associations during the 2013 reporting period. In addition, the Group performs the following activities with the aim of protecting the environment and wild life.

Social and Environmental Responsibility: Case Study

For the purpose of giving an opinion upon the environmental and social consciousness of Ayen Enerji, we are publishing the below article in this Annual Report.

AKBÜK II WPP ORNITHOLOGY REPORT

INTRODUCTION

The fact that the non-renewable energy sources are gradually decreasing parallel with the increase of the world population forces the humankind to find new sources of energy. The most important alternatives that stand out in our day from among these resources are the renewable energy sources. Generating electricity from wind energy, which is one of these sources that might be characterized as environmental friendly, started and gained acceleration in the 19th Century, however, our country could only accelerate its efforts in this field with the 21st Century. Even though, Turkey ranks 2nd in Europe in terms of its capacity to generate electricity from wind energy, it has not currently reached the desired level yet. With a substantially high rate of foreign dependency in terms of energy sources, Turkey was quite late in participating in the process of generating electricity from wind power. There is also one advantage of this situation along with all the disadvantages. This is the opportunity to learn from the experience of the countries that started utilizing wind energy before Turkey and to abstain from making the same mistakes. Within this process, the requirement has arisen to reveal the points that should be paid attention to prevent all wild creatures that use the natural habitats, in which the WPP project will be realized, in various forms, primarily including the birds and bat species sharing the same environment with the wind power turbines and the natural vegetation in the subject areas from being adversely affected. Therefore, observations, examinations, and assessments were conducted within the scope of this ornithology report prepared for the Akbük-II WPP project, which is planned to be constructed in the surroundings of Didim within the boundaries of the Milas district of the province of Muğla, on the potential impacts of this project on the local and migratory bird species and the habitats used by these species.

The pressure created by the gradual decrease in fossil energy sources despite the ever increasing demand for them has caused the humankind to turn to alternative sources of energy. Benefiting from renewable energy sources to an increasing extent has currently become an important goal for all countries. This has vital importance particularly for Turkey that obtains more than 50% of its energy generations from natural gas, which is, on top of all, is imported from other countries. The wind power plants (WPP) being constructed to generate energy from wind are gradually standing out among other alternatives in this field. Many countries throughout the world have recently been constructing increasing numbers of wind power turbines.

Unlimited and planned use of wind power also serves the protection of the nature. For instance, the areas, where the turbines are constructed, are transformed into some sort of protected areas. These areas are not opened to settlement and they are not allowed to be transformed into environments bearing quite different characteristics from their natural structure for industrial use. As also seen in our country, the measures taken to ensure the security of turbine areas can form safe islets for local bird species by preventing illegal hunting.

Besides the positive impacts of wind power plants in terms of the protection of open fields, many natural protection arguments have also been developed, the majority of which are for the protection of birds. This primarily results from the conduct of many researches on wind power plants, which serve the protection of lands. The results of these researches have revealed certain potential risks posed by wind turbines on birds and the natural habitats used by birds;

These are

1. Collusion, that is, the risk of birds and bats hitting the turbines or poles or being negatively affected by the air streams caused by such turbines;
2. Short termed habitat losses at the stage of construction of turbines;
3. Long termed habitat losses due to the method of operation and management used;
4. Creation of obstacles on migration routes;
5. Interruption of ecologic unions, that is, habitat fragmentation.

As seen, a competition is being experienced between the humankind and birds with regard to benefiting from wind power. While the birds use the wind to ensure economic flight during the process of migration, the humankind tries to transform it into energy. This competition may cause conflicts in some areas and the eventually losing party is the birds. The matter of birds and migration routes should be evaluated in a sound manner in selecting the turbine locations at the stage of preliminary surveys in order to prevent turbine – bird conflicts.

FINAL ASSESSMENT

It was determined as a result of the field surveys and other evaluations we have realized in relation with the Akbük-II WPP project that even though migration routes passing over the surroundings of the area designated for 10 wind power turbines planned to be constructed in the vicinity of Didim – Akbük in the Milas district of the province of Muğla did exist, this area was not located on the main bird migration routes that pass over Turkey and that are defined as important.

Despite the existence of a migration route, which passes over the areas close to the project field and which can be characterized as “secondary”, the WPP area is not precisely located on a migration route. The subject migration route, passes from the west of the Akbük-I WPP area, which is in operation and located at an approximately 10 km air distance from the project area, and is directed towards the north. Therefore, no interactions with the Akbük-II field are expected to happen.

There are wetlands, which are not within the boundaries of the WPP area, however located not far from the project area and used by birds for various reasons. Nevertheless, these lands are not in a position to cause the interaction of the Akbük-II WPP turbines to be constructed and birds.

In addition, the routes, where the bird movements take place in the surroundings of these wetlands, are also relatively distant from the project area and their interaction with the WPP is not possible. Since the number of turbines planned to be constructed within the scope of the Akbük-II WPP project is only 10, that is, not too many; these turbines will be constructed in a relatively scattered manner due to the spread of the sections designated as the project area on a relatively expansive space; and the distances between the turbines are not very close due to the preference of elevations within the project area; the WPP area is not expected to create a considerable risk for the local and migratory bird species in terms of its geographical position.

In light of all these evaluations, the Akbük-II WPP Project, which is planned to be constructed in the vicinity of Muğla – Milas Akbük by Ayen Enerji A.Ş., is not expected to be involved in an adverse interaction with the local and migratory bird species during either the construction or the operation stage, provided that, attention is paid to the points emphasized in this report; the measures recommended to be taken are taken into consideration; care is taken not to increase the numbers of turbines in this section in the future by considering the migration routes of secondary nature, which pass over this region, as well as the local bird movements; and in case of any decision to increase the number of turbines, this new situation is reevaluated by taking into consideration other projects that could potentially be constructed in the region besides the existing turbines.

INDEPENDENT AUDITOR'S REPORT

DRT BAĞIMSIZ DENETİM VE SERBEST
MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

March 7, 2014
This report consists of 2 pages of audit report and 80 pages of consolidated financial statements and footnotes.

To the Board of Directors of Ayen Enerji A.Ş.

We have audited the accompanying consolidated balance sheet of Ayen Enerji A.Ş. (the "Company") and its subsidiaries (will be referred as the "Group") as at 31 December 2013 and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Group Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Turkish Accounting Standarts ("TAS") published by Public Oversight Accounting and Auditing Standards Authority ("POA"), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the standards on auditing published by Capital Markets Board. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Ayen Enerji A.Ş. and its subsidiaries as at 31 December 2013, and of their financial performance and their cash flows for the year then ended in accordance with TAS (refer to Note 2).

Reports on Other Legal and Regulatory Requirements

In accordance with Article 402 of Turkish Commercial Code No. 6102 ("TCC"), the Board of Directors provided us all the required information and documentation in terms of audit; and nothing has come to our attention that may cause us to believe that the Group's set of accounts prepared for the period 1 January-31 December 2013 does not comply with the code and the provisions of the Company's articles of association in relation to financial reporting.

In accordance with Article 378 of Turkish Commercial Code No. 6102, in publicly traded companies, the board of directors is obliged to establish a committee consisting of specialized experts, to run and to develop the necessary system for the purposes of early identification of any risks that may compromise the existence, development and continuation of the company; applying the necessary measures and remedies in this regard and managing such risks. According to paragraph 4 of Article 398 of the same code, the auditor is required to prepare a separate report explaining whether the Board of Directors has established the system and authorized committee stipulated under Article 378 to identify risks that threaten or may threaten the company and to provide risk management, and, if such a system exists, the report, the principles of which shall be announced by POA, shall describe the structure of the system and the practices of the committee. This report shall be submitted to the Board of Directors along with the auditor's report. Our audit does not include the evaluation of the operational efficiency and adequacy of the operations carried out by the management of the Group in order to manage these risks. As of the balance sheet date, POA has not announced the principles of this report, yet. Therefore, no separate report has been drawn up regarding this matter. On the other hand, the Company established the mentioned committee on 28 May 2013, and the committee is comprised of 2 members. Since the date of its establishment, the committee has held meetings for the purposes of early identification of any risks that may compromise the existence and development of the Company, applying the necessary measures and remedies in this regard and managing such risks, and has submitted the relevant reports to the Board of Directors.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

H. Erdem Selçuk
Partner

Ankara, 7 March 2014

TABLE OF CONTENT

AUDITED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2013

(Amounts are expressed in Turkish Lira (TL))

ASSETS	Notes	Current Period 31 December 2013	Prior Period-Restated (*) 31 December 2012
Current Assets		**206.919.140**	**138.090.340**
Cash and Cash Equivalents	29	95.281.050	46.395.890
Trade Receivables	4	46.379.422	26.426.988
Trade Receivables from Third Parties	4	*46.071.801*	*26.234.798*
Trade Receivables from Related Parties	3	*307.621*	*192.190*
Other Receivables	5	1.567.700	1.221.964
Other Receivables from Third Parties	5	*1.566.230*	*1.221.964*
Other Receivables from Related Parties	3	*1.470*	-
Service Concession Arrangements	10	44.108.340	50.008.259
Prepaid Expenses	6	5.019.588	3.905.040
Assets Related to Current Tax	23	184.206	111.807
Other Current Assets	16	14.378.834	10.020.392
Non-Current Assets		**961.357.557**	**821.937.671**
Service Concession Arrangements	10	104.094.187	112.543.305
Financial Assets		108.295	33.016
Other Receivables		11.899.501	9.621.851
Other Receivables from Third Parties		*351.135*	-
Other Receivables from Related Parties	3	*11.548.366*	*9.621.851*
Property, Plant and Equipment	7	717.421.599	618.264.701
Intangible Assets		41.949.591	42.726.305
Other Intangible Assets	8	*19.806.458*	*20.583.172*
Goodwill	9	*22.143.133*	*22.143.133*
Prepaid Expenses	6	41.011.218	34.509.681
Deferred Tax Assets	23	21.939.066	4.238.812
Other Non-Current Assets	16	22.934.100	-
TOTAL ASSETS		**1.168.276.697**	**960.028.011**

(*) Detailed information regarding the restatement of prior period consolidated financial statements has been presented in Note 2.1.

AYEN ENERJİ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2013

(Amounts are expressed in Turkish Lira (TL))

LIABILITIES	Dipnot Referansları	Current Period 31 December 2013	Prior Period-Restated (*) 31 December 2012
Short-Term Borrowings		**331.113.199**	**193.082.267**
Short-Term Portion of Long-Term Borrowings	25	46.441.613	8.173.985
Other Financial Liabilities	25	95.775.147	70.526.431
Trade Payables	25	1.528.052	11.757.891
Trade Payables to Third Parties	4	141.866.502	79.178.936
Trade Payables to Related Parties	4	59.025.809	*32.721.307*
Payables Related to Employee Benefits	3	82.840.693	*46.457.629*
Other Payables	14	579.399	300.000
Other Payables to Third Parties	5	28.126.463	8.288.177
Other Payables to Related Parties	5	*1.765.136*	*1.474.352*
Deferred Income	3	*26.361.327*	*6.813.825*
Current Tax Liabilities	6	5.335.707	5.427.603
Short-Term Provisions	23	7.554.708	6.995.860
Short-Term Provisions	14	388.973	431.673
for Employee Benefits	14	*388.973*	*431.673*
Payables Related to Current Tax	23	2.500.763	1.210.999
Other Current Liabilities		1.015.872	790.712
Non-Current Liabilities		**594.765.388**	**478.363.986**
Long-Term Borrowings	25	592.328.564	475.379.228
Other Financial Liabilities	25	22.722	22.722
Other Payables		988.822	1.338.493
Other Payables to Third Parties		*543.412*	*893.083*
Other Payables to Related Parties	3	*445.410*	*445.410*
Long-Term Provisions	14	1.425.280	1.623.543
Long-Term Provisions for Employee Benefits	14	*1.425.280*	*1.623.543*
TOTAL LIABILITIES		**925.878.587**	**671.446.253**

(*) Detailed information regarding the restatement of prior period consolidated financial statements has been presented in Note 2.1.

The accompanying notes presented between pages 10 and 80 form an integral part of these consolidated financial statements.

AYEN ENERJİ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2013

(Amounts are expressed in Turkish Lira (TL))

	Notes	Current Period 31 December 2013	Prior Period-Restated (*) 31 December 2012
EQUITY		**242.398.110**	**288.581.758**
Equity Attributable to Owners of the Parent		**219.855.345**	**260.196.926**
Paid-in Capital	17	171.042.300	171.042.300
Accumulated Other Comprehensive Income or Expenses that will be Reclassified to Profit or Loss		8.445.989	85.991
Currency Translation Reserves	22	*8.445.989*	*85.991*
Accumulated Other Comprehensive Income or Expenses that will not be Reclassified to Profit or Loss		(89.307)	(236.651)
Accumulated Gain/Loss on Remeasurement of Defined Benefit Plans	22	*(89.307)*	*(236.651)*
Restricted Reserves	17	51.589.982	47.370.328
Retained Earnings		37.712.818	19.086.960
Net Profit/Loss for the Period		(48.846.437)	22.847.998
Non-Controlling Interests		**22.542.765**	**28.384.832**
TOPLAM KAYNAKLAR		**1.168.276.697**	**960.028.011**

(*) Detailed information regarding the restatement of prior period consolidated financial statements has been presented in Note 2.1.

The accompanying notes presented between pages 10 and 80 form an integral part of these consolidated financial statements.

AYEN ENERJİ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts are expressed in Turkish Lira (TL))

PROFIT OR LOSS	Notes	Current Period 1 January- 31 December 2013	Prior Period- Restated (*) 1 January- 31 December 2012
Revenue	18	368.923.309	193.962.272
Cost of Sales (-)	15,18	(309.350.074)	(139.818.338)
GROSS PROFIT / LOSS		**59.573.235**	**54.143.934**
General Administration Expenses (-)	15	(8.276.890)	(8.658.571)
Other Income from Operating Activities	19	6.618.724	3.847.204
Other Expenses from Operating Activities (-)	19	(5.256.086)	(5.307.700)
OPERATING PROFIT / LOSS		**52.658.983**	**44.024.867**
Income from Investing Activities	20	27.340.231	2.430.124
Expenses from Investing Activities (-)	20	(276.290)	(10.957.593)
OPERATING PROFIT / LOSS BEFORE FINANCE EXPENSE		**79.722.924**	**35.497.398**
Finance Expenses (-)	21	(144.372.861)	(3.674.529)
PROFIT/ LOSS BEFORE TAX FROM CONTINUING OPERATIONS		**(64.649.937)**	**31.822.869**
Tax Expense / Income from Continuing Operations		**10.182.384**	**(7.330.339)**
Current Tax Expense / Income	23	(7.554.708)	(6.995.860)
Deferred Tax Expense / Income	23	17.737.092	(334.479)
PROFIT/ LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		**(54.467.553)**	**24.492.530**
PROFIT/LOSS FOR THE PERIOD		**(54.467.553)**	**24.492.530**
Profit / Loss for the Period Attributable to			
Non-Controlling Interests		(5.621.116)	1.644.532
Owners of the Company		(48.846.437)	22.847.998
		(54.467.553)	**24.492.530**
Earnings / losses per 1.000 shares	24	(2,86)	1,34

(*) Detailed information regarding the restatement of prior period consolidated financial statements has been presented in Note 2.1.

The accompanying notes presented between pages 10 and 80 form an integral part of these consolidated financial statements.

AYEN ENERJİ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts are expressed in Turkish Lira (TL))

	Notes	Current Period 1 January- 31 December 2013	Prior Period- Restated(*) 1 January- 31 December 2012
PROFIT/LOSS FOR THE PERIOD		**(54.467.553)**	**24.492.530**
Accumulated Other Comprehensive Income or Expenses that will be Reclassified to Profit or Loss	22	**8.359.998**	**48.632**
Currency Translation Reserves	22	8.359.998	48.632
Accumulated Other Comprehensive Income or Expenses that will not be Reclassified to Profit or Loss	22	**147.344**	**(236.651)**
Accumulated Gain / Loss on Remeasurement of Defined Benefit Plans	22	184.182	(295.814)
Deferred Tax Expense/Income		(36.838)	59.163
OTHER COMPREHENSIVE INCOME/EXPENSE		**8.507.342**	**(188.019)**
TOTAL COMPREHENSIVE INCOME/EXPENSE		**(45.960.211)**	**24.304.511**
Total Comprehensive Income for the Period Attributable to:			
Non- Controlling Interests		(5.621.116)	1.644.532
Owners of the Company		(40.339.095)	22.659.979
		(45.960.211)	**24.304.511**

(*) Detailed information regarding the restatement of prior period consolidated financial statements has been presented in Note 2.1.

The accompanying notes presented between pages 10 and 80 form an integral part of these consolidated financial statements.

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts are expressed in Turkish Lira (TL))

			Retained Earnings		Accumulated Other Comprehensive Income or Expense that will be Reclassified to Profit or Loss	Accumulated Other Comprehensive Income or Expense that will not be Reclassified to Profit or Loss			
	Share Capital	Restricted Reserves	Retained Earnings	Net Profit/ Loss for the Period	Currency Translation Reserves	Accumulated Gain / Loss on Remeasurement of Defined Benefit Plans	**Equity Attributable to Owners of the Parent**	Non-Controlling Interest	**Total Equity**
Balance as of 1 January 2012 (opening balance)	**171.042.300**	**41.124.515**	**36.745.652**	**23.587.121**	**37.359**	**-**	**272.536.947**	**23.905.933**	**296.442.880**
Transfers	-	6.245.813	17.341.308	(23.587.121)	-	-	**-**	-	**-**
Total comprehensive (expense)/ income	-	-	-	22.611.347	48.632	-	**22.659.979**	1.644.532	**24.304.511**
Dividends paid	-	-	(35.000.000)	-	-	-	**(35.000.000)**	(689.222)	**(35.689.222)**
Increase in share capital	-	-	-	-	-	-	**-**	3.274.401	**3.274.401**
The effect of the subsidiaries included in consolidation (Note 2.1)	-	-	-	-	-	-	**-**	249.188	**249.188**
Balances as of 31 December 2012 (closing balance)	**171.042.300**	**47.370.328**	**19.086.960**	**22.611.347**	**85.991**	**-**	**260.196.926**	**28.384.832**	**288.581.758**

The accompanying notes presented between pages 10 and 80 form an integral part of these consolidated financial statements.

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts are expressed in Turkish Lira (TL))

		Retained Earnings			Accumulated Other Comprehensive Income or Expense that will be Reclassified to Profit or Loss	Accumulated Other Comprehensive Income or Expense That Will Not be Reclassified to Profit or Loss			
	Reserves	Retained Earnings	Net Profit/ Loss for the Period	Currency Translation Reserves	Accumulated Gain/(Loss) on Remeasure-ment of Defined Benefit Plans	Accumulated Gain/(Loss) on Remeasurement of Defined Benefit Plans	**Equity Attributable to Owners of the Parent**	Non-Controlling Interest	**Total Equity**
Balance as of 1 January 2013 (previously reported)	**171.042.300**	**47.370.328**	**19.086.960**	**22.611.347**	**85.991**	**-**	**260.196.926**	**28.384.832**	**288.581.758**
Effects of changes in accounting policies (*)	-	-	-	236.651	-	(236.651)	**-**	-	**-**
Balance as of 1 January 2013 (restated)	**171.042.300**	**47.370.328**	**19.086.960**	**22.847.998**	**85.991**	**(236.651)**	**260.196.926**	**28.384.832**	**288.581.758**
Transfers	-	4.219.654	18.628.344	(22.847.998)	-	-		-	**-**
Total comprehensive income / (expense)	-	-	-	(48.846.437)	8.359.998	147.344	**(40.339.095)**	(5.621.116)	**(45.960.211)**
Increase in share capital	-	-	-	-	-	-	**-**	705.194	**705.194**
Dividends paid (**)	-	-	(2.486)	-	-	-	**(2.486)**	(926.145)	**(928.631)**
Balances as of 31 December 2013 (closing balance)	**171.042.300**	**51.589.982**	**37.712.818**	**(48.846.437)**	**8.445.989**	**(89.307)**	**219.855.345**	**22.542.765**	**242.398.110**

(*) Detailed information regarding the restatement of prior period consolidated financial statements has been presented in Note 2.1.
(**) The amount arises from the payment made to the Central Registry Agency related to the distribution of carried forward dividend due to the unavailability to find third parties.

AYEN ENERJİ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts are expressed in Turkish Lira (TL))

	Notes	Current Period 1 January- 31 December 2013	Prior Period Restated 1 January- 31 December 2012
A. Cash Flows from Operating Activities			
(Loss)/Profit for the Period		**(64.649.937)**	**31.822.869**
Adjustments to reconcile profit/loss for the period			
- Adjustments related to depreciation and amortization expenses	7,8	25.101.439	19.618.454
- Adjustments related to provisions		(22.976)	780.888
- Adjustments related to interest income and expenses	20,21	20.948.515	8.707.748
- Discount (income)/expense	19	(465.203)	19.780
- Adjustments related to accrued income	4	(4.996.726)	(13.889.939)
- Adjustments related to accrued expense	4	12.765.342	9.628.896
- Cancellation of contractual liabilities	19	-	(522.653)
- Contractual expenses	19	-	2.431.795
- Adjustments related to deferred finance expenses	6	2.758.753	2.472.320
- Adjustments related to gain/loss on disposal of non-current assets	20	(160.399)	(148.717)
- Realised foreign exchange (gain)/loss due to foreign currency translation		5.464.354	48.632
- Unrealised foreign exchange loss/(gain)		93.687.551	(6.519.509)
Changes in working capital			
- Adjustments related to increase/decrease in trade receivables		(14.382.546)	1.398.579
- Adjustent related to increase/decrease in financial assets		(75.279)	(33.016)
- Adjustments related to decrease in service concession arrangements		40.155.187	41.588.937
- Adjustments related to increase/decrease in other receivables from operating activities		(37.737.023)	(3.479.001)
- Adjustments related to increase/decrease in trade payables		49.814.265	23.191.050
- Adjustments related to decrease/increase in other liabilities from operating activities		21.191.042	5.617.039
		149.396.359	**122.734.152**
Cash Generated From Operations			
Income taxes paid	23	(6.995.860)	(2.624.507)
Other cash inflows/outflows		(217.987)	(38.546)
		142.182.512	**120.071.099**

The accompanying notes presented between pages 10 and 80 form an integral part of these consolidated financial statements.

AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts are expressed in Turkish Lira (TL))

	Notes	Current Period 1 January- 31 December 2013	Prior Period Restated 1 January- 31 December 2012
B. Cash Flows from Investing Activities			
Proceeds from sales of property, plant and equipment		196.664	405.599
Payments for property, plant and equipment and intangible asset		(116.875.335)	(61.294.520)
Acquisition of subsidiaries		-	(9.586.000)
Interest received		2.444.871	2.223.640
Advances given for acquisition of property, plant and equipment		(2.935.607)	(2.893)
		(117.169.407)	**(68.254.174)**
C. Cash Flows from Financing Activities			
Cash obtained from borrowings		168.490.304	143.667.221
Cash used fot repayments of the borrowings		(108.132.572)	(94.542.867)
Capital increase in non-controlling interests		705.194	3.523.589
Interest paid		(26.032.395)	(12.795.436)
Dividends paid		(928.631)	(35.689.222)
- owners of the Parent		(2.486)	(35.000.000)
- non-controlling interests		(926.145)	(689.222)
Payments for the other financial liabilities		(10.229.845)	(12.207.026)
		23.872.055	**(8.043.741)**
Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)		**48.885.160**	**43.773.184**
D. Cash and cash equivalents at the beginning of the period	**29**	**46.395.890**	**2.622.706**
Cash and cash equivalents at the end of the period (A+B+C+D)	**29**	**95.281.050**	**46.395.890**

The accompanying notes presented between pages 10 and 80 form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AYEN ENERJİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts are expressed in Turkish Lira (TL))

1. ORGANIZATION AND OPERATIONS OF THE GROUP

Ayen Enerji A.Ş. (the "Company" or "Ayen Enerji") engages in the electricity production and trading activities. The Company was established in 1990. The Company is a member of Aydıner Group. Main shareholder of the Company is Aydıner İnşaat A.Ş. ("Aydıner İnşaat").

The Company is registered in Turkey and the registered address is as follows:

Hülya Sok. No: 37, Gaziosmanpaşa/Ankara

The Company is registered to Capital Markets Board ("CMB") and its shares are publicly traded in Borsa Istanbul. 15,01% of the shares of the Company is publicly held as of 31 December 2013 (31 December 2012: 15,01%) (Note 17).

As of 31 December 2013, the number of personnel of the Group is 204 (31 December 2012: 222).

The subsidiaries of the Company (the "Subsidiaries"), the nature of their business and their address of registered head offices are as follows:

Subsidiaries	Place of incorporation and the nature of the business	Direct Share	Indirect Share	Registered adress
Ayen Ostim Enerji Üretim A.Ş. ("Ayen Ostim")	Electricity production and trading	%76	%76	Hülya Sokak No: 37 Gaziosmanpaşa Ankara
Kayseri Elektrik Üretim Sanayi ve Ticaret A.Ş. ("Kayseri Elektrik")	Electricity production, distribution and trading	%96	%96	Yemliha Kasabası Kayseri
Ayen Elektrik Ticaret A.Ş. ("Ayen Elektrik")	Electricity trading	%100	%100	Hülya Sokak No: 37 Gaziosmanpaşa Ankara
Aksu Temiz Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş. ("Aksu")	Electricity production and trading	%70	%70	Hülya Sokak No: 37 Gaziosmanpaşa Ankara
Ayen-AS Energji SHA ("Ayen-AS")	Electricity production and trading	%82	%87	Bulevardi Deshmoret e Kombit Qendra e Biznesit Twin Towers, Kulla nr.2, Kati i 10 Tirane/Albania (Arnavutluk)
Ayel Elektrik Üretim Sanayii ve Ticaret A.Ş. ("Ayel Elektrik")	Electricity production, distribution and trading	%55	%55	Hülya Sokak No: 37 Gaziosmanpaşa Ankara
Araklı Doğalgaz Enerji Sanayi ve Ticaret A.Ş. ("Araklı Enerji")	Electricity production and trading	%76	%76	Hülya Sokak No: 37 Gaziosmanpaşa Ankara
Ayen Doğalgaz Enerji Üretim Sanayi ve Ticaret A.Ş. ("Ayen Doğalgaz")(*)	Electricity production and trading	%90	%90	Hülya Sokak No: 37 Gaziosmanpaşa Ankara
Ayen Energji Trading SHA ("Ayen Trading") (*)	Electricity trading	%0	%100	Bulevardi Deshmoret e Kombit Qendra e Biznesit Twin Towers, Kulla nr.2, Kati i 10 Tirane/Albania (Arnavutluk)

(*) Has not been included in the consolidation since the Company is non-operating and has no material effect on the consolidated financial statements.

Çamlıca 1 Hydro Electric Power Plant ("HEPP") is one of the power plant of Ayen Enerji and constructed under Build-Operate and Transfer ("BOT") model, transferred to Elektrik Üretim A.Ş. ("EÜAŞ") as of 12 December 2013 at 12:00 pm.

The production license for the Wind Power Plant ("WPP") located in Akbük with an annual production capacity of 31,5 MW obtained by Ayen Enerji on 18 January 2007 for 49 years. The first part of the plant with a capacity of 16.8 MW and the second part of the plant with a capacity of 14,7 MW started to operate on 19 March 2009 and 3 April 2009 respectively.

In addition to these, the Company has energy production license for Korkmaz WPP with an installed capacity of 24 MW, Mordoğan WPP with an installed capacity of 30,75 MW and Büyükdüz HEPP with an installed capacity of 70,8 MW for 49 years. Büyükdüz HEPP started to operate on 1 June 2012.

Mordoğan WPP, with an installed capacity of of 30,75 MW and established in the province of Izmir Karaburun, started to operate at 27 September 2013. Imports of wind turbines and all generator groups have been completed for Korkmaz WPP and public procedures proceed in order to start construction and assembling works. After the completion of afromentioned procedures, Korkmaz WPP is planned to be started to operate at the soonest possible date.

Yamula Dam, of Kayseri Elektrik, was constructed under BOT model. The Dam located on Kızılırmak River. The installed capacity is 100 MW and the annual production capacity of the dam is 422 million kWh. The construction of the Dam started in 1998 and began to operate in August 2005. The operational period for Yamula Dam is 20 years and will end in 2025.

The main operation of Ayen Ostim which is located at Ostim Organize Sanayi Bölgesi and began to operate in July 2004, is to supply electricity to end users in the market according to "Act of Electricity Market" (within "Electricity Market Balancing and Settlement Regulation"). The installed capacity of the natural gas power plant is 41 MW. 24% of shares in Ayen Ostim's capital belongs to Aydıner İnşaat which is the main shareholder of the Company.

The main operation of Ayen Elektrik is the sale, import and export of the electricity and/or the electricity capacity on wholesale and directly to end users in accordance with the "Regulation for the Electricity Market License", "Wholesale License" and the other related regulations.

The production license for the Wind Power Plant ("WPP") located in Kayseri, Yahyalı with an annual production capacity of 72 MW obtained by Aksu Temiz Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş. on 29 November 2007 for 49 years. The first part of the plant with a capacity of 30 MW, the second part of the plant with a capacity of 36 MW and third part of the plant with a capacity of 6 MW started to operate respectively in March, April and May of 2012.

Ayen-AS is engaged with the infrastructure works related to the contruction and 41 years of operation of Fan River HEPPs with an installed capacity of 110,7 MW in Albania.

The nature of operations of Ayel Elektrik is the sale, import and export of the electricity and/or the electricity capacity on wholesale and directly to the end users in accordance with the "Regulation for the Electricity Market License", "Wholesale License" and the other related regulations.

Ayen Enerji has acquired 76% shares of Araklı Enerji Doğalgaz Üretim Sanayi ve Ticaret A.Ş. on 9 May 2012. Production license of the HEPP which will be constructed in Trabzon, Araklı with an installed capacity of 73 MW has been approved by EMRA.

The Company participated in 90% share of Ayen Doğalgaz Enerji Üretim Sanayi ve Ticaret A.Ş. which established with TL 100.000 nominal capital. As of 31 December 2013 aforementioned subsidiary has not been included in the consolidation since it does not perform any activity yet and does not have material effect on consolidated financial statements. The subsidiary has been recognised as financial asset under non-current assets in consolidated financial statements with the capital participation of Ayen Enerji amounting to TL 33.016.

Ayen Elektrik participated in 100% share of Ayen Energji Trading SHA which established with ALL 3.500.000 (EURO 25.000) nominal capital. The Company has established in Tirane- Albania in accordance with Albania laws at 30 September 2013. As of 31 December 2013, the Company has not been included in the consolidation since it has no material effect on the consolidated financial statements.

Approval of financial statements:

Board of Directors has approved the consolidated financial statements for the period between 1 January - 31 December 2013 and delegated publishing it on 7 March 2014. No authority other than Board of Directors and General Assembly has the right to modify the consolidated financial statements.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation

Statement of Compliance

The Company and its Turkish subsidiaries maintain their books of account and prepares its statutory financial statements in accordance with accounting principles in the Turkish Commercial Code and tax legislation.

Ayen-AS Energy maintains its books of account in Albanian LEK ("ALL") in accordance with accounting principles in Albania.

The accompanying consolidated financial statements are prepared in accordance with the requirements of Capital Markets Board ("CMB") Communiqué Serial II, No: 14.1 "Basis of Financial Reporting in Capital Markets", which were published in the Official Gazette No:28676 on 13 June 2013. The accompanying consolidated financial statements are prepared based on the Turkish Accounting Standards/Turkish Financial Reporting Standards and Interpretations ("TAS/TFRS") that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority ("POA") under Article 5 of the Communiqué.

In addition, the consolidated financial statements and disclosures are presented in accordance with the publication by CMB dated 7 June 2013.

The accompanying consolidated financial statements have been prepared in terms of Turkish Lira on the historical cost basis except for the fair value measurement of certain financial assets and liabilities.

Functional Currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Turkish Lira, which is the functional, and presentation currency of the Company and the reporting currency for the consolidated financial statements.

Subsidiaries of the Group are measured using the currency that has significant impact on the entity or on the operations of entity, which reflects the economic substance of the underlying events and circumstances relevant to the entity. In this context, Ayen-AS Energy is measured using ALL. According to TAS 21, balance sheet items (except capital accounts) in terms of ALL have been included into consolidation by being translated to TL with buying rate applicable as of balance sheet date (ALL 1= TL 0,0209). Profit or loss statement items have been included into consolidation by being translated to TL with monthly average buying rates.

Capital and capital reserves are carried forward with their historical nominal costs and any related exchange component of that gain or loss and the translation gain/ (loss) realized during the translation of balance sheet and profit or loss statement is also recognized in capital translation gain-loss accounts under equity.

Preparation of Consolidated Financial Statements in Hyperinflationary Periods

With the decision taken on 17 March 2005, the CMB has announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with TAS. Accordingly, the Company did not apply TAS 29 "Financial Reporting in Hyperinflationary Economies" ("TAS 29") in its financial statements for the accounting periods starting 1 January 2005.

Comparative Information and Reclassification of Prior Period Consolidated Financial Statements

Consolidated financial statements of the Group have been prepared comparatively with prior period in order to give information about financial position and performance trends. If the presentation or classification of the financial statements is changed, in order to maintain consistency, financial statements of the prior periods are also reclassified in line with the related changes.

As described in Note 2.2, actuarial gain/loss related to defined retirement benefits is recognized under equity as a result of the amendments in "TAS 19 – Employee Benefits". This application is valid fort he accounting periods starting from 1 January 2013 and afterwards. The Group has applied the transition guidance for the application of "TAS 19" for the first time and restated the comperative amounts retrrospectively. The effect of the aforementioned change is explained in Note 2.2.

In the current period, the Group has performed some reclassifications within the previous period consolidated financials statements in order conform to the format published by the CMB dated 7 June 2013. Major reclassifications have been described in the following page.These reclassifications have no measureble impact on profit or loss statement.

	Previously Reported	Restated	
	31 December	31 December	
Consolidated Balance Sheet	**2012**	**2012**	**Difference**
Trade Receivables	27.195.357	26.426.988	768.369
Other Receivables	-	1.221.964	(1.221.964)
Prepaid Expenses	-	3.905.040	(3.905.040)
Assets Related to Current Tax	-	111.807	(111.807)
Other Current Assets	14.490.834	10.020.392	4.470.442
Intangible Assets (1)	20.583.172	42.726.305	(22.143.133)
Goodwill (1)	22.143.133	-	22.143.133
Prepaid Expenses (2)	-	34.509.681	(34.509.681)
Other Non-Current Assets (2)	44.131.532	9.621.851	34.509.681
Short-Term Borrowings (3)	78.700.416	8.173.985	70.526.431
Short-Term Portion of Long-Term Borrowings (3)	-	70.526.431	(70.526.431)
Trade Payables	80.354.786	79.178.936	1.175.850
Payables Related to Employee Benefits (4)	-	300.000	(300.000)
Other Payables (4)	-	8.288.177	(8.288.177)
Deferred Income (4)	-	5.427.603	(5.427.603)
Payables Related to Current Tax (4)	-	1.210.999	(1.210.999)
Other Current Liabilities (4)	14.841.641	790.712	14.050.929
Other Long-Term Payables	-	893.083	(893.083)
Other Long-Term Liabilities	893.083	-	893.083
Other Comprehensive Income and Expense	85.991	(150.660)	236.651
Net Profit/Loss for the Period	22.611.347	22.847.998	(236.651)

(1) Goodwill amounting to TL 22.143.133 which was presented under "Goodwill" account in the consolidated balance sheet as of 31 December 2012 is reclassified and presented under "Intangible Assets".

(2) Deferred financing expenses, prepaid expenses related to construction of transmission lines and advances given for aquisition of property plant and equipment amounting to TL 34.509.681 which were presented under "Other Non-Current Assets" account in the consolidated balance sheet as of 31 December 2012 are reclassified and presented under "Prepaid Expenses".

(3) Short-Term portion of long-term financial liabilities amounting to TL 70.526.431 which was presented under "Short-Term Borrowings" account in the consolidated balance sheet as of 31 December 2012 is reclassified and presented under "Short-Term Portion of Long-Term Financial Liabilities".

(4) TL 14.841.641 which was presented under "Other Current Liabilities" in the consolidated balance sheet as of 31 December 2012 has been reclassified to several accounts based on the nature of the amounts; other payables to third parties and other payables amounting to TL 8.288.177 is reclassified to "Other Payables" account, deferred income amounting to TL 5.427.603 is reclassified to "Deferred Income" account, taxes and dues payable amounting to TL 1.210.999 is reclassified to "Payabels Related to Current Tax" account and other payable accruals reclassified to "Other Current Liabilities". In addition, other payables amounting to TL 1.175.850 which was presented under "Trade Payables" account is reclassified and presented under "Other Payables".

	Previously Reported	Restated	
	1 January-31 December	**1 January-31 December**	
	2012	**2012**	**Difference**
Consolidated Statement of Profit or Loss			
Cost of Sales (-)	(139.976.683)	(139.818.338)	(158.345)
General Administration Expenses (-)	(8.796.040)	(8.658.571)	(137.469)
Other Income from Operating Activities (1)	-	3.847.204	(3.847.204)
Other Expenses from Operating Activities (-)(1)	-	(5.307.700)	5.307.700
Other Operating Income	1.738.925	-	1.738.925
Other Operating Expenses (-)	(3.417.270)	-	(3.417.270)
Income from Investing Activities	-	2.430.124	(2.430.124)
Expense from Investing Activities (-)(1)	-	(10.957.593)	10.957.593
Financial Income	2.377.308	-	2.377.308
Financial Expenses(1)	(14.361.457)	-	(14.361.457)
Finance Expenses (-)(1)	-	(3.674.529)	3.674.529
Deferred Tax Income/Expense	(275.316)	(334.479)	59.163
			(236.651)

(1) Net discount amounting to TL 19.870 which was presented under "Finance Expenses" in profit or loss statement as of 31 December 2012 is reclassified and presented under "Other Income from Operating Activities" and "Other Expenses from Operating Activities" and the remaining amount reclassified and presented under "Finance Expenses". In addition, net amount of the foreign exchange differences was presented under "Financial Income" in consolidated statement of profit or loss as of 31 December 2012. Therefore, foreign exchange gain arising from financing activites amounting TL 10.667.148 is reclassified and presented under "Financial Expenses" and foreign exchange loss arising from investing activities amounting TL 10.957.593 is reclassified and presented under "Expenses from Investing Activities".

Basis of Consolidation

As of 31 December 2013 and 31 December 2012, details of the Company's subsidiaries are as follows:

	roup's proportion of ownership and voting power held (%)			
Subsidiaries	**2013**	**2012**	**Place of incorporation and operation**	**Principle activity**
Ayen Ostim	76	76	Ankara-Ankara	Electricity production and trade
Kayseri Elektrik	96	96	Ankara-Kayseri	Electricity production, distribution and trade
Ayen Elektrik	100	100	Ankara-Ankara	Electricity trade
Aksu	70	70	Ankara-Kayseri	Electricity production and trade
Ayen-AS	87	87	Tirane-Albania	Electricity production and trade
Ayel Elektrik	55	55	Ankara-Ankara	Electricity production, distribution and trade
Araklı Enerji	76	76	Ankara-Trabzon	Electricity production and trade
Ayen Doğalgaz (*)	90	90	Ankara	Electricity production and trade
Ayen Trading (*)	100	-	Tirane-Albania	Electricity trade

(*) Has not been included in the consolidation since the Company is non-operating and has no material effect on the consolidated financial statements.

The accompanying consolidated financial statements include the financial statements of the Company and entities controlled or jointly controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group’s ownership interests in existing subsidiaries

Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group’s interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable TAS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under TAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

2.2 Changes in the Accounting Policies

Significant changes in accounting policies and accounting errors are applied retrospectively and prior periods financial statements are adjusted accordingly. Impact of the changes in Group’s accounting policies in current year is explained in note 2.1.

2.3 Changes in Accounting Estimates and Errors

If changes in accounting estimates relate only for one period, changes are applied in the current period but if changes in estimates relate more than one period, changes are applied both in the current and following periods prospectively. Significant acconting estimates and errors used in the preparation of the consolidated financial statements are explained in note 2.6.

2.4 New and Revised Turkish Financial Reporting Standarts

(a) Amendments to TFRSs affecting the amounts reported and the disclosures in the consolidated financial statements

The following changes have been issued in TFRS are applied in the current year and have impact on amounts reported in the consolidated financial statements.

Amendments to TAS 1 *Presentation of Items of Other Comprehensive Income*

The amendments to TAS 1 Presentation of Items of Other Comprehensive Income is effective for the annual periods beginning on or after 1 July 2012. The amendments introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to TAS 1, the 'statement of comprehensive income' is renamed the 'statement of profit or loss and other comprehensive income' and the 'income statement' is renamed the 'statement of profit or loss'. The amendments to TAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to TAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments has been applied retrospectively. The presentation of items of other comprehensive income is restated in order to reflect the amendments that the standart requires. Other than the above mentioned presentation changes, the application of the amendments to TAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Amendments to TAS 1 *Presentation of Financial Statements*

(as part of the *Annual Improvements to TFRSs 2009-2011 Cycle issued* in May 2012)

The amendments to TAS 1 as part of the Annual Improvements to TFRSs 2009-2011 Cycle are effective for the annual periods beginning on or after 1 January 2013.

TAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of consolidated financial position as at the beginning of the preceding period (third statement of financial position). The amendments to TAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

TAS 19 Employee Benefits

The amendments to TAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of TAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of TAS 19 are replaced with a ‘net-interest’ amount, which is calculated by applying the discount rate to the net defined benefit liability or asset. The amendments to TAS 19 require retrospective application.

Afromentioned procedures have been applied for the application of TAS 19 for the first time. The Group has applied transition guidance and restated the comperative amounts retrospectively as the details are disclosed below:

	Prior Period
Impact on profit or loss of the application of TAS 19:	1 January- 31 December 2012
Profit for the Period	236.651
Impact on other comprehensive income	
Actuarial gain/loss	(295.814)
Tax effect	59.163
Change in other comprehensive income	(236.651)
Change in total comprehensive income	-

	Prior Period
Impact on balance sheet of the application of TAS 19:	31 December 2012
Accumulated other comprehensive income or expense that will not be reclassified to profit of loss	(236.651)
Net profit for period	236.651
Change in equity	-

(b) Standards, amendments and interpretations to existing standards effective in 2013 but not relevant to the Group

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In May 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, including TFRS 10, TFRS 11, TFRS 12, TAS 27 (2011) and TAS 28 (2011).

Key requirements of these five Standards are described below.

TFRS 10 replaces the parts of TAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements. SIC-12 *Consolidation - Special Purpose Entities* will be withdrawn upon the effective date of TFRS 10. Under TFRS 10, there is only one basis for consolidation, that is, control. In addition, TFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor’s return Extensive guidance has been added in TFRS 10 to deal with complex scenarios.

TFRS 11 replaces TAS 31 *Interests in Joint Ventures*. TFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. SIC-13 *Jointly Controlled Entities - Non-monetary Contributions by Venturers* will be withdrawn upon the effective date of TFRS 11. Under TFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under TAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under TFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under TAS 31 can be accounted for using the equity method of accounting or proportional consolidation.

TFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in TFRS 12 are more extensive than those in the current standards.

In June 2012, the amendments to TFRS 10, TFRS 11 and TFRS 12 were issued to clarify certain transitional guidance on the application of these TFRSs for the first time.

TFRS 13 *Fair Value Measurement*

TFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of TFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other TFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in TFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under TFRS 7 Financial Instruments: *Disclosures* will be extended by TFRS 13 to cover all assets and liabilities within its scope.

Amendments to TFRS 7 *Offsetting Financial Assets and Financial Liabilities and the related disclosures*

The amendments to TFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

Annual Improvements to TFRSs 2009 - 2011 Cycle issued in May 2012

- Amendments to TAS 16 Property, Plant and Equipment;
- Amendments to TAS 32 Financial Instrument: Presentation; and
- Amendments to TAS 34 Interim Period Financial Reporting
- Amendments to TAS 16

The amendments to TAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in TAS 16 and as inventory otherwise. The amendments of TAS 16 has no material impact on the consolidated financial stataments of the Group.

Amendments to TAS 32

The amendments to TAS 32 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with TAS 12 Income Taxes. The amendments of TAS 32 has no material impact on the consolidated financial statements of the Group.

Amendments to TAS 34

The amendments to TAS 34 clarify that disclosure of the total assets and total liabilities for a particular reportable segment is only required if a measure of total assets or total liabilities (or both) is regularly provided to the chief operating decision maker and there has been a material change in those measures since the last annual financial statements. The amendments of TAS 34 has no material impact on the consolidated financial statements of the Group.

(c) New and revised TFRSs in issue but not yet effective

The Group has not applied the following new and revised TFRSs that have been issued but are not yet effective:

TFRS 9	*Financial Instruments*
Amendments to TFRS 9 and TFRS 7	*Mandatory Effective Date of TFRS 9 and Transition Disclosure*
Amendments to TAS 32	*Offsetting Financial Assets and Financial Liabilities*[1]
Amendments to TFRS 10, 11 and TAS 27	*Investment Companies*[1]
Amendments to TAS 36	*Recoverable Amount Disclosures for Non-Financial Asset*[1]
Amendments to TAS 39	*Novation of Derivatives and Continuation of*
TFRS Comment 21	*Hedge Accounting*[1]
	Taxes and Funds[1]

[1] Effective for annual periods beginning on or after 1 January 2014.

TFRS 9 Financial Instruments

TFRS 9, issued in November 2009, introduces new requirements for the classification and measurement of financial assets. TFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

TFRS 9 ve TFRS 7 (Değişiklikler) ***TFRS 9 ve Geçiş Açıklamaları için Zorunlu Yürürlük Tarihi***

Kasım 2013'te TFRS 9'un zorunlu uygulama tarihi 1 Ocak 2017 tarihinden önce olmamak kaydıyla ertelenmiştir. Bu eğişiklik KGK tarafından henüz yayınlanmamıştır.

Amendments to TFRS 9 and TFRS 7 ***Mandatory Effective Date of TFRS 9 and Transition Disclosures***

On November 2013, it is tentatively decided that the mandatory effective date of TFRS 9 will be no earlier than annual periods beginning on or after 1 January 2017. This amendment has not been published by POA, yet.

Amendments to TAS 32 Offsetting Financial Assets and Financial Liabilities

The amendments to TAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realization and settlement'.

Amendments to TAS 36 *Recoverable Amount Disclosures for Non-Financial Assets*

As a consequence of TFRS 13 Fair Value Measurements, there are amendments in the explanations about the measurement of the recoverable amount of an impaired asset. This amendment is limited to non-financial assets and paragraphs 130 and 134 of TAS 36 has been changed.

TFRS Interpretation 21 *Levies*

TFRS Interpretation 21 identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation.

2.5 Summary of Significant Accounting Policies

Revenue

Electricity sales revenue is recognised on an accrual basis at the time the electricity is distributed.

Interest income related to service concession arrangements is recognised in accordance with TFRS Interpretation 12.

Dividend and interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend revenue from investments is recognized when the shareholders' rights to receive payment have been established.

Related Parties

For the preparation purpose of these consolidated financial statements, shareholders, key management personnel and Board members, in each case together with their families and companies controlled by or affiliated with them, investments and subsidiaries are considered and referred to as related parties (Note 3).

Application of TFRS Interpretation 12 - Service Concession Arrangements

TFRS Interpretation 12 interpretation gives guidance on the accounting by operators for public-to-private service concession arrangements. The service concession arrangements of Yamula (Kayseri Elektrik) and Çamlıca (Ayen Enerji) dams of the Group are accounted in accordance with TFRS Interpretation 12.

Under the terms of contractual arrangements within the scope of TFRS Interpretation 12, the Group acts as a service provider. The operator constructs or upgrades infrastructure used to provide a public service and operates and maintains that infrastructure for a specified period of time.

The Group recognises a financial asset to the extent that it has an unconditional contractual right to receive cash from or at the direction of the grantor for the construction services related to hydroelectric power plants in the context of BOT model. The amount due from or at the direction of the grantor is accounted for as a receivable in accordance with TAS 39 “Financial Instruments: Recognition and Measurement”. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income and the interest calculated using the effective interest method is recognised in the profit or loss statement.

The receivables that are due but not collected as of the balance sheet date are classified as due receivables from the grantor and carried at their net realisable value (Note 10).

There are no liabilities for maintenance and repair of the facility or any restoration costs at the time of transfer of Yamula and Çamlıca HEPP to Electricity Generation Incorporated Company (“EGIC”) when the licence periods end.

Property, Plant and Equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated and carried at cost less accumulated impairment.

Properties in the course of construction for production, rental or administrative purposes, are carried at cost, less any recognized impairment loss. Cost includes professional fees. Borrowing costs directly attributable to the acquisition which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The depreciation periods for aforementioned assets are as follows:

The depreciation periods for aforementioned assets are as follows:

	Years
Buildings	45
Land improvements	10
Plant, machinery and equipment	5-35
Motor vehicles	5
Furniture and fixtures	5

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount, as there are no expected future economic benefits. The recoverable amount of the property, plant and equipment is the higher of future net cash flows from the utilization of this property, plant and equipment or fair value less cost to sell. Net sales price of an asset is its fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset less the costs of disposal. Value in use is the present value of the future cash flows expected to be derived from an asset plus the residual value of the related assets.

Repair and maintenance expenses are charged to the consolidated statement of profit or loss during the financial period in which they are incurred. The cost of major subsequent expenditures is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group.

Intangible Assets

Intangible assets comprise wholesale license, energy production licenses, other rights and other intangible assets that are likely to generate future economic benefits to the Group. Licences and other identified assets are booked in consolidated financial statements with their net value after deducting accumulated depreciations and permanent impairments, if any, from their acquisition costs. Other intangible assets that are likely to generate economic benefits are recognized with their fair values on agreement date. These contractual intangible assets have certain useful lives and recognized with deducting accumulated depreciations from acquisition costs. Intangible assets are amortized on a straight line basis over their estimated useful lives for a period not exceeding 5 - 45 years (Note 8).

Impairment of Tangible and Intangible Assets Other Than Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. In 2013, TL 3.437.444 of interest expense (31 December 2012: TL 7.896.099) and TL 1.971.063 of foreign exchange loss (31 December 2012: TL 8.768.432 foreign exchange gain) is capitalized over Mordoğan WPP and Korkmaz WPP projects (Note 7).

All other borrowing costs are recognized in the statement of profit or loss in the period in which they are incurred.

Business combinations

The acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with TAS 12 Income *Taxes* and TAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with TFRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with TFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. When the changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with TAS 39, or TAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Deferred Financing Charges

Deferred financing charges primarily comprising legal and other costs incurred in relation to obtaining long-term borrowings from financing institutions are amortized over the remaining life of the long-term borrowings (Note 6).

Financial Instruments

Financial Assets

All financial assets are recognized and derecognized on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: 'financial assets at fair value through profit or loss' (FVTPL), 'held-to-maturity investments', 'available-for-sale' (AFS) financial assets and 'loans and receivables'. Classification is determined during initial recording, according to purpose acquisition and specification of the asset

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Finansal liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item.

Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Foreign Currency Transactions

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in TL, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than TL (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks (see below for hedging accounting policies); and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement

is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into TL using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity.

On the disposal of a foreign operation, all of the exchange differences accumulated in other comprehensive income under equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Earnings Per Share

Earnings per share disclosed in the accompanying consolidated statement of profit or loss is determined by dividing net income by the weighted average number of shares in existence during the year concerned.

In Turkey, companies can raise their share capital by distributing "bonus shares" to shareholders from retained earnings. In computing earnings per share, such "bonus share" distributions are assessed as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

Events After the Reporting Period

Events after the reporting period are those events that occur between the balance sheet date and the date when the financial statements are authorized for issue, even if they occur after an announcement related with the profit for the year or public disclosure of other selected financial information.

The Group adjusts the amounts recognized in its financial statements if adjusting events occur after the balance sheet date.

Provisions, Contingent Assets and Liabilities

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Segment Reporting

As the primary operation of the Group is to produce and sell electricity and as these operations have similar economical features, production processes, customer classes and distribution methods, the Group operations are considered to be as single operating segment. Accordingly, the Group management considers single operating segment, rather than multiple operating segments, when making decisions on the resources management and in the assessment of performance measurement of the operations.

Income Tax

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

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 before tax’ as reported in the statement of profit or loss because of items of income or expense that are taxable or deductible in other years and it 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 end of the reporting period.

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognized as in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Employee Benefits

Termination and retirement benefits

Under Turkish law and union agreements, lump sum 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 TAS19 (Revised) “Employee Benefits” (“TAS 19”).

The retirement benefit obligation recognized in the consolidated balance sheet represents the present value of the defined benefit obligation. The actuarial gains and losses are recognized in other comprehensive income.

Statement of Cash Flows

In statement of cash flow, cash flows are classified according to operating, investing and financing activities.

Cash flows from operating activities reflect cash flows generated from electricity sales of the Group.

Cash flows from investing activities express cash used in investment activities (direct investments and financial investments) and cash flows generated from investment activities of the Group.

Cash flows relating to financing activities express sources of financial activities and payment schedules of the Group.

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Share Capital and Dividends

Common shares are classified as equity. Dividends on common shares are recognised in equity in the period in which they are approved and declared.

2.6 Critical accounting judgments and key sources of estimation uncertainty

In the process of applying the Group's accounting policies as outlined in Note 2.5, management has made the following judgments that have the most significant effect on the amounts recognized in the consolidated financial statements:

Deferred Taxes

Deferred tax assets are only recognized when sufficient taxable profit is likely to arise in the future. In case of a probable tax advantage, deferred tax asset is calculated over previous year losses.

As of 31 December 2013, the Group recognized deferred income tax asset to the extent that it is probable that future taxable profit will be available. However, the Group reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all that deferred tax asset to be utilized.

Accordingly, the Group did not recognise deferred tax assets amounting to TL 5.015.581 (31 December 2012: TL 2.299.285) for the carry forward tax losses of Ayen Ostim amounting to TL 12.368.460 (31 December 2012: TL 8.862.122) and the carry forward tax losses of Ayen Elektrik amounting to TL 12.709.445 (31 December 2012: TL 2.634.302) respectively.

Group recognized TL 10.888.821 (31 December 2012: TL 6.134.783) of deferred tax asset over Ayen Enerji's carry forward tax losses amounting to TL 41.306.911 (31 December 2012: TL 10.830.095) and Aksu's carry forward tax losses amounting to TL 13.137.194 (31 December 2012:19.843.820) (Note 23).

Provisions

As described in the accounting policy in Note 2.5, the Group measures provisions at the Group management's best estimate of the expenditure required to settle the obligations at the balance sheet date. These estimates are made, taking into account information available and different possible outcomes.

As of 31 December 2013, the Group is subject to various legal proceedings. The Group evaluates the possible outcomes of the lawsuits based on the Group's legal advisers view and accounts the required provisions against the possible gains and losses (Note 12).

Impairment of goodwill

The Group tests annually whether goodwill has been impaired, in accordance with the accounting policies stated in Note 2.5. The recoverable amount of cash-generating unit has been determined based on value-in-use calculations. This value-in-use calculation includes the discounted cash flow projections. This calculation includes discounted values of the fund flow of Yamula Dam of Kayseri Elektrik determined in USD, approved by the Ministry of Energy and Natural Resources ("MENR") and will be expired in 2025. In the determination of the recoverable amount, the USD calculated amount was converted to TL. Therefore, the value-in-use is affected from the changes in foreign exchange rates. The discount rate used in the value-in-use calculations is 13,44% (2012: 13,44%).

The discount rate used reflects specific risks relating to Kayseri Elektrik. As of 31 December 2013, the Group compared the recoverable amount calculated based on the aforementioned assumptions to the total of due from service concession arrangements balance of Kayseri Elektrik amounting to TL 142.920.225 and the goodwill amounting to TL 17.461.935 and no impairment was identified.

The sensitivity analysis below shows the value-in-use which would have been calculated if the discount rate used was changed while keeping all other variables constant:

	Value in use (TL)
Base discount rate by +1	163.458.547
Base discount rate 0	169.602.356
Base discount rate by -1	176.144.770

Recoverable amount of Ayen AS is calculated based on discounted value of future cash flows. In the determination of the recoverable amount, the EUR calculated amount was converted to TL. Therefore, the value-in-use is affected from the changes in foreign exchange rates. The discount rate used in the value-in-use calculations is 9,99% (31 December 2012: 9%).

The discount rate used reflects specific risks relating to Company and Albania. 31 December 2013, the Group compared the 8% of recoverable amount (share of Ayel Elektrik) calculated based on the aforementioned assumptions with 8% of the property, plant and equipment and goodwill balance of Ayen AS amounting to TL 9.918.459 and TL 4.681.198 respectively and no impairment was identified.

The sensitivity analysis below shows the value-in-use which would have been calculated if the discount rate used was changed while keeping all other variables constant:

	Value in use (TL)
Base discount rate by +1	28.221.324
Base discount rate 0	30.812.705
Base discount rate by -1	33.602.032

Impairment of property, plant and equipment

The carrying amount of the Group's property, plant and equipment and intangible assets are reviewed at each balance sheet date to determine whether there are any indicators of impairment as described in Note 2.5. If any such indications exist, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount.

In determining impairment, the Group considers a number of factors, among others, future revenues and expenses, technological obsolescence and discontinuation of services. The Group considers that the accounting estimate related to asset impairment is a critical accounting policy due to the need to make assumptions regarding the above factors and the material impact of the recognition of impairment on the financial position and results of the Group.

In that manner, as of 31 December 2013, the Group made an impairment analysis for property, plant and equipment of Ayen Ostim. As of 31 December 2013, the recoverable amount of cash-generating unit has been determined based on the discounted cash flow projections. The calculation of that value includes the discounted cash flows of Ayen Ostim to be generated during the useful life of the natural gas power plant. The discount rate used in the value-in-use calculations is 14,34% (31 December 2012: 10,03%). The discount rate used reflects specific risks relating to Ayen Ostim. As of 31 December 2013, the Group compared the recoverable amount calculated based on the aforementioned assumptions with the property, plant and equipment balance of Ayen

Ostim amounting to TL 23.845.331 and no impairment was identified for the property, plant and equipment. The sensitivity analysis below shows the value-in-use which would have been calculated if the discount rate used was changed while keeping all other variables constant:

	Value in use (TL)
Base discount rate by +1	24.377.944
Base discount rate 0	25.425.824
Base discount rate by -1	26.549.663

3. RELATED PARTY TRANSACTIONS

Related party transactions	31 December 2013							
	Receivables				Payables			
	Short-Term		Long-Term		Short-Term		Long-Term	
	Trade	Non-Trade	Trade	Non-Trade	Trade	Non-Trade	Trade	Non-Trade
Aydıner İnşaat A.Ş. (*)	173.127	-	-	-	82.628.425	26.361.327	-	-
Kayseri ve Civarı Elektrik A.Ş.	-	-	-	-	16.153	-	-	-
Layne Bowler Pompa Sanayi A.Ş. (**)	25.178	-	-	-	-	-	-	-
Samsun Makina Sanayii A.Ş.	2.913	-	-	-	-	-	-	-
Aksu Other Shareholders (***)	-	-	-	10.841.375	-	-	-	-
AS Enerji ShPk (****)	-	-	-	706.991	-	-	-	-
Araklı Other Shareholders	-	-	-	-	-	-	-	445.410
Other	106.403	1.470	-	-	196.115	-	-	-
	307.621	**1.470**	**-**	**11.548.366**	**82.840.693**	**26.361.327**	**-**	**445.410**

(*) Short-term trade receivables consist of electricity sales of Ayen Elektrik to worksites of Aydıner İnşaat in various regions. The short-term trade payables consist of the progress bills issued by Aydıner İnşaat for constructions in progress of the Group. The short-term non-trade payables consist of loan given to Group by Aydıner İnşaat A.Ş.. As of 31 December 2013, interest rate for aforementioned loan is 11,73%.

(**) Consist of receivables due to the electricity sales of Ayen Elektrik.

(***) Receivables consist of due from other shareholders of Aksu related to capital commitments.

(****) Receivables consist of due from other shareholders of Ayen AS related to capital commitments.

Related party transactions	31 December 2012							
	Receivables				Payables			
	Short-Term		Long-Term		Short-Term		Long-Term	
	Trade	Non-Trade	Trade	Non-Trade	Trade	Non-Trade	Trade	Non-Trade
Aydıner İnşaat A.Ş. (*)	108.701	-	-	-	46.448.863	6.810.350	-	-
Kayseri ve Civarı Elektrik A.Ş.	-	-	-	-	8.766	1.458	-	-
Layne Bowler Pompa Sanayi A.Ş. (**)	19.905	-	-	-	-	-	-	-
Samsun Makina Sanayii A.Ş.	2.519	-	-	-	-	-	-	-
Aksu Other Shareholders (***)	-	-	-	9.556.728	-	-	-	-
AS Enerji ShPk	-	-	-	65.123	-	-	-	-
Araklı Other Shareholders	-	-	-	-	-	-	-	445.410
Other	61.065	-	-	-	-	2.017	-	-
	192.190	**-**	**-**	**9.621.851**	**46.457.629**	**6.813.825**	**-**	**445.410**

(**) Short-term trade receivables consist of electricity sales of Ayen Elektrik to worksites of Aydıner İnşaat in various regions. TL 46.448.863 of short-term trade payables consist of progress bills issued to Ayen Enerji for the construction of Büyükdüz HEPP in Gümüşhane, Mordoğan WPP and Korkmaz WPP in İzmir. The short-term non-trade payables consist of loan given to Group by Aydıner İnşaat A.Ş.. As of 31 December 2012, interest rate for aforementioned loan is 12,27%.

(**) Consist of receivables due to the electricity sales of Ayen Elektrik.

(***) Receivables consist of due from other shareholders of Aksu related to capital commitments.

Related party transactions	1 January - 31 December 2013				
	Sales of services	Energy sales	Interest income	Purchases of fixed assets	Purchases of services
Aydıner İnşaat A.Ş. (*)	152.542	3.528.377	788.128	86.096.738	795.988
Kayseri ve Civarı Elektrik A.Ş.	-	-	-	-	184.225
Samsun Makina Sanayii A.Ş.	-	27.656	-	-	-
Aybet Beton A.Ş.	-	525.329	-	-	-
Metay İnşaat Sanayii ve Ticaret A.Ş.	-	-	-	-	150.373
Aksu Other Shareholders	-	-	950.103	-	-
Layne Bowler Pompa Sanayi A.Ş.	26.695	198.790	-	-	-
	179.237	**4.280.152**	**1.738.231**	**86.096.738**	**1.130.586**

(*) Purchases of fixed assets consists of progress payment invoices issued by Aydıner İnşaat to Group regarding the constructions in progress.

Related party transactions	1 January - 31 December 2012					
	Sales of services	Energy sales	Interest income	Purchases of fixed assets	Purchases of services	Purchases of raw materials
Aydıner İnşaat A.Ş. (*)	-	3.498.557	153.613	43.054.757	546.889	-
Kayseri ve Civarı Elektrik A.Ş. (***)	-	-	-	-	315.789	-
Ostim Organize Sanayi Bölge Müdürlüğü (“Ostim Organize Sanayi”) (**)	-	-	-	-	118.923	8.276.500
Ostim Endüstriyel Yatırımlar ve İşletme A.Ş.	-	-	-	-	555.820	-
Samsun Makina Sanayii A.Ş.	-	26.441	-	-	11.538	-
Aybet Beton A.Ş.	-	240.886	-	-	-	-
Metay İnşaat Sanayii ve Ticaret A.Ş.	-	-	-	-	7.020	-
Aksu Other Shareholders	362.149	-	1.155.436	-	-	-
Ayen Doğalgaz Enerji Üretim Sanayi ve Ticaret A.Ş.	6.000	-	-	-	-	-
Layne Bowler Pompa Sanayi A.Ş.	-	181.504	-	-	-	-
	368.149	**3.947.388**	**1.309.049**	**43.054.757**	**1.555.979**	**8.276.500**

(*) Energy sales consist of electricity sales of Ayen Elektrik to Aydıner Xanadu Hotels and worksites of Aydıner İnşaat in various regions. Interest income occurs as a result of financial receivable – payable balances. Purchases of fixed assets consist of progress invoices issued by Aydıner İnşaat to Group regarding the construction of Büyükdüz HEPP, Korkmaz WPP and Mordoğan WPP. Sales of services consist of food services that Aydıner İnşaat provided to Group affiliates and rents of construction equipment that used in Çamlıca HEPP facility.

(**) Purchases of raw materials consist of, purchases of natural gas of Ayen Ostim. Purchases of services comprises of water and electricity consumptions. 24% of Ayen Ostim’s shares have been transferred from Ostim Endüstriyel Yatırım ve İşletme A.Ş. to Aydıner İnşaat A.Ş. as of 20 July 2012, therefore transactions after this date are not included in related party transactions.

(***) Due to internal electricity consumption of Yamula and Çamlıca HEPP.

Compensation of key management personnel during the period as follows

	1 January- 31 December 2013	1 January- 31 December 2012
Salary and other short-term benefits	2.137.844	1.981.175
Other long-term benefits	113.638	123.847
	2.251.482	**2.105.022**

4. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables

As at the balance sheet date, trade receivables of the Group are summarized below:

	31 December	31 December
Short-term trade receivables	**2013**	**2012**
Trade receivables (*)	26.963.163	12.217.472
Income accruals	18.886.665	13.889.939
Trade receivables from related parties (Note 3)	307.621	192.190
Notes receivable	221.973	127.387
	46.379.422	**26.426.988**

(*) As of 31 December 2013 trade receivables consist of receivables from Türkiye Elektrik Ticaret ve Taahhüt A.Ş. ("TETAŞ") amounting to TL 6.571.638 (2012: TL 9.382.063) and Türkiye Elektrik İletim A.Ş. ("TEİAŞ") amounting to TL 12.915.154 (2012: TL 9.232.298). Remaining amount consists of trade receivables of Ayen Elektrik from its customers.

The maturities of trade receivables are less than one month as of 31 December 2013 and 2012.

Informarion on nature and level of risks of cash trade receivables are disclosed in Note 26.

b) Trade Payables:

As of balance sheet date, the details of the Group's trade payables are as follows:

	31 December	31 December
Short-term trade payables	**2013**	**2012**
Trade payables (*)	32.543.620	20.762.169
Expense accruals	22.394.238	9.628.896
Trade payables to related parties (Note 3)	82.840.693	46.457.629
Other trade payables	4.087.951	2.330.242
	141.866.502	**79.178.936**

(*) As of 31 December 2013, TL 7.216.790 of trade payables is related to the turbine purchases from Suzlon (31 December 2012: TL 14.748.337).

The maturities of trade payables are less than one month as of 31 December 2013 and 2012.

5. OTHER RECEIVABLES AND PAYABLES

Other Short-Term Receivables	31 December 2013	31 December 2012
Deposits and guarantees given	1.420.119	768.369
Other receivables	146.111	453.595
Non-trade receivables from related parties (Note 3)	1.470	-
	1.567.700	**1.221.964**

Other Short-Term Payables	31 December 2013	31 December 2012
Deposits and guarantees received	1.468.250	1.175.850
Non-trade payables to related parties (Note 3)	26.361.327	6.813.825
Other payables	296.886	298.502
	28.126.463	**8.288.177**

6. PREPAID EXPENSES AND DEFERRED INCOME

Short-Term Prepaid Expenses	31 December 2013	31 December 2012
Prepaid expenses	1.968.179	1.891.015
Deferred finance charges (**)	1.841.037	1.773.555
Advances given for business purposes	362.765	158.344
Other	847.607	82.126
	5.019.588	**3.905.040**

Long-Term Prepaid Expenses	31 December 2013	31 December 2012
Deferred finance charges (**)	23.918.652	22.774.172
Transmission line (*)	11.092.261	8.306.404
Advances given	5.877.512	3.429.105
Other	122.793	-
	41.011.218	**34.509.681**

(*) Consists of the costs regarding the Büyükdüz, Mordoğan, Korkmaz and Aksu transmission lines constructed for TEİAŞ, which are considered as prepaid expenses of switching station.

(**) The movement of deferred finance charges are given in the following page.

The movement for the deferred finance charge is as follows	31 December 2013	31 December 2012
Opening balance	24.547.727	27.020.047
Current period addition (*)	3.970.715	-
Current period amortization	(2.758.753)	(2.472.320)
	25.759.689	**24.547.727**

(*) Current period addition is comprised of the finance charges paid related to the investment loan used by Ayen AS.

Short-Term Deferred Income	31 December 2013	31 December 2012
Advances received (*)	5.305.548	5.403.486
Short-term deferred income	30.159	24.117
	5.335.707	**5.427.603**

(*) Advances received arising from the sales performed to the Day-Ahead Market system.

7. PROPERTY, PLANT AND EQUIPMENT

	Land	Land improvements	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Construction in progress (*)	Total
Cost								
Opening balance as at 1 January 2013	9.559.844	15.443.405	132.803.006	374.730.283	1.231.498	1.266.077	140.006.663	675.040.776
Additions	-	-	2.041.991	464.304	100.326	293.254	117.625.363	120.525.238
Disposals	-	-	-	(1.068.685)	(45.331)	(7.895)	-	(1.121.911)
Currency translation differences	-	-	-		18.527	19.685	2.866.931	2.905.143
Transfers from constructions in progress	-	1.909.720	13.444.798	74.175.079	-	-	(89.529.597)	-
Closing balance as of 31 December 2013	**9.559.844**	**17.353.125**	**148.289.795**	**448.300.981**	**1.305.020**	**1.571.121**	**170.969.360**	**797.349.246**
Accumulated Depreciation								
Opening balance as at 1 January 2013	-	(1.159.054)	(2.842.421)	(51.197.692)	(557.904)	(1.019.004)	-	(56.776.075)
Charge for the period	-	(1.607.998)	(3.187.444)	(19.148.638)	(168.426)	(115.213)	-	(24.227.719)
Disposals	-	-	-	1.068.685	9.066	7.895	-	1.085.646
Currency translation differences	-	-	-	-	(4.606)	(4.893)		(9.499)
Closing balance as of 31 December 2013	-	(2.767.052)	(6.029.865)	(69.277.645)	(721.870)	(1.131.215)	-	(79.927.647)
Net book value as at 31 December 2013	**9.559.844**	**14.586.073**	**142.259.930**	**379.023.336**	**583.150**	**439.906**	**170.969.360**	**717.421.599**

	Land	Land improvements	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Construction in progress (*)	Total
Cost								
Opening balance as at 1 January 2012	9.044.912	-	2.976.009	137.928.835	837.301	1.109.617	463.215.690	615.112.364
Additions	15.582	-	2.947.851	3.781.803	715.672	156.460	52.638.990	60.256.358
Disposals	-	-	(771)	(5.700)	(321.475)	-	-	(327.946)
Transfers from constructions in progress	499.350	15.443.405	126.879.917	233.025.345	-	-	(375.848.017)	-
Closing balance as of 31 December 2012	**9.559.844**	**15.443.405**	**132.803.006**	**374.730.283**	**1.231.498**	**1.266.077**	**140.006.663**	**675.040.776**
Accumulated Depreciation								
Opening balance as at 1 January 2012	-	-	(786.862)	(36.133.077)	(625.256)	(943.424)	-	(38.488.619)
Charge for the period	-	(1.159.054)	(2.056.027)	(15.064.995)	(156.165)	(75.580)	-	(18.511.821)
Disposals	-	-	468	380	223.517	-	-	224.365
Closing balance as of 31 December 2012	-	(1.159.054)	(2.842.421)	(51.197.692)	(557.904)	(1.019.004)	-	(56.776.075)
Net book value as at 31 December 2012	**9.559.844**	**14.284.351**	**129.960.585**	**323.532.591**	**673.594**	**247.073**	**140.006.663**	**618.264.701**

(*) Mordoğan WPP began to operate on 27 September 2013 and accordingly TL 89.529.597 have been transferred from construction in progress to related tangible assets. Besides, TL 3.437.444 of interest expense and TL 1.971.063 of foreign exchange loss regarding the loans used for investments of Mordoğan WPP and Korkmaz WPP have been capitalized over property, plant and equipment in 2013. Additions during the period consist of expenses related to Korkmaz WPP and Ayen-AS contructions.

Büyükdüz HEPP began to operate on 1 July 2012 and Aksu WPP started to operate gradually in March, April and May 2012. And accordingly TL 188.732.464 and TL 181.115.553 have been transferred from construction in progress to related tangible assets respectively. Additionally, in 2012, TL 7.896.099 of interest expense and TL 8.768.432 of foreign exchange gain regarding the loans used for investments of Büyükdüz HEPP, Mordoğan WPP, Korkmaz WPP, Aksu WPP have been capitalized over property, plant and equipment. Additions during the period consist of expenses related to Büyükdüz HEPP, Aksu WPP Mordoğan WPP, Korkmaz WPP and Ayen-AS contructions.

Depreciation expense of TL 23.846.138 (31 December 2012: TL 18.249.256) has been charged in cost of sales and TL 381.581 (31 December 2012: TL 262.565) has been charged in general administrative expenses.

As of 31 December 2013 there are mortgages over the tangible assets of the Group for the borrowings obtained amounting to TL 96.043.500 (USD 45.000.000) (Note 12) (31 December 2012: USD 45.000.000 (TL 80.217.000). Remaining amount of the loan guaranteed via mortgage amounting to TL 85.372.000 (USD 40.000.000) is TL 4.854.645 as of 31 December 2013 (31 December 2012: TL 7.974.743). There are commercial enterprise pledges amounting to TL 140.000.000 over Akbük WPP and amounting to TL 150.000.000 over Mordoğan WPP and Korkmaz WPP. Aforementioned pledges were given on 25 June 2009 and on 30 May 2012 as a guarantee for the investment loan obtained for Akbük WPP and Mordoğan WPP and Korkmaz WPP respectively (Note 12).

8. INTANGIBLE ASSETS

Cost	Wholesale Licence	Electricity Production Licence	Rights	Other Intangible Assets	Total
Opening balance as at 1 January 2013	320.874	15.099.520	1.729.456	5.599.604	**22.749.454**
Additions	13.900	-	83.106	-	**97.006**
Closing balance as at 31 December 2013	334.774	15.099.520	1.812.562	5.599.604	**22.846.460**
Accumulated Amortization					
Opening balance as at 1 January 2013	(283.525)	(261.163)	(346.127)	(1.275.467)	**(2.166.282)**
Charge for the period	(32.291)	(138.868)	(333.863)	(368.698)	**(873.720)**
Closing balance as at 31 December 2013	(315.816)	(400.031)	(679.990)	(1.644.165)	**(3.040.002)**
Net book value as at 31 December 2013	18.958	14.699.489	1.132.572	3.955.439	**19.806.458**

Cost	Wholesale Licence	Electricity Production Licence	Rights	Other Intangible Assets	Total
	320.874	6.181.015	182.940	10.485.964	**17.170.793**
Opening balance as at 1 January 2012	-	8.918.505	1.705.658	-	**10.624.163**
Additions	-	-	(159.142)	(4.886.360)	**(5.045.502)**
Disposals	320.874	15.099.520	1.729.456	5.599.604	**22.749.454**
Closing balance as at 31 December 2012					
Accumulated Amortization					
Opening balance as at 1 January 2012	(249.830)	(51.934)	(138.646)	(1.656.645)	**(2.097.055)**
Charge for the period	(33.695)	(209.229)	(213.322)	(650.387)	**(1.106.633)**
Disposals	-	-	5.841	1.031.565	**1.037.406**
Closing balance as at 31 December 2012	(283.525)	(261.163)	(346.127)	(1.275.467)	**(2.166.282)**
Net book value as at 31 December 2012	37.349	14.838.357	1.383.329	4.324.137	**20.583.172**

(*) 24% shares of Ostim Endüstriyel Yatırım A.Ş. on Ayen Ostim's capital have been acquired by Aydıner İnşaat on 20 July 2012. Therefore, TL 4.377.448 of liabilities due to the commission of 5% calculated over the electricity price of Başkent Elektrik Dağıtım A.Ş. ("BEDAŞ") taking 7.500.000 kWh as the reference point every month is no longer exists and the discounted commission value whose net book value is amounting TL 3.854.795 has been cancelled. In addition, Ostim OSB has transferred the transformer, which is contructed by Ayen Ostim in order to provide access to uninterrupted power supply, to TEİAŞ in July 2012. Since TEİAŞ has presented an opinion related that Ayen Ostim will continue to use afromentioned transformer without any charge, the cost related to the transformer amounting TL 5.599.604 will be continued to be recognized under intangible assests as a result of the management's assessment that Group will get economic benefit from it.

(**) As a result of the aqcuisition of Araklı Enerji's shares by Ayen Enerji in 2012, TL 8.918.505 which is the fair value of net assets has been accounted under intangible assets as electricty generation license.

(***) Consist of the rights obtained as a result of payments related to the exploration activities in licenced geothermal region in accordance with the agreement made with General Directorate of Mineral Research and Exploration.

Amortization expense of TL 859.622 (31 December 2012: TL 1.069.692) has been charged in cost of sales and TL 14.098 (31 December 2012: TL 36.941) has been charged in general administrative expenses

9. GOODWILL

The difference between Ayen Enerji's interest in the net fair value of the acquired identifiable assets due to the acquisition of Demir Enerji in 2002, who was the shareholder of Kayseri Elektrik and the acquisition price has been considered as goodwill. Ayen Enerji has merged with Demir Enerji on the basis of its balance sheet as of 30 June 2008. As described in Note 2.6 to the consolidated financial statements, as a result of the impairment test carried out at 31 December 2013 and 2012 no impairment was identified in the carrying amount of goodwill amounting to TL 17.461.935.

Ayel Elektrik has acquired 8% shares of Ayen-AS Energy's shares whose book value is TL 178.002 (ALL 11.000.000) from AS Energy S.H.P.K. in 2011for TL 4.859.200. Excess amount over the book value of the acquired shares which is TL 4.681.198 has been recognised as goodwill in the consolidated financial statements. As described in Note 2.6 to the consolidated financial statements, as a result of the impairment test carried out at 31 December 2013, no impairment was identified in the carrying amount of goodwill.

10. SERVICE CONCESSION ARRANGEMENTS

Due from Service Concession Arrangements	31 December 2013	31 December 2012
Short-term due from service concession arrangements	30.653.471	30.768.182
Invoiced and undue from service concession arrangements (*)	12.235.929	8.434.376
Unbilled short-term due from service concession arrangements related to the shortage in production (**)	1.218.940	10.805.701
Total short-term due from service concession arrangements	44.108.340	50.008.259
Long-term due from service concession arrangements	104.094.187	112.543.305
Total long-term due from service concession arrangements	104.094.187	112.543.305
Total due from service concession arrangements	**148.202.527**	**162.551.564**
Gross due from service concession arrangements	244.444.905	257.817.599
Unearned financial income (-)	(109.697.247)	(114.506.112)
Due from service concession arrangements	13.454.869	19.240.077
Due from service concession arrangements-net	**148.202.527**	**162.551.564**

(*) Consists of the receivables invoiced to TETAŞ but not collected yet.

(**) Consists of the equity portions of unbilled income of Çamlıca HEPP for the years 2000, 2001, 2003, 2006, 2007, 2012 and 2013.

As of 31 December 2013 and 31 December 2012, the payment schedules for gross and net due from service concession arrangements are as follows:

	Gross due from service concession arrangements (USD)		Gross due from service concession arrangements (TL)	
	31 December	**31 December**	**31 December**	**31 December**
	2013	**2012**	**2013**	**2012**
Up to 1 year	23.441.174	30.098.438	50.030.498	53.653.476
1 to 2 years	16.815.620	23.441.174	35.889.578	41.786.236
2 to 3 years	7.750.420	16.815.620	16.541.721	29.975.524
3 to 4 years	7.750.420	7.750.420	16.541.721	13.815.899
More than 4 years	58.774.018	66.524.438	125.441.387	118.586.464
	114.531.652	**144.630.090**	**244.444.905**	**257.817.599**

	Net due from service concession arrangements (USD)		Net due from service concession arrangements (TL)	
	31 December	**31 December**	**31 December**	**31 December**
	2013	**2012**	**2013**	**2012**
Up to 1 year	14.362.307	17.260.284	30.653.471	30.768.182
1 to 2 years	9.802.086	14.362.307	20.920.592	25.602.248
2 to 3 years	2.130.038	9.802.086	4.546.140	17.473.199
3 to 4 years	2.452.753	2.130.038	5.234.911	3.797.005
More than 4 years	34.387.173	36.839.926	73.392.544	65.670.853
	63.134.357	**80.394.641**	**134.747.658**	**143.311.487**

Due from service concession arrangements consist of receivables over the terms of the agreements. In accordance with the Energy Sales Agreement, the ownership of Çamlıca and Yamula HEEPs and the electricity equipments will be transferred to the MENR at the end of the operation terms.

11. BORROWING COSTS

According to TAS 23, the borrowing costs of the Group regarding the loans used for Mordoğan WPP and Korkmaz WPP which consist of interest expenses amounting TL 3.437.444 (31 December 2012: TL 7.896.099) and foreign exchange loss amounting TL 1.971.063 (31 December 2012: TL 8.768.432 foreign exchange gain) have been capitalized over property, plant and equipment (Note 7).

12. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Provisions

As of 31 December 2013, there are 1 case where the Group is litigant and 6 cases where the Group is defendant. Most of the cases are related with the bad debt and employee cases. At the end of each period, the Group evaluates the potential results of those cases and their financial effects and books a provision accordingly. As of 31 December 2013, there is no provision accounted for the law suits (31 December 2012: None).

b) Koşullu Varlık ve Yükümlülükler

	31 December	31 December
Contingent assets	**2013**	**2012**
Letters of guarantee received (*)	23.714.418	15.044.192
Guarantee received (**)	694.476.336	682.998.982
	718.190.754	**698.043.174**

(*) Amounting to TL 1.960.636 (EURO 667.678) are the letters of guarantee received against advances given for the machinery-equipment, transformer, procurement and installation of turbines regarding Büyükdüz HEPP investment by the suppliers as guarantee for the performeance. Amounting to TL 1.535.790 (EURO 523.000) and TL 20.217.992 is received by Ayen Elektrik as guarantee against risks that might occur in collecting related with electricity sales.

(**) Consists of Aydıner İnşaat A.Ş.'s guarantee obtained regarding cash and non-cash General Loan Agreements signed by the Group with banks.

The commitments and contingent liabilities of the Group that are not expected to result in material loss or liability is summarized as follows:

	31 December	31 December
Contingent Liabilities	**2013**	**2012**
Letters of conveyance given (*)	574.775.632	521.219.783
Commercial enterprise pledge (**)	290.000.000	290.000.000
Mortgages given (***)	96.043.500	80.217.000
Letters of guarantee given (****)	124.963.599	124.220.957
Guarantee given (*****)	**265.043.100**	**246.693.900**

(*) Regarding the “Royalty agreement of the establishment and operation of Yamula Dam and HEPP and sale of the produced electricity to TETAŞ” and the “Energy sales agreement for Yamula Dam and HEPP” signed with MENR on 7 July 2003 Kayseri Elektrik gave its receivable of USD 131.030.025 (31 December 2012: USD 159.808.108) as a conveyance for the loan. However, these conveyances will be effective if payment schedules of the loans have not been met. Moreover, there exists EURO 100.500.000 (TL 295.118.250, 31 December 2012: USD 100.500.000) of conveyance over receivables of Aksu Temiz Energy as of 31 December 2012 (Note 25).

(**) The Group has given commercial enterprise pledge amounting to TL 140.000.000 as a guarantee for the loan used for construction of Akbük WPP, on 25 June 2009 and TL 150.000.000 as a guarantee for the loan used for Mordoğan WPP and Korkmaz WPP on 30 May 2012 (Note 25).

(***) Consists of the mortages given for the long-term borrowings of the Group, amounting TL 96.043.500 (USD 45.000.000) of mortgages over property, plant and equipment (Note 25). Remaining balance of the loan guaranteed via mortgage amounting to TL 85.372.000 (USD 40.000.000) is TL 4.854.645 as of 31 December 2013.

(****) Letters of guarantee given consist of TL 57.555.943 in terms of USD, TL 27.782.253 in terms of EURO and TL 39.625.403 in terms of Turkish Lira. Letters of guarantee given comprises that TL 20.548.203 (USD 6.874.510 and EURO 2.001.000) has been given to the Albania Ministry of Economy for Ayen-AS, TL 1.532.640 (USD 718.100) has been given to General Directorate of Mineral Research and Exploration, TL 7.109.353 (USD 3.331.000) has been given to BOTAŞ, TL 24.556.200 has been given to MENR, TL 2.000.000 has been given to TEİAŞ for Akbük II plant and TL 23.310.844 (EURO 6.788.083, USD 1.582.551) given to electricity distribution companies as a guarantee for the payable arising due to the electiricity purchases by Group. In addition to these, TL 14.386.131 (USD 5.815.968 and EURO 671.926) are the letters of gurantee given as a guarantee for the long-term borrowings obtained for the investment activities of the Group. TL 18.451.024 (USD 8.645.000) is a letter of guarantee given in accordance with the concession agreement for the transfer of Çamlıca HEPP in working condition.

(*****) Consists of TL 68.297.600 (USD 32.000.000) guarantee given to İş Bank for the borrowing used and TL 196.745.500 (EURO 67.000.000) is due to the joint quarantee for the loan obtained by Aksu Temiz Enerji from TSKB.

13. COMMITMENTS

c) Guarantees- Pledges -Mortgages

Guarantees, pledge and mortgage (“GPM”) position of the Group as of 31 December 2013 and 31 December 2012 is as follows:

	31 December 2013				31 December 2012			
	TL Equivalent	TL	USD	EURO	TL Equivalent	TL	USD	EURO
GPM given on behalf of the legal entity	424.883.442	316.053.974	48.237.610	2.001.000	455.237.141	321.127.802	72.592.610	2.001.000
Guarantee Letter	66.585.842	26.053.974	16.237.610	2.001.000	76.107.141	31.127.802	22.592.610	2.001.000
Pledge	290.000.000	290.000.000	-	-	290.000.000	290.000.000	-	-
Guarantee	68.297.600	-	32.000.000	-	89.130.000	-	50.000.000	-
GPM given on behalf of the subsidiaries that are included in full consolidation	925.942.389	13.571.429	186.759.545	174.960.008	807.114.499	11.199.551	217.199.796	173.803.883
Conveyance	574.775.632	-	131.030.025	100.500.000	521.219.783	-	159.808.108	100.500.000
Guarantee Letter	58.377.757	13.571.429	10.729.520	7.460.008	48.113.816	11.199.551	12.391.688	6.303.883
Mortgage	96.043.500	-	45.000.000	-	80.217.000	-	45.000.000	-
Guarantee	196.745.500	-	-	67.000.000	157.563.900	-	-	67.000.000
GPM given for execution of ordinary commercial activities to collect third parties debt	-	-	-	-	-	-	-	-
Other guarantees given	-	-	-	-	-	-	-	-
i. GPM given on behalf of main shareholder Guarantee	-	-	-	-	-	-	-	-
ii. GPM given on behalf of group companies not covered by B and C.	-	-	-	-	-	-	-	-
iii. GPM given on behalf of group companies not covered by C.	-	-	-	-	-	-	-	-
Total	1.350.825.831	329.625.403	234.997.155	176.961.008	1.262.351.640	332.327.353	289.792.406	175.804.883

(*) As of 31 December 2013, rate of Group’s GPM to equity is 0% (2012: 0%).

14. EMPLOYEE BENEFITS

Payables related to employee benefits	31 December 2013	31 December 2012
Social security premiums payable	333.247	300.000
Due to personnel	246.152	-
	579.399	**300.000**

Short-term provisions for employee benefits	31 December 2013	31 December 2012
Provision for unused vacation	388.973	431.673
	388.973	**431.673**

The movement for provisions is as follows:

	Provision for unused vacation	Total
As of 1 January 2013	431.673	431.673
Reversal of provisions	(42.700)	(42.700)
31 Aralık 2013 itibariyle	**388.973**	**388.973**

	Provision for unused vacation	Total
As of 1 January 2012	320.433	320.433
Additional provision	111.240	111.240
As of 31 December 2012	**431.673**	**431.673**

Long-term provisions for employee benefits

Provisions for retirement pay liability

Under labor laws effective in Turkey, it is a liability to make legal retirement pay to employees whose employment is terminated in such way to receive retirement pay. In addition, according to Article 60 of Social Security Law numbered 506 which was changed by the laws numbered 2422, dated 6 March 1981 and numbered 4447, dated 25 August 1999, it is also a liability to make legal retirement pay to those who entitled to leave their work by receiving retirement pay. Some transfer provisions related to service conditions prior to retirement are removed from the Law by the changed made on 23 May 2002. The amount payable consists of one month's salary limited to a maximum of TL 3.438,22 for each period of service at 31 December 2013 (31 December 2012: TL 3.033,98).

Retirement pay liability is not subject to any kind of funding legally. Provision for retirement pay liability is calculated by estimating the present value of probable liability amount arising due to retirement of employees. TAS 19 Employee Benefits stipulates the development of company's liabilities by using actuarial valuation methods under defined benefit plans. In this direction, actuarial assumptions used in calculation of total liabilities are described as follows:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2013, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated with the assumption of 3,74% real discount rate (31 December 2012: 2,25%) calculated by using 7,00% annual inflation rate and 11% discount rate. Estimated amount of retirement pay not paid due to voluntary leaves and retained in the Company is also taken into consideration. Ceiling for retirement pay is revised semi-annually. Ceiling amount of TL 3.438,22, which is in effect since 1 January 2014 is used in the calculation of Group's provision for retirement pay liability.

The principal assumptions used in the calculation of retirement pay liability are discount rate and anticipated turnover rate.

- If the discount rate had been 1% lower/(higher), provision for employee termination benefits would increase/(decrease) by TL 179.403.
- If the anticipated turnover rate had been 1% higher/(lower) while all other variables were held constant, provision for employee termination benefits would decrease/(increase) by TL 148.128.

	1 January- 31 December 2013	**1 January- 31 December 2012**
Provision at January 1	1.623.543	992.441
Service cost	147.588	328.371
Interest cost	56.318	45.463
Actuarial loss / gain	(184.182)	295.814
Termination benefits paid	(217.987)	(38.546)
Provision at December 31	**1.425.280**	**1.623.543**

15. EXPENSES BY NATURE

	1 January- 31 December 2013	1 January- 31 December 2012
Cost of electricity (**)	243.893.132	84.357.663
Cost of natural gas	18.762.143	20.763.306
Depreciation and amortization expenses	25.101.439	19.618.454
Personnel expenses (*)	11.877.664	10.339.238
Plant technical assistance and maintenance	4.472.921	3.834.533
System usage fee (***)	4.314.124	2.620.339
Transportation expenses	1.468.934	1.616.872
Office expenses	991.764	1.350.165
Consultancy fees	1.944.101	1.317.207
Insurance expenses	1.127.560	677.353
Taxes and duties	390.068	610.004
Other	3.283.114	1.371.775
	317.626.964	**148.476.909**

(*) Personnel expenses of TL 7.240.372 (31 December 2012: TL 5.922.934) has been charged in cost of sales; TL 4.637.292 (31 December 2012: TL 4.416.304) has been charged in general administrative expenses.

(**) Consists of the cost of electricity that Ayen Ostim, Ayen Enerji ve Ayen Elektrik purchased from suppliers other than TEİAŞ and Group Companies.

(***) TEİAŞ charges system usage fees to the Group and the Group reflects the same amount to TETAŞ and to other customers. The amounts that could be reflected to the customers and TETAŞ are netted off in the accompanying consolidated financial statements, however, the amounts that could not be reflected and paid by the Group are accounted under cost of sales.

16. OTHER ASSETS AND LIABILITIES

Other Current Assets	31 December 2013	31 December 2012
VAT carried forward	1.596.095	9.928.698
Restricted deposit (*)	12.773.775	-
Other	8.964	91.694
	14.378.834	**10.020.392**

(*) Balance comprised of the restricted amount held in Commerzbank in order to be used in the construction stages of Mordoğan WPP and Korkmaz WPP by Suzlon Wind.

Other Non-Current Assets	31 December 2013	31 December 2012
VAT carried forward (*)	22.934.100	-
	22.934.100	**-**

(*) Balance comprised of the VAT carried forward amount of the Ayen AS which is in investment phase.

17. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

The Company is not subject to registered capital system. The approved and issued capital of the Company consists of 17.104.230.000 shares (31 December 2012: 17.104.230.000) with TL 0,01 nominal price each. The mentioned capital is fully paid.

The composition of the Company's paid-in share capital as of 31 December 2013 and 31 December 2012 is as follows:

		31 December		31 December
Shareholders	**%**	**2013**	**%**	**2012**
Aydıner İnşaat A.Ş.	84,98	145.351.747	84,98	145.351.747
Public quotation	15,01	25.673.449	15,01	25.673.449
Other	<1	17.104	<1	17.104
Subscribed capital		**171.042.300**		**171.042.300**

The operations of the Company are managed by the Board of Directors with at least 7 (seven) members that consist 5 (five) A type shareholders determined in the General Assembly in accordance with the Turkish Commercial Code. Each (A) type shareholders have 15 voting rights in Ordinary and Extraordinary General Assemblies.

Restricted profit reserves and retained earnings

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code. The Turkish Commercial Code stipulates that 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 Company's 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. Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital. These amounts are classified as "Restricted profit reserves" according to the CMB Financial Reporting Standards. As of 31 December 2013, the restricted reserves balance is TL 51.589.982 (31 December 2012: TL 47.370.328).

Besides, in Kayseri Elektrik General Assembly which was hold on 15 May 2013, transfer of TL 1.460.552 to reserves from the Company's profit for 2012 was decided.

Resources Available for Profit Distribution

As of balance sheet date, period loss of the Group is TL 6.601.435 and retained earnings is TL 34.022.902 according to the statutory records. Total profit available for distribution resources after deducting period loss from retained earnings is TL 27.421.467 (31 December 2012: TL 34.022.902).

18. REVENUE AND COST OF SALES

	1 January- 31 December 2013	1 January- 31 December 2012
Electricity sales	343.623.419	164.224.692
Interest income from service concession arrangements	25.299.890	29.737.580
Revenue	**368.923.309**	**193.962.272**
Cost of sales	(309.350.074)	(139.818.338)
Gross Profit	**59.573.235**	**54.143.934**

During the year, TL 51.774.816 (2012: TL 37.192.993) of invoices issued to TETAŞ related to the Service Concession Arrangements, which is stated in Note 2.5, have been deducted from Service Concession Receivables.

19. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

The details of other income from operating activities for the years ended 31 December 2013 and 2012 are as follows:

	1 January- 31 December 2013	1 January- 31 December 2012
Foreign exchange gain arising from operating activities	4.409.890	2.310.205
Akbük WPP blade damage fee (*)	996.351	-
Cancellation of contractual liabilities	-	522.653
Capacity difference income	-	630.106
Discount income	573.162	39.059
Other	639.321	345.181
	6.618.724	**3.847.204**

(*) Income arising from the settlement of lossesof the Group due to the damage on the blade of Akbük WPP wind turbine.

The details of other expenses from operating activities for the years ended 31 December 2013 and 2012 are as follows:

	1 January- 31 December 2013	1 January- 31 December 2012
Foreign exchange losses arising from operating activities	(4.611.128)	(1.874.784)
Discount expenses	(107.959)	(58.839)
Kızılcahamam forest expense (*)	(119.891)	(130.656)
Contractual expense (**)	-	(2.431.795)
Other	(417.108)	(811.626)
	(5.256.086)	**(5.307.700)**

(*) This comprises the forestation and improvement expenses of the 1.505 decares of Kızılcahamam forest. This forest has been allocated to the Group for forestation works by the Kızılcahamam Forest Business Directorate until 2046.

(**) Due to the expenses arising from the additional aggrement of the Share Transfer Agreement of Aksu shares.

20. INCOME AND EXPENSES FROM INVESTING ACTIVITIES

The details of income from investing activities for the year ended 31 December 2013 and 2012 are as follows:

	1 January- 31 December 2013	1 January- 31 December 2012
Interest income	2.444.871	2.223.640
Foreign exchange gains	24.716.123	-
Gain on sale of fixed assets	179.237	148.717
Other	-	57.767
	27.340.231	**2.430.124**

The details of expenses from investing activities for the year ended 31 December 2013 and 2012 are as follows:

	1 January- 31 December 2013	1 January- 31 December 2012
Foreign exchange losses	(257.452)	(10.957.593)
Loss on sale of fixed assets	(18.838)	-
	(276.290)	**(10.957.593)**

21. FINANCE EXPENSES

	1 January- 31 December 2013	1 January- 31 December 2012
Net foreign exchange (loss) / income	(116.676.462)	10.667.148
Interests on bank borrowings	(23.393.386)	(10.931.388)
Deferred finance expenses	(2.758.753)	(2.472.320)
Other finance expenses	(1.544.260)	(937.969)
	(144.372.861)	(3.674.529)

22. ANALYSIS OF OTHER COMPREHENSIVE INCOME ITEMS

Foreign currency translation reserve	1 January- 31 December 2013	1 January- 31 December 2012
Balance at the beginning of the period	85.991	37.359
Foreign exchange differences arising from the translation of net assets of the business abroad	8.359.998	48.632
Balance at the end of the period	**8.445.989**	**85.991**

Remeasurement of defined benefit plans income/(losses)	1 January- 31 December 2013	1 January- 31 December 2012
Balance at the beginning of the period	(236.651)	-
Remeasurement gain/(losses) from defined benefit plans	147.344	(236.651)
Balance at the end of the period	**(89.307)**	**(236.651)**

23. INCOME TAXES
(INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

	31 December	31 December
Short-term Assets related to current tax	**2013**	**2012**
Prepaid taxes and dues	184.206	111.807
	184.206	**111.807**

	31 December	31 December
Short-term Payables related to current tax	**2013**	**2012**
Taxes and funds payable	2.500.763	1.210.999
	2.500.763	1.210.999

	31 December	31 December
Current tax liability:	**2013**	**2012**
Current tax liability provision	7.554.708	6.995.860
Less: Prepaid taxes and dues	-	-
	7.554.708	6.995.860

	1 January- 31 December	1 January- 31 December
Tax expense in profit or loss statement	**2013**	**2012**
Current tax expense	(7.554.708)	(6.995.860)
Deferred tax (expense)/income on temporary timing differences	17.737.092	(334.479)
Total tax expense	**10.182.384**	**(7.330.339)**

Tax recognized directly in equity	1 January- 31 December	1 January- 31 December
Deferred tax	**2013**	**2012**
Recorded directly to equity		
Actuarial gain or loss	(36.838)	59.163
Total deferred tax recognized directly in equity	**(36.838)**	**59.163**

Tax effect related to the components of other comprehensive income is as follows:

	1 January-31 December 2013		
	Amount before tax	Tax expense / income	Amount after tax
Actuarial gains and losses on defined benefit plans	184.182	(36.838)	147.344
	184.182	(36.838)	147.344

	1 January-31 December 2012		
	Amount before tax	Tax expense / income	Amount after tax
Actuarial gains and losses on defined benefit plans	(295.814)	59.163	(236.651)
	(295.814)	59.163	(236.651)

Corporate Tax

The Company and its subsidiaries in Turkey is subject to Turkish corporate taxes. Ayen AS, recorded in Albania, is subject to tax legislation in Albania. Provision is made in the accompanying financial statements for the estimated charge based on the Group's results for the years and periods. Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and deducting exempt income, non-taxable income and other incentives (previous years losses, if any, and investment incentives utilized, if preferred).

The effective tax rate in 2013 is 20% (2012: 20%).

In Turkey, advance tax returns are filed on a quarterly basis. Advance corporate income tax rate applied in 2013 is 20%. (2012: 20%). Losses can be carried forward for offset against future taxable income for up to 5 years. However, losses cannot be carried back for offset against profits from previous periods.

Furthermore, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

Income Witholding Tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are Turkish residents and Turkish branches of foreign companies. Income withholding tax applied in between 24 April 2003 – 22 July 2006 is 10% and commencing from 22 July 2006, this rate has been changed to 15% upon the Council of Minister's' Resolution No: 2006/10731. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

Withholding tax at the rate of 19,8% is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Subsequent to this date, the investments without investment incentive certificates do not qualify for tax allowance.

Investment Incentives

The revoked phrase "only attributable to 2006, 2007 and 2008" stated in Provisional Article 69 of Income Tax Law No:193 with the effect of Article 5 of Law No:6009 after having published in the Official Gazette No: 27659 as at 1 August 2010 and the Constitutional Court's issued resolution no: 2009/144 published in the Official Gazette as at 8 January 2010 has been revised. The revised regulation allows companies to continue to benefit from the exception of undeductible and carryforward investment incentive due to insufficient earnings irrespective of having any time constraints. However, deductible amount for investment incentive exception used in the determination of tax base cannot exceed 25% of the related period's income. In addition, companies that opt to use the investment incentive exemption are allowed to apply 20% of income tax, instead of 30% under the related revised regulation.

The additional paragraph to Provisional Article 69 included in accordance with Law No:6009, which is related to the 25% threshold and requires the incentive amount that will be subject to investment incentive exemption in determining tax base cannot exceed 25% of the respective income, has been revoked based on the ground that it is contrary to the Constitution upon the Constitutional Court's resolution No: E. 2010/93 K. 2012/20 ("stay of execution") issued on 9 February 2012 and published in the Official Gazette No: 28208 on 18 February 2012. The related Constitutional Court's decision was published in the official Gazette No: 28719 as at 26 July 2013.

Deferred tax

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TFRS and tax purposes and they are given below.

For calculation of deferred tax asset and liabilities, the rate of 20% (2012: 20%) is used.

Companies in Turkey can not declare a consolidated tax return, therefore subsidiaries that have deferred tax assets position were not netted off against subsidiaries that have deferred tax liabilities position and disclosed seperately.

Deferred tax assests/ (liabilities)	Temporary differences 31 December 2013	31 December 2012	Deferred tax assests/ (liabilities) 31 December 2013	31 December 2012
Property, plant and equipment	204.220.280	152.846.180	40.844.056	30.569.236
and intangible assets	153.087.000	191.242.000	306.174	382.484
Investment incentives	54.444.105	30.673.915	10.888.821	6.134.783
Carry forward tax losses	1.425.280	1.623.543	285.056	324.709
Provision for employment termination benefits	(141.672.560)	(156.865.125)	(28.334.512)	(31.373.025)
Due from service concession arrangements	(11.817.325)	(9.882.285)	(2.363.465)	(1.976.457)
Deferred finance charges	1.564.680	885.410	312.936	177.082
Other				
	261.251.460	**210.523.640**	**21.939.066**	**4.238.812**

The Group reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all that deferred income tax asset to be utilized. Accordingly, Group did not recognise deferred tax assets amounting to TL 5.015.581 (31 December 2012: 2.299.285) for the carry forward tax losses of Ayen Ostim amounting to TL 12.368.460 (31 December 2012: 8.862.122) and that of Ayen Elektrik amounting to TL 12.709.445 (31 December 2012: TL 2.634.302).

As of 31 December 2013 and 31 December 2012, the expiration dates of prior years' losses, which deferred tax asset have not been accounted for, are as follows:

	31 December 2013	31 December 2012
2013	-	132.271
2016	6.164.209	6.164.209
2017	5.199.944	5.199.944
2018	13.713.752	-
Closing balance at 31 December	**25.077.905**	**11.496.424**

Group recognized TL 10.888.821 (31 December 2012: TL 6.134.783) of deferred tax asset over Ayen Enerji's and Aksu's carry forward tax losses amounting to TL 41.306.911 (31 December 2012: TL 10.830.095) and TL 13.137.194 (31 December 2012: 19.843.820) respectively.

As of 31 December 2013 and 31 December 2012, the expiration dates of prior years' losses, which deferred tax asset have been accounted for, are as follows:

	31 December 2013	31 December 2012
2013	-	1.781.430
2015	9.048.665	9.048.665
2017	13.137.194	19.843.820
2018	32.258.246	-
Closing balance at 31 December	**54.444.105**	**30.673.915**

Movements in deferred income taxes can be analysed as follows:

	1 January-31 December 2013	1 January-31 December 2012
Opening balance at 1 January	4.238.812	4.514.128
Current year deferred taxation expense / (income)	17.737.092	(334.479)
Actuarial gain / (loss) effect directly recorded to equity	(36.838)	59.163
Closing balance at 31 December	**21.939.066**	**4.238.812**

The reconciliation of current year tax charge calculated over current period tax charge and profit before tax disclosed in the consolidated statement of profit or loss for the period ended 31 December 2013 and 2012 is stated below:

	1 January-31 December 2013	1 January-31 December 2012
Profit / (loss) before tax on profit or loss statement	(64.649.937)	31.822.869
Effective tax rate (20%) (2012: 20%)	12.929.987	(6.364.574)
Effect of tax		
- revenue that is exempt from taxation	248.950	9.489
- tax assets calculated over previous year losses	-	189.969
- non-deductible expenses	(39.585)	(115.667)
- effect of non-taxable consolidation adjustment	89.082	(486.359)
- effect of subsidiaries in loss	(3.046.050)	(563.197)
Tax expense on profit or loss statement	**10.182.384**	**(7.330.339)**

24. EARNINGS PER SHARE

	1 January- 31 December 2013	1 January- 31 December 2012
Profit/ (loss) for the year attributable to equity holders of the Parent	(48.846.437)	22.847.998
Average number of outstanding shares	17.104.230.000	17.104.230.000
Earnings/ (loss) per basic, 1.000 shares (TL)	(2,86)	1,34

25. FINANCIAL INSTRUMENTS

Financial Liabilities

The detail of borrowings of the Group as of 31 December 2013 and 31 December 2012 is as follows:

Borrowings	31 December 2013	31 December 2012
Short-term financial borrowings	46.441.613	8.173.985
Short-term portion of long-term borrowings	95.775.147	70.526.431
Long-term financial borrowings	592.328.564	475.379.228
	734.545.324	**554.079.644**

The accrued interest expense on short-term borrowings is TL 3.442.807 (31 December 2012: TL 2.644.371).

The detail of borrowings is as follows:

	Weighted average	31 December 2013		Weighted average	31 December 2012	
Para birimi	effective interest rate (%)	Short-term	Long-term	effective interest rate (%)	Short-term	Long-term
TL	%9,55	46.441.613	-	%10,77	8.173.985	-
USD	%5,99	32.680.985	46.715.066	%5,89	27.336.546	66.192.376
EURO	%3,29	63.094.162	545.613.498	%3,36	43.189.885	409.186.852
		142.216.760	**592.328.564**		**78.700.416**	**475.379.228**

The redemption schedule of the borrowings as of 31 December 2013 and 31 December 2012 is as follows:

	31 December 2013	31 December 2012
To be paid within 1 year	142.216.760	78.700.416
To be paid between 1-2 years	82.616.721	67.875.224
To be paid between 2-3 years	65.235.499	59.431.349
To be paid between 3-4 years	62.293.433	51.609.708
To be paid between 4-5 years	53.886.535	45.370.626
5 and more than 5 years	328.296.376	251.092.321
	734.545.324	**554.079.644**

For the long-term borrowings of the Group, mortgages amonting to TL 96.043.500 (USD 45.000.000) over land, TL 14.386.132 (USD 5.815.968 and EURO 671.926) of letters of guarantee, TL 196.745.500 (EURO 67.000.000) of guarantee given and TL 574.775.632 (USD 131.030.025 and EURO 100.500.000) of conveyance on receivables are given (Note 11). Deferred finance expenses have been recognized in deferred finance expenses which have been paid for the long-term borrowings of the Group. As of 31 December 2013 the deferred finance expenses of the Group, which have been amortised through the maturity of the loans, is TL 25.759.689 (31 December 2012: TL 24.547.727) (Note 6). The Group has also given commercial enterprise pledge amounting to TL 290.000.000 as a guarantee for the investment loans (Note 12). According to the investment loan agreements related with the investment loans used, at the end of each financial year, the Group is obliged to meet some financial ratios, to be calculated over the consolidated financial statements of the Group prepared in accordance with financial reporting standards accepted by the Turkish Financial Reporting Standards ("TFRS") of Turkey.

Other Financial Liabilities

Other Short-Term Financial Liabilities	31 December 2013	31 December 2012
Çamlıca HEPP Electric Energy Fund	1.528.052	11.757.891
	1.528.052	**11.757.891**

Other Long-Term Financial Liabilities	31 December 2013	31 December 2012
Forestation Fund	22.722	22.722
	22.722	**22.722**

The electricity production of the Group for the years 2000, 2001 and 2003 was below the guaranteed annual production, and loans were provided from the Electric Energy Fund ("EEF") amounting to USD 27.467.912. These loans were classified by the Group as other non-current liabilities, and the same amount was also booked as due from service concession arrangements.With respect to the agreement signed with MENR, the amount of shortage in production are reflected as "additional tariff" in monthly energy sales invoices charged to Türkiye Elektrik Ticaret ve Taahhüt A.Ş. ("TETAŞ") and the principle amounts in same and equal amounts stated in payment schedule are repaid by TETAŞ to ETKB on behalf of EEF loan. Subsequent to the payments the loans and receivables are reversed.

Besides, there exists loans amounting to USD 2.029.148 and USD 4.839.902 obtained by the Group from EEF because of the shortage in production for the years 2006 and 2007. The redemption schedule of the above mentioned loans were approved by MENR on 8 March 2010. The Group will reflect the principle amount originated from repayment of the funds to the monthly energy sales invoices charged to TETAŞ, as additional tariff in equal instalments (USD 146.150) for 47 months. TETAŞ will pay the mentioned amount to MENR.

In addition to above mentioned fund, there exist loan amounting to USD 1.056.701 from EEF because of the shortage in production in 2012. The mentioned loan will be paid according to the redemption schedule approved by MENR as of 27 June 2013. Subsequent to the payments the loans and receivables are reversed.

The redemption schedule of EEF that would be paid by reflecting to TETAŞ as of 31 December 2013 and 31 December 2012 is as follows:

	31 December 2013	31 December 2012
To be paid within 1 year	1.528.052	11.757.891
	1.528.052	**11.757.891**

26. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of debt, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

The management of the Group considers the cost of capital and the risks associated with each class of capital. The management of the Group aims to balance its overall capital structure through the payment of dividends, new share issues and the issue of new debt or the redemption of existing debt.

The Group controls its capital using the net debt/total capital ratio. This ratio is calculated as net debt divided by the total capital amount. Net debt is calculated as total liability amount less cash and cash equivalents. Total equity is calculated as shareholders' equity plus the net debt amount as presented in the balance sheet.

As of 31 December 2013 and 31 December 2012 net debt / total capital ratio is as follows:

	2013	2012
	TL	**TL**
Total Financial Debt	734.545.324	554.079.644
Less: Cash and cash equivalents	(95.281.050)	(46.395.890)
Net Debt	639.264.274	507.683.754
Equity Attributable to Owners of the Parent	219.855.345	260.196.926
Net Debt / Equity	**2,91**	**1,95**

b) Financial risk factors

The risks of the Group, resulted from operations, include market risk, credit risk and liquidity risk. The Group's risk management program generally seeks to minimize the effects of uncertainty in financial market on financial performance of the Group.

b.1) Credit risk management

Credit risk of financial instruments	Receivables					
	Trade Receivables		Other Receivables			
31 December 2013	Related Party	Third Party	Related Party	Third Party	Due From Service Concession Arrangements	Bank Deposits (***)
Maximum net credit risk as of balance sheet date (*)	307.621	46.071.801	11.549.836	1.917.365	148.202.527	108.018.555
- The part of maximum risk under guarantee with collateral etc. (**)	-	10.114.555	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	307.621	46.071.801	11.549.836	1.917.365	148.202.527	108.018.555
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-
C. Net book value of impaired assets	-	-	-	-	-	-
D. Off-balance sheet items with credit risk	-	-	-	-	-	-
Maximum net credit risk as of balance sheet date (*)	-	-	-	-	-	-

(*) The factors that increase the credit reliability, such as guarantee received are not considered in the determination of the balance.

(**) Guarantees consists of guarantee letters, guarantee notes and mortgages obtained from the customers.

(***) TL 12.773.775 of bank deposits consist of restricted deposits.

Credit risk of financial instruments	Receivables					
	Trade Receivables		Other Receivables			
31 December 2012	Related Party	Third Party	Related Party	Third Party	Due From Service Concession Arrangements	Bank Deposits (***)
Maximum net credit risk as of balance sheet date (*)	192.190	26.234.798	9.621.851	1.221.964	162.551.564	46.367.710
- The part of maximum risk under guarantee with collateral etc. (**)	-	12.244.075	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	192.190	26.234.798	9.621.851	1.221.964	162.551.564	46.367.710
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-
C. Net book value of impaired assets	-	-	-	-	-	-
D. Off-balance sheet items with credit risk	-	-	-	-	-	-
Maximum net credit risk as of balance sheet date (*)	-	-	-	-	-	-

(*) The factors that increase the credit reliability, such as guarantee received are not considered in the determination of the balance.

(**) Guarantees consists of guarantee letters, guarantee notes and mortgages obtained from the customers.

Credit risk arises from cash and cash equivalents and deposits with banks, as well as credit exposures to customers, including outstanding receivables and committed transactions. The Group assesses the credit quality of the customers by assessing the financial position of the customers, past experiences and other factors as a part of its credit risk management programme. All of the expropriation receivables of the Group and TL 6.571.638 (2012: TL 9.382.063) and TL 12.915.154 (2012: TL 9.232.298) of trade receivables are composed of the receivables from TETAŞ and TEİAŞ respectively. TETAŞ and TEİAŞ are both state-owned entities which are responsible for the trading, wholesale and distribution activities of the national power system operations in Turkey. Additionally, TETAŞ provides purchase guarantee for the electricity production which are performed by the Group's power plants with Build-Operate-Transfer model. Therefore, credit risk over the assets of the Group is limited. Rest of the trade receivables are related to gross sale activities, and mentioned receivables arises from industrial and commercial customers. Group obtains guarantees from these wholesale customers when necessary.

As of 31 December 2013 and 2012, there are no past due receivables.

b.2) Liquidity risk management

Having a conservative liquidity risk management requires obtaining adequate level of cash in addition to having the ability to utilize adequate level of borrowings and fund resources as well as closing market positions.

The following table presents the maturity of Group's derivative and non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

31 December 2013						
Contructual maturity analysis	**Carrying Value**	**Total cash outflow according to contract (I+II+III+IV)**	**Less than 3 Months (I)**	**3-12 Months (II)**	**1-5 Years (III)**	**More than 5 Years (IV)**
Non-derivative financial liabilities						
Borrowings	734.545.324	875.408.016	21.224.920	134.134.387	333.491.395	386.557.314
Trade payables	59.025.809	59.665.686	59.665.686	-	-	-
Trade payables to related parties	82.840.693	83.024.097	83.024.097	-	-	-
Non-trade payables to related parties	26.806.737	26.806.737	20.766.998	5.594.329	445.410	-
Total liabilities	**903.218.563**	**1.044.904.536**	**184.681.701**	**139.728.716**	**333.936.805**	**386.557.314**

(*) Since interest rates of the loans are floating, total cash ouflows of financial liabilities are calculated over the interest rate announced at the Group's last loan repayment date.

31 December 2012						
Contructual maturity analysis	**Carrying Value**	**Total cash outflow according to contract (I+II+III+IV)**	**Less than 3 Months (I)**	**3-12 Months (II)**	**1-5 Years (III)**	**More than 5 Years (IV)**
Non-derivative financial liabilities						
Borrowings	554.079.644	672.108.530	22.917.624	68.387.953	288.905.462	291.897.491
Trade payables	32.721.307	32.788.472	32.788.472	-	-	-
Trade payables to related parties	46.457.629	46.457.629	34.018.780	12.438.849	-	-
Non-trade payables to related parties	7.259.235	7.259.235	5.993.938	819.887	445.410	-
Total liabilities	**640.517.815**	**758.613.866**	**95.718.814**	**81.646.689**	**289.350.872**	**291.897.491**

(*) Since interest rates of the loans are floating, total cash ouflows of financial liabilities are calculated over the interest rate announced at the Group's last loan repayment date.

b.3) Market risk management

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Market risk exposures of the Group are measured using sensitivity analysis.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

b.3.1) Foreign currency risk management

Transactions in foreign currencies expose the Group to foreign currency risk.

As of 31 December 2013 and 2012 the foreign currency denominated assets and liabilities of monetary and non-monetary items are as follows:

	31 December 2013		
	TL Equivalent	**USD**	**EURO**
Trade receivables	17.682.710	7.152.344	823.246
Monetary financial assets	24.579.054	138.530	8.269.501
Due from short-term service concession arrangements	44.108.340	20.666.420	-
Other	12.945.887	164	4.408.492
CURRENT ASSETS	**99.315.991**	**27.957.458**	**13.501.239**
Due from long-term service concession arrangements	104.094.187	48.772.050	-
Other	2.894.693	-	985.763
NON-CURRENT ASSETS	**106.988.880**	**48.772.050**	**985.763**
TOTAL ASSETS	**206.304.871**	**76.729.508**	**14.487.002**
Trade payables	93.321.297	1.731.965	30.520.948
Financial borrowings	95.775.147	15.312.273	21.486.178
Other current financial liabilities	1.528.052	715.950	-
CURRENT LIABILITIES	**190.624.496**	**17.760.188**	**52.007.126**
Financial borrowings	592.328.564	21.887.769	.804.018
NON-CURRENT LIABILITIES	**592.328.564**	**21.887.769**	**185.804.018**
TOTAL LIABILITIES	**782.953.060**	**39.647.957**	**237.811.144**
Net Foreign Currency Position	**(576.648.189)**	**37.081.551**	**(223.324.142)**

	31 December 2012		
	TL Equivalent	USD	EURO
Trade receivables	11.580.948	6.496.661	-
Monetary financial assets	6.893.463	139.502	2.825.525
Due from short-term service concession arrangements	50.008.259	28.053.550	-
Other	3.796	-	1.614
CURRENT ASSETS	**68.486.466**	**34.689.713**	**2.827.139**
Due from long-term service concession arrangements	112.543.305	63.134.357	-
Other	3.532.851	-	1.502.254
NON-CURRENT ASSETS	**116.076.156**	**63.134.357**	**1.502.254**
TOTAL ASSETS	**184.562.622**	**97.824.070**	**4.329.393**
Trade payables	16.314.258	420.306	6.618.625
Financial borrowings	70.526.431	15.335.210	18.365.389
Other current financial liabilities	11.757.891	6.595.922	-
CURRENT LIABILITIES	**98.598.580**	**22.351.438**	**24.984.014**
Financial borrowings	475.379.228	37.132.490	173.996.195
NON-CURRENT LIABILITIES	**475.379.228**	**37.132.490**	**173.996.195**
TOTAL LIABILITIES	**573.977.808**	**59.483.928**	**198.980.209**
Net Foreign Currency Position	**(389.415.186)**	**38.340.142**	**(194.650.816)**

The following table details the Group's sensitivity to a 10% increase and decrease in USD, and EURO. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number indicates an increase in profit or loss.

The Group is mainly exposed to USD and EURO denominated foreign exchange risk.

	31 December 2013	
	Profit / Loss	
	Appreciation of foreign currency	Depreciation of foreign currency
In case 10% appreciation in USD against TL		
US Dollar net asset / liability	7.914.316	(7.914.316)
Part of hedged from US Dollar risk (-)		
US Dollar net effect	**7.914.316**	**(7.914.316)**
In case 10% appreciation in EURO against TL		
EURO net asset / liability	(65.579.135)	65.579.135
Part of hedged from EURO risk (-)		
EURO net effect	**(65.579.135)**	**65.579.135**
TOTAL	**(57.664.819)**	**57.664.819**

	31 December 2012	
	Profit / Loss	
	Yabancı paranın değer kazanması	Yabancı paranın değer kaybetmesi
In case 10% appreciation in USD against TL		
US Dollar net asset / liability	6.834.514	(6.834.514)
Part of hedged from US Dollar risk (-)	-	-
US Dollar net effect	**6.834.514**	**(6.834.514)**
In case 10% appreciation in EURO against TL		
EURO net asset / liability	(45.776.032)	45.776.032
Part of hedged from EURO risk (-)	-	-
EURO net effect	**(45.776.032)**	**45.776.032**
TOTAL	**(38.941.518)**	**38.941.518**

b.3.2) Interest rate risk management

The Group is exposed to interest risks through the impact of borrowings, due to variable interest rate used. As of 31 December 2013, for USD denominated borrowings, had the interest rates increased/decreased by 100 base points (1%) with all other variables held constant, net profit of the Group due to loan interest loss/profit loans would have been decreased/increased by TL 40.753 (2012: TL 50.349) mainly as a result of interest expenses on short-term and long-term borrowings. As of 31 December 2013, for EURO denominated borrowings, had the interest rates increased/decreased by 100 base points (1%) with all other variables held constant, net profit before taxation of the Group due to loan interest loss/profit would have been decreased/increased by TL 1.016.665 (2012: TL 855.172) mainly as a result of interest expenses on short-term and long-term borrowings.

27. FINANCIAL INSTRUMENTS
(FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING)

Fair values and categories of financial instruments

31 December 2013	Loans and receivables (including cash and) cash equivalents	Financial liabilities at amortized costs	Carrying value	Note
Financial Assets				
Cash and cash equivalents	95.281.050	-	95.281.050	29
Trade receivables	46.071.801	-	46.071.801	4
Due from related parties	11.857.457	-	11.857.457	3
Due from service concession arrangements	148.202.527	-	148.202.527	10
Other current assets	12.773.775	-	12.773.775	16
Financial liabilities				
Trade payables	-	59.025.809	59.025.809	4
Due to related parties	-	109.647.430	109.647.430	3
Other financial liabilities	-	1.550.774	1.550.774	25
Financial borrowings	-	734.545.324	734.545.324	25

31 December 2012	Loans and receivables (including cash and) cash equivalents	Financial liabilities at amortized costs	Carrying value	Note
Finansal varlıklar				
Cash and cash equivalents	46.395.890	-	46.395.890	29
Trade receivables	26.234.798	-	26.234.798	4
Due from related parties	9.814.041	-	9.814.041	3
Due from service concession arrangements	162.551.564	-	162.551.564	10
Financial liabilities				
Trade payables	-	32.721.307	32.721.307	4
Due to related parties	-	53.716.864	53.716.864	3
Other financial liabilities	-	11.780.613	11.780.613	25
Financial borrowings	-	554.079.644	554.079.644	25

Grup, finansal araçların kayıtlı değerlerinin makul değerlerini yansıttığını düşünmektedir.

28. EVENTS AFTER THE REPORTING PERIOD

Ayen AS signed a loan agreement amounting to EURO 128 Million with Türkiye İş Bankası for the operation of Fangut HPP and Pesqeshit HPP for 41 years. 4-year grace-period comes to the related loan with 13-year maturity and the interest rate determined as EURO LIBOR + 5,35%. The principal and the interest payments will be made semi-annually.

For the purpose of complying with the regulation of Electricity Market Licence Regulation, Board of Directors of Ayen Enerji submitted for the approval for the amendment of “Shares Sale and Transfer” entitled article eight, “Change of Main Agreement” entitled article twentieth and “Merger Provisions” entitled article twenty first.

29. DISCLOSURES RELATED TO THE STATEMENT OF CASH FLOWS

	31 December 2013	31 December 2012
Cash	36.270	28.180
Cash in bank	95.244.780	43.986.688
Demand deposits	94.553.472	7.796.926
Time deposits with maturities less than three months	691.308	36.189.762
Type B liquid funds	-	2.381.022
	95.281.050	**46.395.890**

Information about the nature and level of risks related to cash and cash equivalents are provided in Note 26.

As of 31 December 2013, the time deposits with maturities less than three months of the Group consists of TL denominated time deposits with maturities in January 2014. The weighted average effective interest rates of TL denominated time deposits is 6% (2012: 4,51%). There are no EURO denominated time deposits as of 2013 (2012: 0,34%).

As of 31 December 2013, the Group has restricted bank deposits due the loan obtained from Commerzbank (2012: None) (Note:16)

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

1. CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE STATEMENT

Ayen Enerji A.Ş. continued to carry out the works necessary within the scope of the Communiqué on the Determination and Implementation of Corporate Governance Principles issued by the Capital Market Board during the 2013 reporting period as well.

Appointment of Independent Board of Directors' Members was realized by the General Assembly in the 2013 reporting period, the working principles of the committees established within the structure of the Board of Directors were reviewed and brought in compliance with the communiqués and regulations of the Capital Market Board and the Corporate Governance Committee, the Audit Committee, and the Early Detection and Assessment of Risk Committee were restructured; the working procedures and principles of these committees were determined and published. The principles, which were not applied from those our Company was not obliged to apply, are explained under the main headings of Shareholders, Public Disclosure and Transparency, Beneficiaries and the Board of Directors in our Report on Compliance with Corporate Governance Principles and the necessary works will be carried out in order to comply with these principles in the subsequent financial years to come as well as long as the sector in which our Company operates, the status of the Company, and the market conditions allow us.

SECTION I - SHAREHOLDERS

2. SHAREHOLDER RELATIONS UNIT

Pursuant to the Corporate Governance Principles issued by the Capital Markets Board, the "Shareholding and Shareholder Relations Unit" was positioned in a way to directly report to the Board of Directors in 2013.

The following persons were elected to the Shareholding and Shareholder Relations Unit as responsible officials:

Ahmet Alan	- 0 312 445 04 64 /203 aalan@ayen.com.tr
Ahmet Gökhan Saygılı	- 0 312 445 04 64/301 gokhans@ayen.com.tr
Cenk Eren	- 0 312 445 04 64/202 cenke@ayen.com.tr

Activities carried out by the Unit include the following:

- Ensuring that shareholders are able to exercise their shareholding rights; that the records concerning shareholders are kept in a sound, secure, and up to date manner,
- Meeting the written information requests of the shareholders regarding the Company excluding any undisclosed, confidential information or Trade secrets that were not disclosed to public,
- Ensuring that the General Assembly meetings are held in compliance with the effective legislation and the Articles of Associations, preparing the documents that could be utilized by the shareholders, keeping the records of voting results and ensuring that the reports related to such results are sent to the shareholders if requested,

- Observing and monitoring all matters related to public disclosure, including the legislation and the Company Disclosure Policy,
- Performing all duties assigned by the Corporate Governance Committee,
- Ensuring that the Material Disclosures are made in line with provisions of the applicable legislation and the principles concerning Material Disclosures to Public and with the aim of enabling the public to access such information on a timely, equal, fair, true, and transparent basis,
- Preparing the List of Corporate Insiders; briefing corporate insiders on the protection of corporate information and compliance with confidentiality requirements until material information, financial statements, and other incidents are disclosed to public and taking the necessary measures,

Written and oral requests of information received from the shareholders and investors within the 2013 reporting period were satisfied within the framework of the applicable legislation and the Public Disclosure regulations; however, no quantitative data were collected, since such information requests were not received through a specific channel. Works regarding this matter are continuing.

The confidentiality of the information that is currently or potentially in the nature of commercial secret is protected by our Company and the company officials, who possess such information, in a way that such information cannot be known by third persons and be accessible under normal conditions until it is made available to the public.

A “List of Corporate Insiders” is prepared pursuant to Article 16 of the Communique Serial: VIII No: 54 issued by the Capital Market Board and it is updated when any change takes place in the names of the persons with access to such information. The updated final version of the list was sent to CMB in May 2013.

3. EXERCISE OF RIGHTS TO OBTAIN INFORMATION BY SHAREHOLDERS

Shareholders generally request information related to the Company by telephone or e-mail. Information requests, that are not in the nature of trade secrets and are not within the context of those needed to be kept for the interest of the company, are answered by authorized officials orally and/or in writing. The situations, which will affect the exercise of the rights of shareholding, are announced to public with Material Disclosures. Written and/or oral answers are given with Material Disclosures within the framework of disclosures made to the public.

The questions asked by the Shareholders in 2013 were generally about the operations of generation plants, annual generation and sales quantities, unit prices, stock performance, financial statements, dividend distribution, investments, and progress in investments. Such information is posted on the website of the Company under the heading Generation Units, Investments and Subsidiaries. The financial statements, annual reports, independent audit reports and Material Disclosures of the company from past to present are published on the Public Disclosure Platform and the website of the Company and made available to shareholders for information. In addition, the minutes of the General Assembly meetings are also posted on the Company’s website.

The Articles of Association of the Company does not contain any specific provision with respect to shareholders’ right to request appointment of an independent auditor, since this matter is set out in the Turkish Commercial Code No 6102. No such request was received from the shareholders in 2013.

4. GENERAL ASSEMBLY MEETINGS

The 2012 Ordinary General Assembly Meeting of our Company was held on May 08, 2013. The call for the General Assembly meeting was duly published as required by the applicable laws and the Articles of Association of the Company and in a way to contain the agenda of the meeting in the Turkish Trade Registry Gazette No 8299, dated April 12, 2013 as well as two national newspapers published on April 13, 2013. The invitation was also sent to each of the registered shareholders to notify them about the date and time of the meeting and posted on the www.ayen.com.tr website of our Company 21 days before the date of the meeting by including all the necessary information. The quorum for meeting and resolution in General Assembly Meetings is specified in Article 15 of the Articles of Association. According to this, General Assembly Meetings and the quorum for resolution during these meetings are subject to the provisions of the Turkish Commercial Code. The attendance of 50% of Class (A) Shareholders is sought for resolution quorum during General Assembly meetings. 184,974,910 shares with a nominal value of TL 1,849,749.10 were represented in person and 14,619,548,615 shares with a nominal value of TL 146,195,486.15 were represented by proxy during the 2012 Ordinary General Assembly Meeting of our Company. Therefore, it was determined that of all 17,104,230,000 shares of the Company, representing a capital of TL 171,042,300, 14,804,525,525 shares corresponding to a total of TL 148,045,235.25 were represented at the meeting and the meeting quorum was recorded as 86.55%. Requests were made to the Ministry of Energy and Natural Resources and to the Capital Market Board for the attendance of their representatives at the ordinary General Assembly meeting; however, the representative of the Ministry of Energy and Natural Resources did not attend the meeting in the capacity of Observer. No media representative attended the meeting either.

The General Assembly Meeting was also held in electronic environment pursuant to the provisions of the "Regulation on General Assembly Meetings to be Held in Electronic Environments in Joint Stock Companies" , which was issued based on Article 1527 of the Turkish Commercial Code no 6102. Our shareholders, who were members of the Electronic General Assembly System (EGKS) attended the meeting and cast their votes electronically. No requests for information or questions were received from our shareholders participating over the Electronic General Assembly System during this meeting.

The announcement concerning the call for meeting and the documents and information related to the matters to be discussed at the meeting were posted on the website of our Company and the annual report for the accounting period was made available for the information of the shareholders at the central office of the Company 15 days before the meeting. Since the agenda contained an item concerning an Articles of Association amendment, the former and new versions of the Articles of Association amendment approved by the Capital Market Board as well as the information related to the Independent Members to be elected to the Board of Directors were posted on the website of the Company.

Our shareholders are allowed to ask questions during the General meetings of our company both within and outside the scope of the meeting agenda. Authorized persons and the auditor are present during these meetings to answer the questions to be asked related to both technical matters and financial statements. All members of the Board of Directors also attend the meetings to respond to the questions to be directed to the Company management. Any proposals submitted by the shareholders are included in the agenda and discussed. There were no questions that were requested to be answered in writing by the Shareholder Relations Unit because they were not answered at the General Assembly Meeting. No agenda items were proposed by the shareholders during the meeting.

The policy of our Company related to donations and aids and the cap for the donations to be made were determined and they were submitted to the General Assembly for approval together with the relevant Articles Association amendment. The cap for donations was determined to be TL 65,000 by the General Assembly.

No Extraordinary General Assembly Meetings were held in 2013.

5. VOTING RIGHTS AND MINORITY RIGHTS

Class A shares owned by the founders of the Company contain voting right privileges. Class (A) shareholders have 15 (fifteen) voting rights per share at General Assembly meetings while the remaining shareholders have only one voting right per share.

The Articles of Association amendment, which was proposed with the aim of ensuring compliance with the Turkish Commercial Code no 6012 to restrict the voting rights of Class (A) shareholders with 15 (fifteen) and which was approved by the Capital Market Board and also permitted by the Ministry of Customs and Trade, was accepted during the 2012 Ordinary General Assembly Meeting held on May 08, 3013.

None of the majority shareholders is an affiliate of our Company. The Articles of Association of the Company do not contain any provisions stipulating the representation of minority interests in the management or cumulative voting rights granted to minority shareholders. This is an arbitrary practice pursuant to the Capital Market legislation. Therefore, no cumulative voting rights are exercised at the general assembly meetings of our Company.

Due to the need for some resolutions to be taken rapidly and because of some difficulties in practice, minority shares are not represented in management.

6. DIVIDEND RIGHT

The profit distribution policy of our Company is determined within the framework of the Turkish Commercial Code, the Capital markets legislation, and the provisions of the Articles of Association, by taking into consideration the liquidity position of our Company, the financing requirements of the investments being realized, and the capital subscriptions in affiliates. Whether or not the portion remaining after taxes and legal obligations as well as legal reserves are deducted from the Company profit will be distributed or the amount of such distribution is decided by the General Assembly based on the above mentioned criteria. In case a profit share is decided to be distributed, this distribution is realized within no later than 30 days after the date of the General Assembly meeting. There are no privileges among shareholders with respect to participation in profit.

The 2012 Ordinary General Assembly, which convened on May 08, 2013, approved the resolution taken by the Board of Directors in the direction of "Not Distributing Profit" with affirmative votes representing TL 146,438,674.25 against dissenting votes representing TL 1,606,561.

7. TRANSFER OF SHARES

Even though there are no provisions restricting the transfer of shares in the Articles of Association of our Company, a resolution of the Board of Directors is sought for the transfer of registered shares. Since the Turkish Commercial Code No 6102 stipulates that the transfer of registered shares could not be made difficult except for "Important Reasons", this provision in the Articles of Association of the Company was accepted with the Articles of Association Amendment Text at the 2012 General Assembly Meeting held on May 08, 2013.

SECTION II – PUBLIC DISCLOSURE AND TRANSPARENCY

8. COMPANY DISCLOSURE POLICY

The disclosure policy of our company is based on the principle of materiality, excluding those determined with the legislation. Statements made to public are primarily disclosed on the Public Disclosure Platform (PDP) and through the press, when necessary. Meetings are held with press organizations if requested and when required, without being based on certain period intervals. Disclosure policies are determined by the Corporate Governance Committee. The "Shareholding and Shareholder Relations Unit" is responsible for carrying out the Disclosure policy.

Within the framework of the rules concerning Disclosure of Internal Information, the principles concerning which were determined within the context of the Communiqué Serial VIII No 54 issued by the Capital Markets Board, our Company made an agreement with media tracking companies in order to enable our shareholders and investors to obtain more reliable information in a faster manner pursuant to Article 18 of the Communiqué in case of the emergence of any information or rumors, which are important enough to influence the decisions of account owners and affect the value of capital market instruments and the contents of which are different from the information covered by press and media organs and previously disclosed to the public by our Company in any manner whatsoever; and the media organs and important websites as well as news agencies are continuously followed.

The Company prefers not to disclose any information about the future, which might affect the investment decisions of investors and which is based on estimations, to protect the interests of investors.

9. COMPANY WEBSITE AND ITS CONTENTS

The Internet address of our Company is www.ayen.com.tr. All information related to our Company may be accessed from this address. This website contains the trade registry information of our Company, its Articles of Association, shareholding and management structure, annual reports, periodic financial statements and reports, financial statements that constitute the attachments of the Provisional Tax Return, independent audit and auditor's reports, generation and investment operations of the Company, Material Disclosures, and the information related to its subsidiaries.

Our Data Processing Department is working on posting the answers to such questions and requests on the information concerning privileged shares, the final form of the Articles of Association of the Company along with the dates and numbers of trade registry gazettes in which the amendments were published, the agendas of General Assembly meetings, the lists of participants and the minutes of meetings, the sample form for voting by proxy, important resolutions of the Board of Directors that might affect the values of capital market instruments, and the information requests, questions and denunciations that reach the company under frequently asked questions as well as the answers provided for them.

10. ANNUAL REPORT

Interim reports prepared by the Board of Directors include Corporate Governance Principles in so far as they are related to the reporting period. Annual Reports contain Corporate Governance Principles in a separate section.

SECTION III - STAKEHOLDERS

11. INFORMING STAKEHOLDERS

With respect to stakeholders, our Company makes the Material Disclosures and performs the necessary informing during both the company operations and the disclosure process within the framework of the Capital Markets Law, the Turkish Commercial Code, Tax Laws and other relevant legislation. Our company has adopted the principles of integrity, reliability and transparency in informing the stakeholders. Every opportunity has been provided in order to enable the stakeholders of our Company to obtain all kinds of information related to our operations. It is possible to obtain all kinds of information regarding the operations of our Company both from the website and by telephone or e-mail or by coming to our Company in person and talking to the relevant person.

Information may be obtained directly from the person in charge or the "Shareholding and Shareholder Relations Unit" and from the members of the Board of Directors when necessary, regarding the operations, the financial position, targets and all other matters concerning the Company, except for those the material condition of which was not stated or announced to the public. Besides, the annual report of our Company, which is issued every year, is sent to all the persons, who make a request and posted on our Company website.

All recommendations and requests of the interest holders of our Company are evaluated by our Company management and the relevant persons are informed about the results of such evaluations. Although specific statistical data are not compiled on the matter, a large number of written and oral information requests, which were received especially through the website of our company in 2013, were satisfied and answered after being evaluated in compliance with the Capital Market legislation and within the framework of the statements previously announced to public through Material Disclosures, except for those in the nature of trade secrets.

In relation with this matter, our Shareholder Relations Unit is continuing to work in coordination with the Corporate Governance Committee to meet the information requests to be received from the stakeholders.

12. STAKEHOLDER INVOLVEMENT IN MANAGEMENT

Involvement of the stakeholders in management is not possible, since it might delay some decisions that should be taken swiftly and hinder the operations of the Company. Neither the transparency policy of our Company, nor the transparency of its activities, and the simplicity of the Company affairs require the involvement of stakeholders in management. Stakeholders are sufficiently informed about the operations of our Company with the statements announced to the public, through the website of our Company and their personal participation in general assembly meetings; and their recommendations are taken into consideration by the management as well. Recommendations made to the Company management both during and outside general assembly meetings are examined with great care and due diligence and the relevant person is informed about the result.

13. HUMAN RESOURCES POLICY

The human resources policies of our Company are determined based on education, development, performance, skills, loyalty, and equality. These criteria constitute the basis for both recruitment policies and career planning.

Any decisions taken related to the employees or any developments that concern them are notified to the employees or their representatives.

Description and distribution of duties as well as performance and reward criteria are determined by the managers and announced to the employees.

Productivity and the criteria given above, which constitute the human resources policies, are taken into consideration in determining the wages and other benefits provided to the employees.

Safe work environment and conditions are provided for employees and such environment and conditions are continuously improved.

Employees are not discriminated based on their race, religion, language or gender, human rights are respected, and the necessary measures are taken in order to protect the employees against physical, mental and emotional abuse within the Company.

Providing a safe working environment in generation Units of our Company constitute one of the most important issues for our Company.

Our employees are sent to training in authorized organizations in addition to the measures defined in occupational health and safety regulations.

14. CODES OF CONDUCT AND SOCIAL RESPONSIBILITY

The codes of conduct established by the Board of Directors have been adopted by all company employees and the measures for compliance with such codes have been taken by the Company.

Company executives and employees may not use the confidential information that is not open to public in favor of themselves or others, may not provide information, disseminate news or make comments about the Company that are false, incorrect, misleading, or unsupported .The executives may not accept direct or indirect gifts related to the Company operations and obtain unfair advantages.

Information belonging to the Company that is in the nature of trade secrets is confidential and may not be disclosed.

Our Company is keen on its social responsibilities. Regulations concerning the environment, consumers, and public health as well as ethical rules are respected.

Within the framework of these rules, our Company has directed its investments towards renewable energy sources. Each of the investments belonging to our Company is environment friendly. Because of this, our Company generates energy from natural and renewable energy sources that do not pollute the environment or damage the natural and historical texture of the geography. By generating energy from natural and renewable sources, our Company is both environment friendly and undertakes the mission of providing the economy with the natural resources of our country.

No lawsuits have been filed against our Company for damaging the environment since its foundation. Environmental Impact Assessment reports are available for all investments of our Company.

As a result of the importance and value it places on the environment, our Company has taken a forested land with an area of 1,505 decares in Ankara – Kızılcahamam under protection and provided our country, the forests of which are being continuously destroyed, with a valuable forest by planting hundred thousands of trees on this land.

Detailed information about our social responsibility projects is provided in the relevant sections of our annual reports.

SECTION IV – BOARD OF DIRECTORS

15. STRUCTURE AND FORMATION OF THE BOARD OF DIRECTORS

The Board of Directors of our Company comprises of at least 7 (seven) members, elected by the General Assembly, of whom 5 (five) are nominated among Class (A) shareholders.

There is 1 (one) female member appointed in the Board of Directors of our Company.

Except for independent Board of Directors' Members, all members of the Board of Directors are in Executive position. Information on the qualifications, backgrounds, and terms of duty of the Board of Directors' Members directors is provided in the Annual Report.

The Statements of ındependence of the Independent Board of Directors' Members are provided at the end of the Report on Compliance with Governance Principles.

In principle, people with a high level of knowledge and skills, who are qualified and who have a certain level of experience and background, and in addition, who are familiar with the energy sector and has knowledge of the energy market are nominated as candidates and elected as Board of Directors' Members. However, general principles with this regard are not included in the Articles of Association of the Company.

Even if not specified in the Articles of Association, the people nominated as Board of Directors' member candidates are selected among those who were not convicted of violating the capital markets legislation, the insurance para legislation, the banking legislation, the legislation concerning the prevention of money laundering and the legislation on lending money and/ or who were not sentenced to heavy imprisonment or imprisonment for more than five years, except for negligent offenses, even if they were pardoned, or who were not convicted for disgraceful offenses such as embezzlement, extortion, peculation, bribery, theft, forgery, swindling, breach of trust, fraudulent bankruptcy, and smuggling other than smuggling for use and consumption; or for acting in conspiracy in official tenders and buying and selling transactions or disclosing state secrets, for tax evasion or attempting to or taking part in tax evasion.

Those who are nominated as Board of Directors' members are the people with the ability to read and analyze financial statements and reports, the basic knowledge on the legal regulations, to which the Company is subject both in its daily operations and long term transactions and dispositions, and the possibility and decisiveness to participate in all the meetings projected for the period they are elected in.

16. PRINCIPLES OF OPERATION OF THE BOARD OF DIRECTORS

Board of Directors' meetings are held whenever the business activities of the Company require. Since the members of the Board of Directors are often together, the procedure regarding the call for meeting is not applied and active participation in the meetings is achieved whenever necessary. The Board of Directors is informed in detail about the operations of the Company during monthly performance meetings.

- Each member has 1 (one) voting right in the Board of Directors.
- Resolutions are taken by simple majority of those attending the meeting.
- The Board of Directors convened 21 times in 2013, full participation by the members was achieved and the resolutions were passed by unanimous vote.
- No dissenting votes were cast during the meetings held by the Board of Directors within the 2013 reporting period.
- No related party transactions or material transactions, which needed to be submitted to the General Assembly for approval due to lack of approval by Independent Board of Directors' Members took place within the 2013 reporting period.

17. NUMBERS, STRUCTURES, AND INDEPENDENCE OF THE COMMITTEES ESTABLISHED WITHIN THE STRUCTURE OF THE BOARD OF DIRECTORS

The Board of Directors of our Company convened on May 27, 2013 and delegated the duties of Early Detection and Assessment of Risk, which were previously performed by the Corporate Governance Committee of the Board of Directors to the Early Detection and Assessment of Risk Committee established within the Board pursuant to the amendments made to the Capital Market Board Communiqué Serial IV No 56 on the Determination and Implementation of Corporate Governance Principles. Accordingly, the said committees were formed as follows:

Audit Committee

Kadir Nejat Ünlü	Chairman	(Independent Board of Directors' Member)
Metin Bostancıoğlu	Member	(Independent Board of Directors' Member)

Corporate Governance Committee

Metin Bostancıoğlu	Chairman	(Independent Board of Directors' Member)
Mehmet Aydıner	Member	(Board of Directors' Member)
Turgut Aydıner	Member	(Board of Directors' Member)

Early Detection and Assessment of Risk Committee

Metin Bostancıoğlu	Chairman	(Independent Board of Directors' Member)
Ayşe Tuvana Aydıner Kıraç	Member	

The duties of the Nomination Committee and the Remuneration Committee will be fulfilled by the Corporate Governance Committee.

The working principles and procedures of the committees were reviewed, put into writing, and published.

The Audit Committee convened 5 times during the 2013 reporting period. 4 of these meetings were held in relation with the auditing and acceptance of the Annual and Interim Financial Reports; a report in the direction of accepting the financial statements was prepared and submitted to the Board of Directors.

The other meeting, on the other hand, was held to determine the Working Principles and Procedures of the Audit Committee and the principles and procedures determined were accepted and reported to the Board of Directors.

The Corporate Governance Committee held 2 meetings during the 2013 reporting period.

During the first of these meetings, the Independent Board of Directors' Member candidates to be elected during the 2012 Ordinary General Assembly Meeting, which would be held on May 08, 2013, were determined by taking into consideration the criteria specified in the CMB Corporate Governance Principles and submitted to the Board of Directors (to be approved at the General Assembly Meeting).

The other meeting was held to determine the Working Principles and Procedures of the Corporate Governance Committee and the principles and procedures determined were accepted and reported to the Board of Directors.

18. RISK MANAGEMENT AND INTERNAL CONTROL MECHANISM

Our Company is subject to the legislation and regulations of the Ministry of Energy and Natural Resources and the Energy Market Regulatory Authority with respect to its operations since it is engaged in generating energy. The investment and operating expenses as well as other operations of the Company are inspected by these organizations. In addition, enterprises holding licenses are subjected to independent audit by the Energy Market Board.

During the Board of Directors' meeting held on May 27, 2013 an Early Detection and Assessment of Risk Committee was resolved to be formed within the structure of the Board of Directors pursuant to the Capital Market Board Communiqué (Serial IV No 56) on the Determination and Implementation of Corporate Governance Principles.

The risks detected within the structure of the group are explained in detail below.

• Operational risk

Risks originating from clients

The entire amount of the electricity generated by the Çamlıca I HEPP and Yamula HEPP is sold to Türkiye Elektrik Ticaret ve Taahhüt A.Ş. (TETAŞ). TETAŞ provides a purchase guarantee for the electricity generated by the Group.

The energy prices are collected within 30 days following delivery based on the foreign exchange rate effective on the date of payment and a regular cash flow can be ensured as a result.

The prices for the electricity sold by the Ostim Natural Gas Power Plant, the Akbük Wind Power Plant, the Aksu Wind Power Plant, and the Büyükdüz HEPP, on the other hand, are determined by taking the prices set in compliance with the Electricity Market Balancing and Settlement Regulation (DUY). The invoice amounts are paid within 7 business days following the date of delivery of the invoice by the Market Operator (PMUM). Any delays in payments are calculated pursuant to the delay provisions applied by PMUM and collected against invoice.

In addition, electricity is also sold to eligible consumers under bilateral agreements. The price is set by negotiation on the basis of the tariffs of TEDAŞ by applying a certain rate of discount. The average collection period for the invoices is 15 days. The risks are minimized with the use of Letters of Guarantee and various other instruments. Pursuant to the Renewable Energy Law no 5346, a purchase guarantee in the amount of USD 7.2/cent per unit kWh energy generated is granted to enterprises generating energy based on Renewable Resources for a period of 10 years from the date of their commissioning. The Group also takes this condition into consideration in the supply contracts it makes with its clients.

Risks originating from the product (supply, generation, distribution and logistics, sales, quality, etc.)

Ensuring security of supply for electricity is the responsibility of the relevant governmental agencies and distribution companies.

Risks arising from external factors (competition risk)

We have a unit operating within the structure of the Group to maintain our competitive advantage and to perform price analyses. The credibility of potential clients is analyzed and supply agreements are made on the basis of a risk classification. This way we aim to create a long termed relationship with our clients where we can maintain our competitive advantage.

19. STRATEGIC GOALS OF THE COMPANY

The mission of our Company is “to undertake duties in the new energy investments that are required to be realized in our country and to successfully finalize such duties undertaken”, and its vision is “to convert natural and renewable sources into energy and bring them into the country’s economy.”

The strategic objectives, which are set forth as a result of attentive and meticulous works performed by our project team, working within the framework of this mission of our Company and submitted to the management in the form of a report, are evaluated separately with all their aspects and approval is given for those that are found appropriate to be put into practice. The projects implemented are subjected to monthly performance evaluations and analyses on the targeted and actual generation, cost, profitability, and liquidity are realized.

20. FINANCIAL RIGHTS GRANTED TO THE BOARD OF DIRECTORS

Our company has not lent any monies or extended any loans to any Board of Directors’ Member or Executive.

Benefits provided to Senior Executives in the 2013 financial year are described in the annotations of the Consolidated Financial Statements subjected to independent audit.

The Board of Directors’ Members of our Company, excluding Independent Members, do not receive any remuneration for their Board of Directors’ Membership.

20.1- Remuneration Policy for the Board of Directors’ Members and Senior Executives of Ayen Enerji A.Ş.

1- Purpose

This document covers a description of the remuneration policy for the Board of Directors' Members and senior executives of Ayen Enerji A.Ş. within the framework of regulations set out by the Capital Market Board.

2- Remuneration Principles for the Board of Directors

The General Assembly shall determine the amount of remuneration to be paid to the Board of Directors' Members and approves the payment decision. The General Assembly may decide not to pay any remuneration to the Board of Directors' Members, excluding Independent Members. No performance-based payment scheme shall apply for the remuneration of non-independent Board of Directors' Members.

The General Assembly shall determine the amount of remuneration to be paid to Independent Board of Directors' Members in a manner to ensure their independency. No performance-based or stock option-based remuneration method shall apply for the remuneration to be paid to Independent Board of Directors' Members.

3- Remuneration Principles for Senior Executives

The remuneration to be paid to Senior Executives shall be fixed and determined on the basis of the relevant executive's fitness for her/his position in terms of her/his level of knowledge and experience, her/his experience, and her/his performance in delivering the vision, mission, and strategic goals of the Company as well as helping the shareholders achieve their common goals, in addition to a fixed remuneration.

The remuneration of senior executives and committee members, who are not Board of Directors' Members, shall be set by the Corporate Governance Committee within the framework of our Remuneration Principles and determined by the Board of Directors.

Our Company may not lend any monies or extend any loans to any Board of Directors' Member or Senior Executive nor may it allow any Board of Directors' Member or Senior Executive obtain any personal loans through any third person or give any collaterals in favor of them such as a surety.

STATEMENT OF INDEPENDENCY

To the Board of Directors of Ayen Enerji Anonim Sirketi

I hereby declare, accept and guarantee that I satisfy all requirements and criteria for eligibility set out by the Capital Market Board within the framework of Corporate Governance Principles to be elected as an Independent Director.

This is submitted for information of all related parties.

Sincerely,

Kadir Nejat Ünlü

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This is submitted for information of all related parties.

Sincerely,

Metin Bostancıoğlu