ODAŞ ENERJİ
2013 ANNUAL REPORT

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VERTICALLY INTEGRATED COMPANY WITH STRAIGHTFORWARD SOLUTIONS

1. Odaş Enerji at a Glance
2. Our Current Power Plants & Ongoing Investments

TL 47.2 million
EBITDA

TL 599.7 million
INCOME

7.9%
EBITDA MARGIN

The vertically integrated electric producer and wholesaler of Turkey, ODAŞ Enerji owns an installed capacity of **140 MW** at the natural gas plant in Şanlıurfa as of December 31th, 2013. The installed capcity of ODAŞ Enerji reached **140.25 MW** with the commissions of the **12 MW** steam turbine in October 2013 and solar energy plant on the same field in January 2014. ODAŞ Enerji completed its vertical integration with Voytron, the electricity wholesaler company owned by ODAŞ, has been rendering service to **14.685 counters** as of December 31th, 2013.

Voytron's electricity wholesales reached **1.9 million MWh** in 2013.

ODAŞ Doğal Gaz, the natural gas wholesaler company , which ODAŞ Enerji owns **50%** of, aims to cross-sell to Voytron's customers. The company plans to complete the construction of the **8.2 MW** capacitated hydroelectric power plant in Köprübaşı, Trabzon in the first quarter of 2015. The company has an investment plan to construct a local coal-fired thermal power plant of **340 MW** at the recently bought field in Çan, Çanakkale.

TL 192.8 million
NET PROFIT

TL 32.1 million
CAPITAL EXPENDITURE

REGIONAL ADVANTAGE IN PRODUCTION

ODAŞ Enerji has made its first big investment in Southeastern Anatolia Region. Due to its need for energy, this region represents an opportunity for the Plant to operate more efficiently than its peers.

Odaş Enerji has headed towards Çan, Çanakkale for its second biggest investment. The province of Çanakkale and its periphery accommodates about 40% of Turkey's installed wind power of 2,800 MW. The lines destabilized by the wind power should be stabilized through the based load plants within the area.

ODAŞ Enerji has been traded with the code "ODAS" in Borsa Istanbul since May 2013. Company's income is TL 599.7 million; total assets are TL 612.7 million as of December 31th, 2013.

Listing Date:

May 21 2013

Number of Shares:

42,000,000

Free Float:

28.6%

Average Daily Trading Volume on 30-day basis*

TL 2.0M

Market Value*:

TL 160.4M

* as of 2013 yearend

Borsa Istanbul | *ODAS.TI* | *ODAS.IS* | *ODAS*

Share distribution of ODAŞ Enerji in percentage:

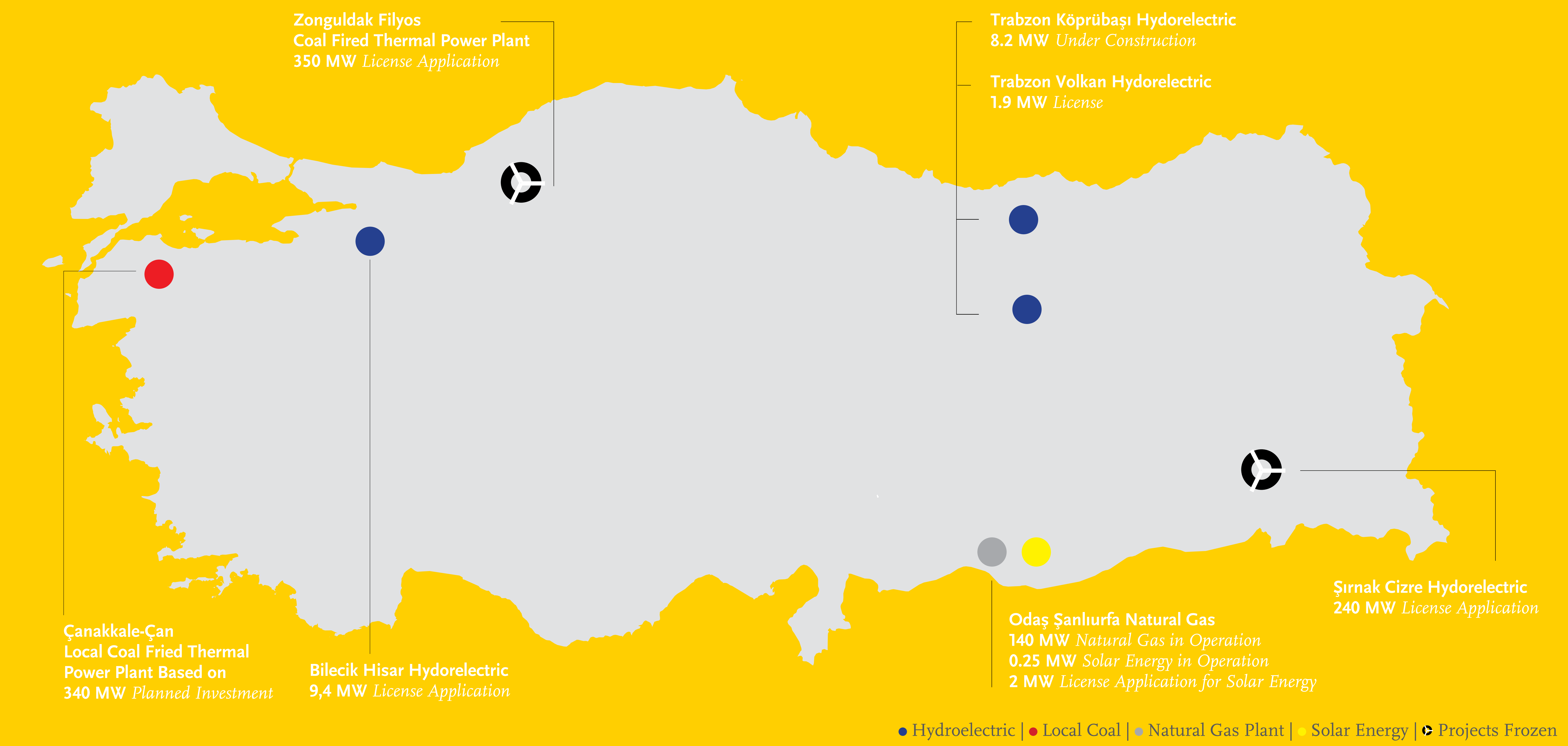
17.86% *to Korkut Özal*

17.86% *to Bahattin Özal*

17.86% *to Burak Altay*

17.86% *to BB Enerji Yatırım San. ve Tic. A.Ş.*

and the rest **28.57%** *free float*


Zonguldak Filyos
Coal Fired Thermal Power Plant
350 MW *License Application*
Trabzon Köprübaşı Hydorelectric
8.2 MW *Under Construction*
Trabzon Volkan Hydorelectric
1.9 MW *License*
Çanakkale-Çan
Local Coal Fried Thermal
Power Plant Based on
340 MW *Planned Investment*
Bilecik Hisar Hydorelectric
9,4 MW *License Application*
Odaş Şanlıurfa Natural Gas
140 MW *Natural Gas in Operation*
0.25 MW *Solar Energy in Operation*
2 MW *License Application for Solar Energy*
Şırnak Cizre Hydorelectric
240 MW *License Application*
Hydroelectric | Local Coal | Natural Gas Plant | Solar Energy | Projects Frozen

OUR CURRENT PLANTS

Şanlıurfa Natural Gas Combined Cycle Plant (140.25 MW)

The investments for Odaş Enerji's natural gas plant in Şanlıurfa started in 2010. In 2011, the first phase of **54 MW** was completed. The plant become operational with the completion of the second phase of **74 MW**, and total capacity reached to **128 MW**. Owing to **12 MW** of steam investment commissioned in October 2013, electricity is produced by reusing the steam obtained from production. It is expected that steam turbines will contribute positively to production costs of natural gas plant at a rate between **7%** and **8%**.

On the other hand, total capacity of the plant reached **140.25** MW with the commission of **0.25 MW** capacitated solar energy plantin January 2014 which will meet the domestic consumption need of the production and sell the electricity surplus to the system for the first time in Turkey.

Thus, it is aimed that the efficiency of the plant will increase.

OUR ON GOING INVESTMENTS

Çanakkale Çan Domestic Coal Thermal Plant (340 MW)

As a result that Odaş Enerji has headed toward to domestic coal sources with high calorie value in order to seize the most advantageous production methods under the current sector conditions, 92% of Çan Kömür ve İnşaat A.Ş. in Çan, Çanakkale was bought in September 2013, which is paid up and owns royalty. It is planned that a local coal fired thermal power plant with installed capacity of **340 MW** will be established with the positive results obtained from technical studies conducted at the mentioned site.

Studies in accordance with international Joint Ore Reserves Committee (JORC) standards conducted by **Fichtner**, an independent German mine valuation company, is partly completed at the mentioned site. In the studies conducted at a certain part of the licensed site, **18.94 million** tons measured and **5.76 million** tons of additional indicated reserve; a total of **24.70 million** tons coal reserve detected,. In addition, it was observed that the coal seam continues towards north-northeast, and it is possible that the reservoir detected will increase as a result of the additional studies. The average calorie of the measured reservoir is **3,385 kcal/kg.** The average calorie is to be **3,481 kcal/kg** together with the additional indicated reserve. The reservoir has the highest calorie among the energy companies which operate local lingnite fired thermal power plants.
This decreases investments cost per MW and provides an advantage in production costs per MWh compared to its peers. Moreover, the coal on the site can be sold directly to the market because of its high calorie. Therefore, the coal can be turned into cash by retail and/or by selling to industrial companies which use coal in production process. Satisfying results for both reservoir capacity and calorific values and density is likely to enable us to utilize the coal in alternative ways, and our management has headed toward fast and proactive studies for the reservoir to be seized in a way that will provide our company with the highest added value.

As a result, it became necessary that the betterment value of the site was to be reflected on the balance sheet in accordance with International Financial Reporting Standards because the reservoir has expanded 20 times since the purchase date of the site. The valuation study is conducted by the independent valuation company, Moore Stephens authorized by the Capital Markets Board. In the valuation, only the reservoir proved was valued at **TL 290.581.485** with a standard and prudent approach.

Çan Kömür was consolidated on the basis of purchase price with a betterment value of **TL 5.845.791** on our company's consolidated financial statements that were not audited independently for interim account term dated 01.01.2013 - 09.30.2013. The net difference of **TL 260.720.238** obtained from the independent valuation for the Çan Kömür that had been fully consolidate on our financial statements was reflected on our consolidated financial statements for the interim account term dated 01.01.2013-12.31.2013 that were independently audited.

- **24.70 million tons of coal reservoir**
  8.94 million tons of measured
  5.76 million tons a of additional indicated reserves

- **3,385 kcal/kg of average calorific value**
- **291 million of Company Value**
- **High calorific value-> Directly cashable asset**

Trabzon Köprübaşı Hydroelectric Plant (8.2 MW)

Köprübaşı Regulator and Hydroelectric Plant, **90%** of which belonging to Odaş Enerji owns a license for production of **8.2 MW**, and the duration of the license is **49** years as of 04.12.2012. The plant is being constructed at Manahoz stream in Trabzon. Plant's electromechanical equipment supply and supervising works are undertaken by a domestic company, Temsan Türkiye Elektromekanik Sanayi. For the first time, the electromechanical equipment of a plant of this size is provided by a domestic company in Turkey, and the guaranteed purchase price will be **9,3 $cent GWh/y** rather than **7,2 $cent GWh/y** owing to the procurement of the equipment from a domestic company. Estimated annual electricity production is **28,401 GWh/y** with **35%** of capacity use.

A SOLID INVESTMENT BACKED BY ASSETS AND FAVORABLE IRRS UNDER ADVERSE CONDITIONS

3. Financial and Operational Data

FINANCIAL HIGHLIGHTS

Condensed Income Statement (TL m)	1Q 2013	2Q 2013	3Q 2013	4Q 2013	2013
Revenue	104.5	148.4	186.8	160.0	599.7
Production	37.4	46.5	64.1	41.7	189.7
Voytron	67.1	101.9	122.7	118.3	410.0
EBITDA	**8.2**	**10.7**	**25.5**	**2.8**	**47.2**
EBITDA margin	**7.9%**	**7.2%**	**13.7%**	**1.8%**	**7.9%**
Net Profit	5.2	(11.8)	9.0	190.4	192.8
Net Profit margin	**4.9%**	**8.0%**	**4.8%**	**119.0%**	**32.1%**

Condensed Balance Sheet (TL m)	1Q 2013	2Q 2013	3Q 2013	4Q 2013	2013
Cash & Cash Equivalents	37.7	64.7	74.6	52.4	52.4
Total Assets	272.0	338.5	362.2	612.8	612.8
Total Debt	154.3	150.7	171.4	173.7	173.7
Net Debt*	115.3	85.2	89.8	111.5	111.5
Equity	50.1	98.4	107.4	294.7	294.7

* Net Debt is calculated by subtracting the cash and cash equivalents and other receivables from total financial debt and other payables.

FINANCIAL HIGHLIGHTS

- As a result that Voytron, a **100%** affiliated of ODAŞ Enerji, started consolidating on the financials as of September 2012, financial data are not comparable on annual basis as of 2013 yearend.

- **TL 599.7 million** of revenue was obtained in 2013. **31.6%** of total revenues comes from the production of Şanlıurfa natural gas power plant. **TL 47.2 million** of EBIDTA was created through the strong pricing policy conducted along year.

- As a result of the net exchange difference of TL 32.2 million written basically due to the loans in EUR, **TL 49.4 million** of net financial expense was recorded. EUR based loans which are **TL 168.1 million** as of 31 December 2013 indicate a net short position amounting at **TL 184.7 million.**

- ODAŞ Enerji's average cost amounting at EUR 51.002.373, the project financing loan and financial leasing debts at about constant **8.15%** as of 02.28.2014 has been refinanced by paying off **EUR 49.002.373** with a new loan from another bank. Although the expiry date of the loan paid off is 15 June 2018, total capital and **80%** of the profit share would be paid in the next 2.5 years. Through the refinancing, the interest rate was decreased to EURIBOR+**6%** in spite of the current market conditions, and the repayment duration was increased to 6 years on 6-month basis. Attributableto the refinancing, capital and interest amount to be paid was decreased at an amount of approximate average **EUR 5.5 million** for the next three years on annual basis, and the due date was postponed with lower costs compared to the current situation. No commission was paid for the early paid-off.

- The average currency for the repayments of profit share and capital amounting at **EUR 16.212.335** for the refinanced loans amounting at **EUR 49.002.373** was **2.5064 EUR/TL**. The average currency for the repayments of profit share and capital from 06.01.2013 until the refinancing date amounting at **EUR 16.212.335** for the refinanced loans amounting at **EUR 49.002.373** was **2.5484 EUR/TL.**

"TL 47.2 million of EBIDTA was created through the strong pricing policy conducted along year."

OPERATIONAL HIGHLIGHTS

Key Performance Indicators	1Q 2013	2Q 2013	3Q 2013	4Ç 2013	2013
Capacity (MW)	128	128	128	140	140
Capacity Utilization Rate	45.8%	41.78%	56.7%	41.6%	46.3%
Production ('000 MW)	126.9	117.0	160.3	125.1	529.3
Spot Price (TL/MW)	139.4	143.3	155.1	162.3	150.02
Average ODAŞ Price (TL/MWh)	248.9	255.5	350.4	274.4	287.1
Price Premium	**78.6%**	**78.3%**	**125.9%**	**69.1%**	**91.4%**
Natural Gas Cost (TL/MWh)	186.7	189.9	185.8	194.3	188.9
Voytron Electricity Sales (MWh)	257,236	519,975	580,846	551,499	1,909,556

OPERATIONAL HIGHLIGHTS

- Our capacity reached **140 MW** by the end of 2013 with the commission of **12 MW** steam turbines at Şanlıurfa Natural Gas Plant in October 2013.

- Capacity utilization rate in the fourth quarter of 2013 was 41.6%, decreasing at a base point of 14.1 compared to previous quarter. Total electricity production was **125.1 GW** while our total electricity production in 2013 was **529.3 GW.**

- Seasonality factor affected average ODAŞ price too. Average ODAŞ price in the fourth quarter of 2013 was **274.4 TL/MWh**, decreasing **21.7%** compared to previous quarter due to the seasonality. Despite the decrease in average ODAŞ price, a price premium of **69.1%** was achieved, therefore making the annual price premium **91.4%.**

Natural gas cost per MWh in the fourth quarter of 2013 increased **4.6%** due to lower capacity utilization rate compared to previous quarter.

- Voytron's electricity wholesale reached **551,499 MWh** in the fourth quarter of 2013. Rendering service to 14,865 counters as of December 31st, 2013, Voytron achieved an electricity wholesale of **1.9 million MWh** in 2013.

DIVERSED ENERGY SOURCES

WORKING TOWARDS THE SAME GOAL

4. A Message from Management
5. Board Members
6. Management Team

"We aim to be an energy company providing our customers with diversified sources and commodities, particularly coal and natural gas, within the framework of our vertically and cross-integrated business model rather than just being a Company that produces and sells electricity."

2013 was quite a challenging year for energy sector. Erosion of TL negatively affected the sector players who continue their operations, taking long-term loans in foreign currency. As a result that this increase in foreign currencies did not reflect on the electricity prices within the policies followed in Turkey, no positive effect was observed on operational profitability levels, and however, expenses due to exchange difference were suffered. On the other hand, it is expected that electricity prices will increase as well as the prices of natural gas and coal, and this will have a stabilizing effect on the financials provided this increase becomes permanent.

ODAŞ Enerji managed to bring high-calorie coal reservoir in its assets, of which fuel value is directly related to the change in currencies and current value is larger than our Company's net exchange position in a period witnessing the mentioned negative conditions. Owing to this investment, the volatility in the exchange market will provide our Company with great advantages in utilization process of the coal reservoir. We are mindful of making our investments on the points where the need for energy is intense in order not to be subject to "internal capital efficiency". We accordingly constructed our plant which we started as the first stabilizing unit in Southeastern Anatolia Region where the need for the stabilization of uncontrolled and, according to the supply, excessive electricity attraction has arisen. The second big investment of ours will be a local coal fired thermal power plant to be operated as base load near Çanakkale – Balıkesir substation where the number of uncontrolled, high-power wind farms has increased, and thus a need for base load has arisen. The investments for that need both enable the plants to operate more advantageously and efficiently and make great contribution to interconnected system on the points where electrical infrastructure in Turkey needs most.

In conclusion, considering our current capital structure and the boundaries defined by the free cash flow we created, we aim to increase our installed capacity at about 500 MW in three years while protecting the return rates of the investments on high levels. In addition, we aim to be an energy company providing our customers with diversified sources and commodities, particularly coal and natural gas, within the framework of our vertically and cross-integrated business model rather than just being a Company that produces and sells electricity over the next three years.

We hope that 2014 will bring success to our customers, employees, business partners and shareholders; and we would like to thank them for all the support

A. Bahattin ÖZAL,
President of the Board of Directors

Burak ALTAY,
Vice President of the Board of Directors

Abdülkadir Bahattin ÖZAL –
President of Board of Directors

After having completed his primary and secondary education at TED Ankara College, graduated from Üsküdar Cumhuriyet High School, Mr. Özal attended at ITU Control and Computer Engineering in 1985 and Bogazici University, Physics Engineering in 1988. Afterwards, he began his career and founded and managed many firms in construction, import-export and energy industries. He realized over ten projects in energy industry with Mr. Burak Altay and has completed the investments of five energy plants in five years. He has already been Company's president of board as the co-founder of ODAŞ Group.

Burak ALTAY –
Vice President of Board of Directors

A graduate of Koc University, Department of Business Administration, Mr. Altay lectured at Koc University as an assistant while taking his master degree at Marmara University, Faculty of Law. Started as an entrepreneur at Alstom Power as Turkey representative, Mr. Altay then realized over ten projects in energy industry with Mr. Bahattin Özal and has completed the investments of five energy plants in five years. He has already been Company's president of board as the co-founder of ODAŞ Group.

Mustafa Ali ÖZAL –
Member of Board of Directors

Graduated from Gazi University, Department of Economy, Mr. Özal began his professional life in 1982. He has served as manager and board member in various companies performing activities in different industries. Mr. Özal is the Member of our Company's Board of Directors.

Hafize Ayşegül ÖZAL DİNÇ –
Member of Board of Directors

Mrs. Özal who completed her education in 1972 has begun to serve for Aköz Foundation in 1994 and been assigned as the president of the same foundation in 1996. She is still a member of board at Aköz Foundation awarding scholarship for 250 students as well as providing financial assistance for students and people in need. Mrs. Özal Dinç is the Member of our Company's Board of Directors.

Yavuz BAYLAN –
Independent Member of Board of Directors

Graduated from Istanbul University, Department of Economy, Mr. Baylan began to work as financial advisor in private sector in 1981 after completing a duty period of eight years in the Ministry of Finance as general accountant. He has pioneered the establishment of BDO Turkey and entitle to practice as a certified public accountant in 1989. Mr. Baylan is the Independent Member of our Company's Board of Directors.

Murat Sefer ZAFER –
Independent Member of Board of Directors

Graduated from Ankara University, Faculty of Law, Mr. Zafer completed his law internship in the US, and then started his professional life in energy industry. Being a self-employed at Zafer Law Office since 2002, Mr. Zafer has been serving as the Independent Member of our Company's Board of Directors since March 2013.

Levent YARALI –
Candidate for Independent Member of Board of Directors

A graduate of Ankara University, Faculty of Law, Mr. Yaralı worked as a guest research assistant at Columbia University, Law School after having taken his master's degree on private law at Istanbul University, Institute of Social Science. Still doing doctorate in private law at Istanbul University, Institute of Social Science, Mr. Yaralı worked as lawyer at Ernst&Young. It was decided at the meeting of our board of directors held in 19.03.2014 that Mr. Yaralı's duty as an independent member of board would be submitted for shareholders' approval at the Ordinary General Assembly for 2013 pursuant to the decision dated 19.03.2014 of Corporate Management Committee which was assigned to do Nomination Committee's duty and in accordance with Nomination Report.

Murat DUMAN –
Operating Manager

Graduated from Yıldız Technical University, Naval Architecture and Marine Engineering, Mr. Duman began his professional life at Yenal Denizcilik in 1995. He worked at Ulusoy Deniz Yolları between 1996 and 1998. After having continued his career at similar maritime companies, Mr. Duman worked as machine inspector at Wartsila-Enpa between 2006 and 2010. He has been the operating manager of natural gas plant in our Company since March 2012.

Ali Kemal KAZANCI –
Construction and Contracting Coordinator

A graduate of Karadeniz Technical University, Civil Engineering, Mr. Kazancı began his professional life at Limak İnşaat as chief of final account in 2003. Being recruited as site manager at Öztay Enerji in 2009, Mr. Kazancı has been serving as construction and contracting coordinator in our Company since March 2011.

Aysın KOŞAN –
Human Resources Manager of Group

Graduated from Yıldız Technical University, Department of Mathematics, Ms. Koşan began her professional life as private tutor and continued in the area of human resources at Denge & Mazars in 1997. Having served as freelance advisor in human resources in different sectors, Ms. Koşan started working as human resources manager of group at Hidro Kontrol Şirketler Grubu in 2011 and has been serving as human resources manager of group in our Company since December 2012.

Law. Nilay NALÇA MALKOÇ –
Director of Law and Official Affairs

Graduated from Marmara University, Faculty of Law, Mrs. Nalça Malkoç started her professional life as attorney at Hidro Kontrol Şirketler Grubu in 2008 and has been the director of law and official affairs in our Company since December 2012.

Adeviye DEMİR PEKMEZCİ –
Internal Auditing Manager and Financial Coordinator

Studing at Anadolu University, Department of Accounting, Mrs. Demir Pekmezci began her professional life at Aköz Foundation as head of accounting in 1998. She served as accounting manager at Hidro Kontrol Şirketler Grubu between 2006 and 2012. Started as accounting manager at ODAŞ Elektrik Üretim San. Tic. A.Ş. by the end of 2012, Mrs. Demir Pekmezci was assigned as internal auditing manager and financial coordinator in our Company.

“50% of our Company’s top managements consist of woman executives.”

Deniz YILDIRIM –
Accounting Manager of Group

Graduated from Anadolu University, Department of Business, Ms. Yıldırım worked as chief of accounting at General Directorate of Stock Yapı Marketleri between 1995 and 2001. She served as accounting manager at Cansu Elektrik Üretim A.Ş. between 2001 and 2010. Then she moved on to be the head of financial and administrative affairs at Keramik Makine San. ve Tic. A.Ş between 2012 and 2013.Ms. Yılldırım, become working as accounting group manager in our Company as of October 2013.

Melih YÜCEYURT –
Finance Manager of Group

After having graduated from Abant İzzet Baysal, Department of Business, Mr. Yüceyurt took his master’s degree at Galatasaray University, Department of Financial Economy and started his professional life as Head of Financial Information at Dun & Bradstreet Turkey in 2004. He worked as finance expert at Eczacıbaşı Yapı Grubu between 2007 and 2010, and then served as finance director at Zorlu Enerji Grubu between 2010 and 2011. After having started as finance manager of group at Hidro Kontrol Şirketler Grubu in November 2011, Mr. Yüceyurt has been serving as finance manager of group in our Company since December 2012.

Ali ZONTURLU –
Chief of Business

Graduated from Ege University, Electric-Electronics Engineering, Mr. Zonturlu continues his master’s degree at Harran University, Electric and Electronics Engineering. Mr. Zonturlu worked as site manager for electric at Akman Enerji Tesisleri San. ve Tic. Ltd. Şti. between 2011 and 2012 and has been working as chief of business in our Company since October 2011.

INVESTMENTS AIMING GROWTH AND DIVERSIFICATION

7. Story of Odaş Enerji
8. Our Affiliates
9. Highlights of 2013

"ODAŞ Enerji grows on strong foundations with strategic investments from 2010 to date owing to vast experience of management team in the sector."

2010

(Capacity -)

- ODAŞ Enerji was founded.

2011

(Capacity 54 MW)

- 150 MW license was obtained for Şanlıurfa Natural Gas Power Plant. The first phase of 54 MW was commissioned.

2012

(Capacity 128 MW)

- The second phase of 74 MW was commissioned at Şanlıurfa Natural Gas Power Plant.
- Voytron, owner of the electricity wholesaler license for 20 years,joined ODAŞ Enerji.
- Four companies which had 3 hydroelectric plants and 1 natural gas plant project was acquired by ODAŞ Enerji.

2013

(Capacity 140 MW)

- ODAŞ Enerji was offered to public at Borsa Istanbul.
- ODAŞ Natural gas wholesaler company was founded.
- Steam turbines with a capacity of 12 MW was commissioned at Şanlıurfa Natural Gas Power Plant; solar panels with a capacity of 0.25 MW were installed.
- 92% of Çan Kömür ve İnşaat A.Ş. in Çan, Çanakkale was acquired.

The vertically integrated electricity producer and wholesaler of Turkey, ODAŞ Enerji has an installed capacity of 140 MW at the natural gas plant in Şanlıurfa as of 2013 ending.

ODAŞ Enerji is an electricity producer and supplier company founded in 2010 in order to operate in energy industry.

Within the strategy of fast growth, the company become operational electricity with an installed capacity of **54 MW** at the natural gas cycle plant in November 2011, increased its installed capacity to **128 MW** in two stages with the additions of **56 MW** in April 2012 and **18 MW** in August. With the commission of the investment of additional steam turbine with a capacity of **12 MW** in October 2013, the Company having a license allowing an installed capacity of **150 MW** raised its total installed capacity to **140 MW**. It is expected that the turbines with the capacity of **12 MW** which will produce electricity through reusing the steam obtained from production at the current natural gas plant with the capacity of **128 MW** will contribute to the annual income in the vicinity of **TL 6-7 million.** It is also expected that the steam turbines positively contribute to the current production costs of the natural gas plant at a rate between **7%** and **8%.**

Entering in a good growth trend from the aspect of production attributable to the increase in its installed capacity, ODAŞ Enerji acquired 100% of Voytron Elektrik Toptan Satış Dış Tic. A.Ş., which has an electricity wholesaler license, in September 2012 and integrated its sales department to the company. The company acquired **100%** of Hidro Enerji Elektrik Üretim San. A.Ş.; **90%** of Küçük Enerji Üretim Tic. Ltd. Şti.; **70%** of Ağrı Elektrik Üretim San. Tic. A.Ş.; **80%** of Ena Elektrik Üretim Ltd. Şti.; and **75%** of Yel Enerji Üretim Sanayi A.Ş. for the sake of diversifying the production portfolio. The company ultimately acquired **92%** of Çan Kömür ve İnşaat A.Ş. in Çan, Çanakkale which owns a paid-off royalty in September 2013. Now positioned in Southeastern Anatolia Region as a main supply source, ODAŞ Enerji aims to supply the sales network created by Voytron through its subsidiaries and additional thermal and hydroelectric sources to be established in Bilecik, Çanakkale and Trabzon and continue operating with a fully integrated structure in the electric market. Both hydro and thermal based studies has been started in order to generate base load production source in the medium term.

Voytron Elektrik Toptan Satış Dış Tic. A.Ş.
100%
Electricity Wholesaler

ODAŞ Doğalgaz Toptan Satış Sanayi ve Ticaret A.Ş.
50%
Natural Gas Wholesaler

Çan Kömür ve İnşaat A.Ş.
-Çanakkale-
92%
Local Coal Fired Thermal Power Plant

Küçük Enerji Üretim ve Ticaret Ltd. Şti.
-Trabzon-
90%
**Köprübaşı Regulator and Hydroelectric Power Plant*

Hidro Enerji Elektrik Üretim Sanayi A.Ş.
-Trabzon-
100%
**Volkan Hydroelectric Power Plant Production License*

Ena Elektrik Üretim Ltd. Şti.
-Bilecik-
80%
**Hisar Regulator and Hydroelectric Power Plant Application for Production License*

Yel Enerji Elektrik Üretim Sanayi Ticaret A.Ş.
-Zonguldak-
75%
**Coal Thermal Power Plant License Application*

Ağrı Elektrik Üretim Sanayi Ticaret A.Ş.
-Konya-
70%
**Natural Gas Combined Cycle Power Plant License*

Voytron Elektrik Toptan Satış Dış Tic. A.Ş.

Wholly owned by ODAŞ Enerji, Voytron was founded in 2009. The growth strategy of the company is common electricity distribution with the aim of ensuring the vertical integration, and thus to convey the electricity to the end consumers. Voytron has been supplying electricity to **14,685** counters with its wide costumer network as of 31.12.2013. Voytron owns a wholesaler license from EMRA in 2010. The company sells the electricity purchased from the market through bilateral agreements with the authority of the license. Including the companies which have high number of counters and business status such as Avea, İkitelli Organized Industrial Zone in its customer portfolio, Voytron aims to sell electricity to the individual household consumers with the decrease in the free consumer limits. ING Bank, Turkish Airlines and A101 Supermarkets joined Voytron's customer portfolio in 2013.

Voytron's profitability is relatively higher than the profitability of the companies wholesaling to industrial companies because the TEDC tariff of the electricity used by businesses is more expensive. Many companies which received wholesaler license in the past could not cope up with the market dynamics and the regulations mandated by EMRA in the electricity industry that was quickly changed. With the advantage of being a subsidiary of ODAŞ Grup, Voytron managed to differentiate among the wholesale trading companies in the sector. Voytron's biggest advantage within the group can be considered as having ensured the vertical integration. Because of the high volatility due to the nature of electricity market, prices vary hourly, daily and monthly. Voytron being able to anchor the sales price of electricity with a certain amount of discount rate to TEDC tariff enables the group to guarantee the minimum cash flow through bilateral agreements. The electricity is able to be sold to free consumers through bilateral agreements via Voytron in case of the low electricity prices. Moreover, having the authority to import in case of unusually high prices within the market, Voytron is able to import energy from the countries like Bulgaria and Greece, by this way it protects its profitability.

Çan Kömür ve İnşaat A.Ş.

Our Company headed towards local coal sources with high calorie value in order to utilize the most advantageous production methods under the current sector conditions. Accordingly, the company ultimately acquired **92%** of Çan Kömür ve İnşaat A.Ş. in Çan, Çanakkale which owns a paid-off royalty in September 2013. It is planned to construct a local coal fired thermal power plant with installed capacity of **340 MW** as the technical studies conducted at the mentioned site has resulted positively.

Studies at the mentioned site in accordance with international Joint Ore Reserves Committee (JORC) standards conducted by **Fichtner**, an independent German mine valuation company is partly completed. In the studies conducted at a certain part of the license site, **18.94 million** tons measured and **5.76 million** tons of additional indicated reserve; a total; a total of **24.70 million** tons coal reserve detected,. In addition, it was observed that the coal seam continues towards north-northeast, and it is possible that the reservoir detected will increase as a result of the additional studies. The average calorie of the reservoir is **3,385 kcal/kg.** The average calorie is to be **3,481 kcal/kg** together with the additional indicated reserve additional indicated reserve. The reservoir has the highest calorie among the energy companies which operate local lingnite fired thermal power plants. This decreases investments cost per MW and provides an advantage in production costs per MWh compared to its peers provided the investment of plant is made. Moreover, the coal on the site can be sold directly to the market because of its high calorie. Therefore, the coal can be turned into cash by retail and/or by selling to industrial companies which use coal in production process. Satisfying results for both reservoir capacity and calorific values and density is likely to enable us to utilize the coal in alternative ways, and our management has headed toward fast and proactive studies for the reservoir to be seized in a way that will provide our company with the highest added value.

ODAŞ Doğalgaz Toptan Satış Sanayi ve Ticaret A.Ş.

ODAŞ Doğalgaz Toptan Satış Sanayi ve Ticaret A.Ş. was founded to enable ODAŞ Natural Gas Plant in Şanlıurfa to supply natural gas reliably in the long term and transfer the sales network created by Voytron in electric industry to the natural gas industry. As of March 2013, the company received Wholesaler License for Natural Gas from EMRA. 50% of the company belongs to ODAŞ Enerji, the rest is owned by Bahattin Özal and Burak Altay.

Yel Enerji Elektrik Üretim Sanayi Ticaret A.Ş.

75% of Yel Enerji is acquired by ODAŞ Enerji in January 2013. EMRA application was made for a coal fired thermal power plant with an installed capacity of **350 MW** next to the Filyos Thermal Power Plant Industrial Zone in Çaycuma, Zonguldak.

ODAŞ Enerji plans to make thermal power plant investments in order to serve its customer network with base load electricity in the long and medium term. The alternatives to provide base load production include plants based on natural gas, imported and domestic coal sources. The Company headed towards domestic coal sources with high calorie value in order to utilize the most advantageous production methods under the current sector conditions. Accordingly, the project owned by Çan Kömür ve İnşaat A.Ş. to which an investment of thermal plant based on domestic coal with installed capacity of **340 MW** is planned is Company's priority.

Ağrı Elektrik Üretim Sanayi Ticaret A.Ş

70% of which was joined ODAŞ Enerji in December 2012, the company has the production license for Ağrı Natural Gas Combined Cycle Plant. With license no. EÜ/3905-3/2372, the installed capacity of Ağrı Natural Gas Combined Cycle Power Plant is **63 MW** and is to be constructed in Karatay, Konya. The duration of the license is 49 years as of 05.07.2012.

Küçük Enerji Üretim ve Ticaret A.Ş.

90% of which was joined ODAŞ Enerji in December 2012, the company has the production license for Köprübaşı Regulator and Hydroelectric Plant. With the license no. EÜ/3769-4/2314, the installed capacity of Köprübaşı Regulator and Hydroelectric Plant is **8.195 MW** and is to be constructed in Mahanoz stream in Trabzon. The duration of the license is **49 years** as of 12.04.2012. A contract of EUR 1,456,000 was signed between Temsan Türkiye Elektromekanik Sanayi and Küçük Enerji Üretim ve Ticaret Ltd. Şti. for the electromechanical equipment and supervising works of the plant which is now in the project stage. For the first time, the electromechanical equipment of a plant of this size will be provided by a domestic company in Turkey, and the guaranteed purchase price will be **9,3 $cent GWh/y** rather than **7,2 $cent GWh/y** attributable to the procurement of the equipment from a domestic company. Estimated annual electricity production is **28,401 GWh/y** with **35%** of capacity use.

Hidro Enerji Elektrik Üretim Sanayi A.Ş.

100% of which was acquired by ODAŞ Enerji in December 2012, the company has the production license for Volkan Hydroelectric Plant,with the license no. EÜ/4027-2/2427, the installed capacity of Volkan Hydroelectric Plant is **1.91 MW** and is to be constructed in Balkodu stream in Trabzon. The duration of the license is **49 years** as of 20.09.2012.

Ena Elektrik Üretim Ltd. Şti.

80% of which is owned by ODAŞ Enerji, the company has applied for the production license for Hisar Regulator Hydroelectric Plant., the installed capacity of Hisar Regulator and Hydroelectric Plant is **9.4 MW** with the license application to Energy Market Regulatory Authority and is to be constructed near Sakarya river in Bilecik. Estimated annual electricity production is **48,430 GWh.**

> "We are mindful of making our investments on the points where the need for energy is intense in order not to be subject to "internal capital efficiency."

1 April 2013

Electricity purchase contract was signed with İkitelli OIZ, Başkent Doğalgaz and Ministry of Environment and Urbanism

21 May 2013

Borsa Istanbul tolled for ODAŞ Enerji

13 November 2013

Electromechanical equipment procuring agreement for our Köprübaşı HEP project was signed with Temsan

19 September 2013

Şanlıurfa Steam Turbines were commissioned

21 January 2014

Our first investment of Solar Energy Plant without license was commissioned

After the successful public offering of ODAŞ Enerji on May 13rd and 14th, Borsa Istanbul tolled for ODAŞ Enerji on 21 May 2013.

Electricity purchase contract was signed with İkitelli OIZ, Başkent Doğalgaz and Ministry of Environment and Urbanism.
(1 April 2013)

Electricity wholesale contracts were signed between our 100% affiliate Voytron and İkitelli OIZ, Başkent Doğalgaz and Ministry of Environment and Urbanism. All three of the institutions were included in our portfolio in April 2013.

Borsa Istanbul tolled for ODAŞ Enerji
(21 May 2013)

After the successful public offering of ODAŞ Enerji on May 13rd and 14th, Borsa Istanbul gonged for ODAŞ Enerji on 21 May 2013, and the shares of the Company started to be traded at Borsa Istanbul. A demand at the nominal value of **TL 16,428,151** received from total **685** investors for the shares with a nominal value of total **12,000,000** offered to public. An appropriation shift was realized on a demand of 1.9 times from Foreign Corporate and Domestic Corporate investors in a way that **TL 600,000** of the shares with a nominal value of **TL 6,000,000** which is appropriated for Domestic Individual Investors distributed to Domestic Corporate Investors; **TL 600,000** of the same amount again distributed to Foreign Corporate Investors. As a result of the distribution, **681** investors received shares with a nominal value of **TL 12,000,000.** Public offering price of ODAŞ Enerji's shares with nominal value of **TL 1,00** was decided as **TL 5,00.** The Company value after the public offering is **TL 210 million**; the amount of the public offering is **TL 60 million.**

Electromechanical equipment procuring agreement for our Köprübaşı HEP project was signed with Temsan
(13 November 2013)

A contract amounting at EUR **1,465,000** was signed between Temsan Türkiye Elektromekanik Sanayi and our 90% affiliate Küçük Enerji Üretim ve Ticaret Ltd. Şti. within the scope of electromechanical equipment procurement and supervising works for our hydroelectric plant with the capacity of **8 MW** within an ongoing investment in Köprübaşı, Trabzon. For the first time, the electromechanical equipment of a plant of this size will be provided by a domestic company in Turkey, and the guaranteed purchase price will be **9,3 $cent GWh/y** rather than **7,2 $cent GWh/y** owing to this procurement.

Şanlıurfa Steam Turbines were commissioned
(19 September 2013)

Our steam turbine with the installed capacity of **12 MW** in Şanlıurfa was approved by the ministry. It is expected that the turbines with the capacity of **12 MW** which will produce electricity through reusing the steam obtained from the production at the current natural gas plant with the capacity of **128 MW** will contribute to the annual income in the vicinity of **TL 6-7 million.** It is also expected that the steam turbines positively contribute to the current production costs of the natural gas plant at a rate between **7%** and **8%.**

Our first investment of Solar Energy Plant without license was commissioned
(21 January 2014)

Solar energy plant with the capacity of **0.25 MW** at the natural gas combined cycle plant in Şanlıurfa was commissioned, which both will meet the domestic consumption need necessary for the production and sell the electricity surplus to the system for the first time in Turkey. Thus, it is aimed that the efficiency of the plant will increase.

DIVERSIFIED PRODUCTION PORTFOLIO
PROVIDING CUSTOMER SATISFACTION
AND MEETING NEEDS FOR BASE LOAD

10. Our Vision, Mission & Values
11. Our Strategy
12. Planned Vertically Integrated Business Model of ODAŞ Enerji

Vision

*Becoming a medium-scale regional energy company
that owns primary energy sources diversified
within the region's geography
and achieves differentiated profitability
through strategic investments.*

~

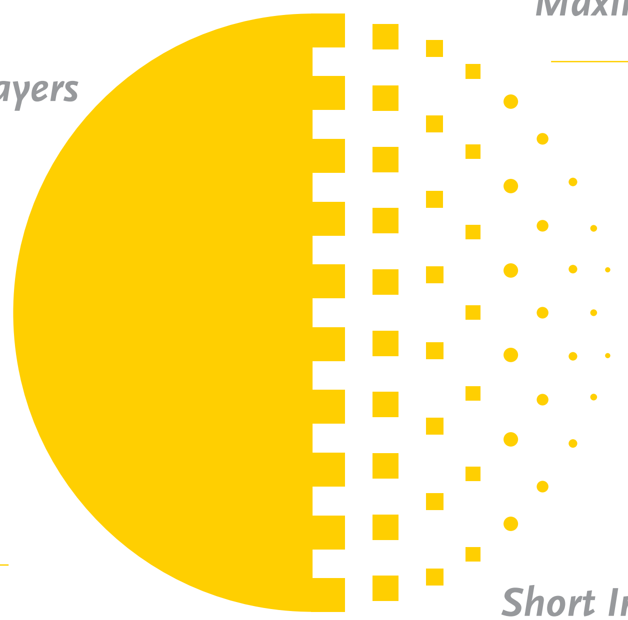
Mission

*Continuing our operations and create values
for our shareholders
within a profitable growth trend in an environmentalist way
with a fast and flexible approach in energy industry
by heading towards the source and investments
with high advantage of competition.*

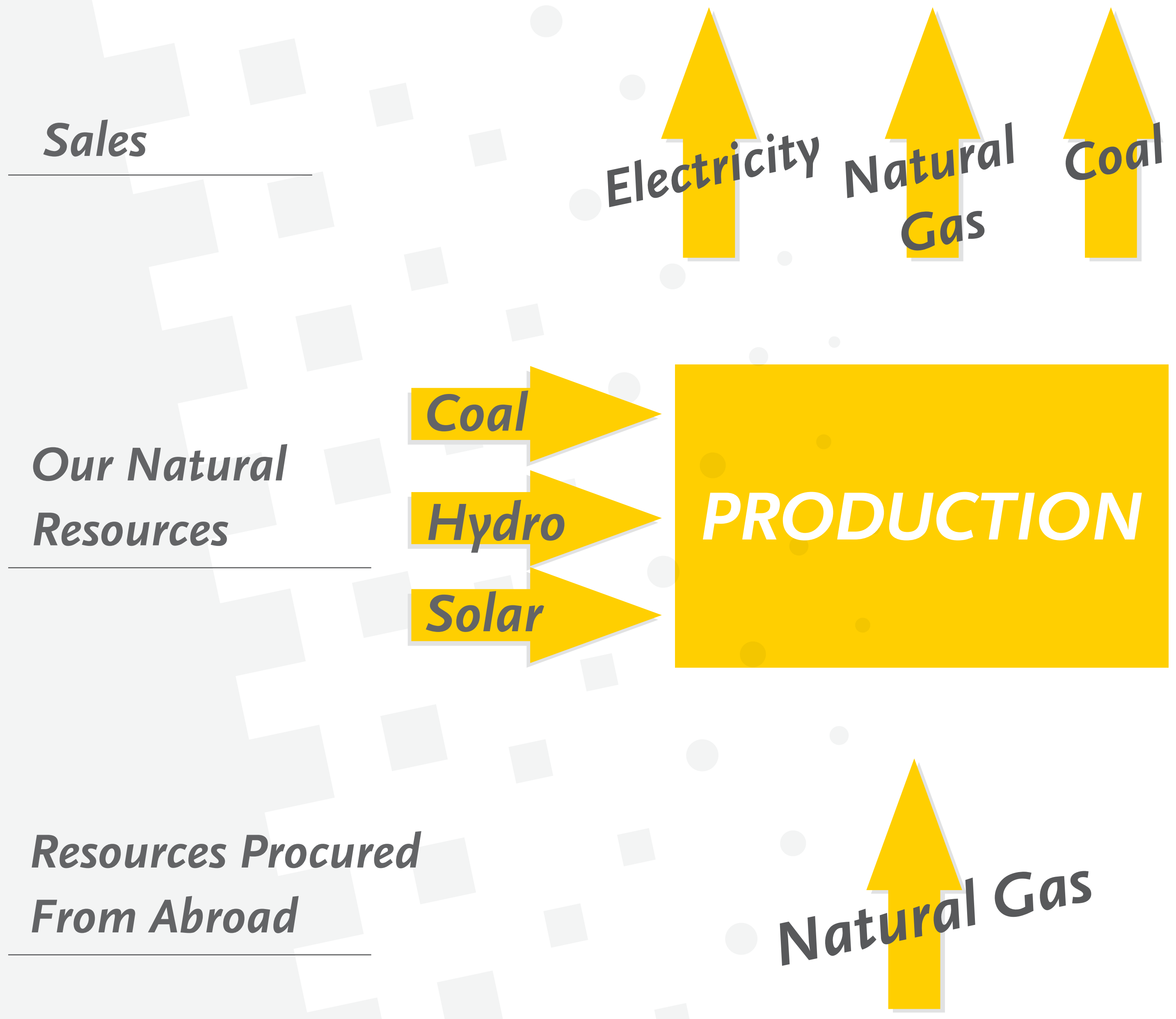
~

Our values

*Creativity and flexibility
Honesty and accountability
Sensibility to human and environment
Occupational health and safety*



"COST EFFECTIVE STRATEGIC INVESTMENTS,
FAST & FLEXIBLE COMMISSIONING IN INVESTMENTS"



Projected Medium-Term Production Capacity:

~500 MW

Projected Production Resources:

Coal, Natural gas, Water, Solar.

-Sales-

Voytron

Voytron has been rendering service to total 14,685 counters as of 2013 ending, including to the customers in the commercial and retail segment. The company sold total of 1.9 million MWh electricity in 2013. Voytron's goal in the medium term is to increase the weight of retail sales within its portfolio and decrease the dependence of its production within the group on the spot price.

ODAŞ Doğalgaz

ODAŞ Doğalgaz was founded with the aim of providing reliabile and long-term natural gas to the natural gas power plant in Şanlıurfa and cross-sell to Voytron's current customer portfolio. The contribution of this operation to the group's consolidated financials will be negligible in 2014.

Çanakkale Çan Kömür

The aim of the coal reservoir at the site in Çanakkale is to meet the base load need of the group. In the meantime, high calorific value of the coal will enable the current reservoir to be used according to its calorific values; in other words, low-calorie coal to be used for electricity production in appropriate boilers, on the other hand especially the coal of 4,000 kg/cal and above to be directly sold to the market. Çan Kömür is not expected to contribute to the group's 2014 EBITDA because it will not start mining coal until 2015.

-Performance in 2013-

Our capacity reached 140 MW by the end of 2013 with the commission of 12 MW steam turbines at Şanlıurfa Natural Gas Power Plant in October 2013. During the year the capacity utilization rate was 46.3%; and the total electricity production reached 529.3 GW.

Fully owned by our company, Voytron sold 1.9 million MW/h of electricity in 2013.

TL 599.7 million revenue achieved in 2013.

31.6% of total revenues were the production incomes from Şanlıurfa natural gas plant. TL 47.2 million of EBITDA was created through the strong pricing policy conducted along year.

STRATEGICALLY POSITIONED INVESTMENTS PROVIDING STRONG PRICE LEVELS

13. Human Resources
14. Investor Relations

“Our Human Resources Policy is composed of encouraging our employees to do their best and take their developments to the highest level and providing all the support within this context.”

Our Human Resources Policy

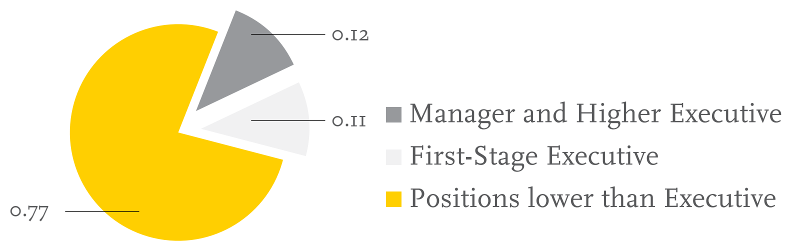
Human Resources policy of ODAŞ Enerji is based on being an essential employer that develops human resources applications enhancing its employee’s quality of life and carrying their performance to highest possible standards.

The primary target of our Human Resources is to create a culture that focuses on generating a common language based on open communication among ODAŞ Enerji’s employees, developing and perfecting the performance of our company through their innovative, solution-oriented opinions and high qualified labor force of.

Our Human Resources Policy, aims to ensure that employees fulfill their potentials and develop themselves sustainably in professional as well as individual way, consists of three main stages namely;

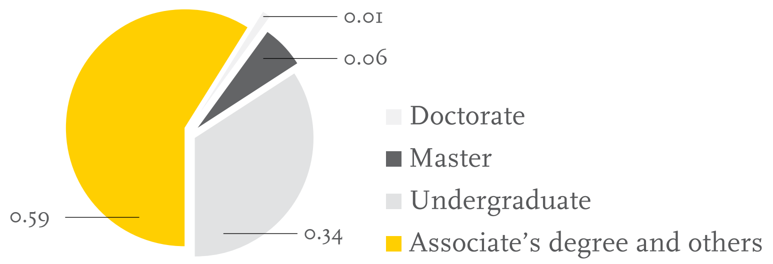
- Identifying and deliveringthe goals,
- Creating a communication structure intended to the employees through open communication and timely constructive feedback network,
- Providing an environment that ensures the employees their uninterrupted personal development in order to prepare them both for their current and possible future positions by planning appropriate development activities to enable them to perform their duties in the best manner.

Employee Profile



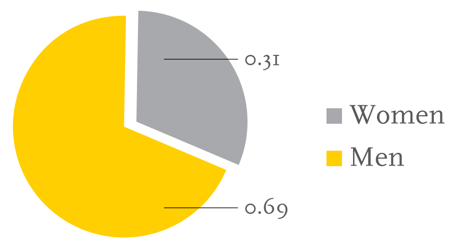
Employee Distribution

11% of our total employees are composed of Managers and Higher Executives; 12% First-Stage Executives; and the rest 77% staff who is not executive in our organization with 65 employees.



Education Distribution

41% of our staff is graduated from university. Our employees serving mainly in the production side are graduated from at least Industrial Vocational High Schools in their occupational area.



Gender Distribution

31% of ODAŞ Enerji staff is women; whereas 69% is men.

HUMAN RESOURCES ACTIVITIES

Our technical employees serving in the production side completed all “professional expertise” trainings and received their competency certificates which they need to have according to their area of specialization in 2013.

It was ensured that all related employees including primarily our executives received the trainings that they needed in order for our group companies to adapt the new regulations that came into effect as of 2013 and/or became valid as of the beginning of 2014 such as legislations of Occupational Safety, TCC, Capital Market as soon and reliable as possible and to accommodate the regulations into the system.

“Team Coach” training program for one year has started with “Management Team” consist of Executives and First-Stage Executives in 2013. In the content of this training program, topics focused on mainly personal development, also aims to develop coaching, leading and mentoring abilities of our executives or executive candidates. Moreover program’s theme enables the team to take effective roles in embracing company’s culture.

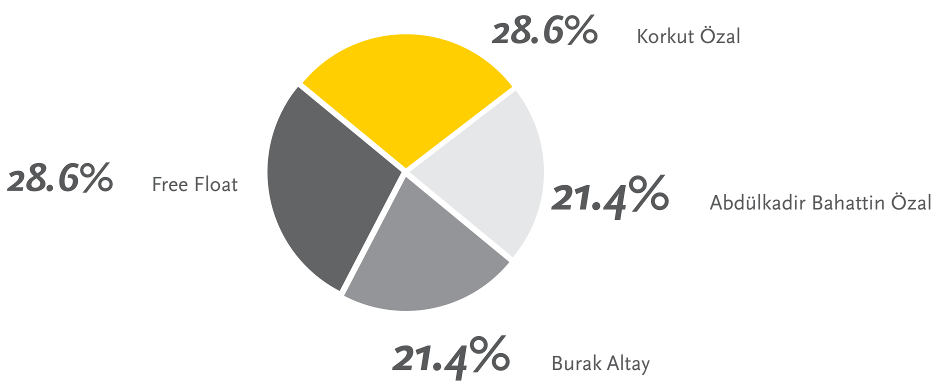
We started a pilot study titled “Associates from Universities” with the cooperation of some prestigious universities from İstanbul, that aims to make it possible for university students , freshly started to their careers, to meet the professional life and energy industry and enable them to start and continue their own businesses in a more productive and creative way. Improving this study by extending it to a wider ground in 2014 is among our goals.

We were attentive to choose the majority of the gifts to be presented to our employees for special occasions in a way that we can contribute to environment and education. Accordingly, we have made ourselves a coppice of 500 saplings and also supported young talents in handicrafts.

In cooperation with Bahçeşehir University, we assumed the duty of tieing the students studying energy engineering with the industry by providing them with internship opportunities in the production department and/or the headquarters.

Shareholding Structure

28.6% of ODAŞ Enerji shares is free float. Shareholding structure of the Company as of 31.12.2013 is as stated below:



Shareholder	Group A	Group B	Total Shares	Share	Voting right
Korkut ÖZAL	-	12,000,000	12,000,000	28.6%	12,000,000
A. Bahattin ÖZAL*	1,500,000	7,500,000	9,000,000	21.4%	30,000,000
Burak ALTAY*	1,500,000	7,500,000	9,000,000	21.4%	30,000,000
Free Float	-	12,000,000	12,000,000	28.6%	12,000,000
Total	**3,000,000**	**39,000,000**	**42,000,000**	**100.0%**	**84,000,000**

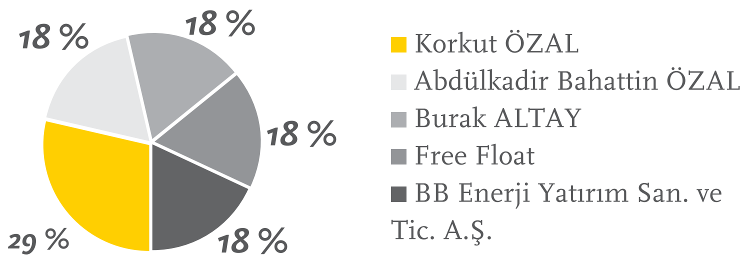
Group A shares have privilege for determining members of the board and voting at general assembly in accordance with Articles 7, 8 and 10 of articles of incorporation (Board of Directors, Nomination for Board of Directors, designation as president and vice president, representative of the company and voting right at the general assembly). Shareholders of Group A have 15 voting right for each share; shareholders of Group B have 1 voting right for each share at the ordinary and extraordinary general assemblies.

Total 7,500,000 of Group B shares which are not free float, in other words, 17.86% of the company's capital were transferred to BB Enerji, totally owned by Burak Altay., 1,500,000 of which belongs to Burak Altay; 1,500,000 of which belongs to A. Bahattin Özal; and 4,500,000 of which belongs to Korkut Özal through the share transfer agreement respectively signed between main shareholders of our company; Burak Altay, A. Bahattin Özal and Korkut Özal and BB Enerji Yatırım Sanayi ve Ticaret A.Ş. (BB ENERJİ).

All company shareholders' guarantee for not selling the shares for 365 days stated in Article 99.3 of or prospectus related to public offering until the date 21.05.2014 was guaranteed by BB Enerji too.

There has been no change in our Company's number of shares in circulation, free float rate, structure of board of directors and management in consequence of the mentioned transfer. A. Bahattin Özal continues to serve as the President of Board; Burak Altay does so as the Vice President of Board in our Company. New shareholding structure after the transfer is as stated below:

CURRENT SHAREHOLDING STRUCTURE AFTER TRANSFER



Shareholders	Group A	Group B	Total Shares	Share	Voting right
Korkut ÖZAL	-	7,500,000	7,500,000	17.86%	7,500,000
A. Bahattin ÖZAL*	1,500,000	6,000,000	7,500,000	17.86%	28,500,000
Burak ALTAY*	1,500,000	6,000,000	7,500,000	17.86%	28,500,000
BB Enerji Yatırım San. ve Tic. A.Ş.	-	7,500,000	7,500,000	17.86%	7,500,000
Free Float	-	12,000,000	12,000,000	28.57%	12,000,000
Total	**3,000,000**	**39,000,000**	**42,000,000**	**100.0%**	**84,000,000**

Investor Relations Activities

Investor Relations Department of ODAŞ Enerji aims to establish close relation that is in equivalent distance with stakeholders and provides maximum benefit to them in accordance with integrity, accountability and reliability principles in parallel with the corporate governance standards adopted by the Company since the public offering made in May 2013.

Investor Relations Department and senior executives of the Company negotiated with many analysts and investors before and after the public offering. Meetings were held with 36 analysts and investors from a total of 34 funds in London, Stockholm, Vienna, Geneva and İstanbul before the public offering. In 2013, meetings were also held with 18 investors from12 funds. Pursuant to the Capital Market Legislation, 24 disclosures were made to public in 2013. Questions of many analysts and investors submitted to the department by phone and mail were answered throughout the year. Press releases with detailed information regarding financial and operation data were published in English and Turkish regarding the quarterly results. Moreover, disclosures made on PDP (Public Disclosure Platform) were also prepared in Turkish and English and were sent by e-mail to everyone who requested to be in the list of recipients in 2013.

Public Offering of ODAŞ Enerji

Shares with a nominal value of **TL 12,000,000** issued because of the increase of the issued capital of ODAŞ Enerji from **TL 30,000,000** to **TL 42,000,000** were offered to the public on May 13 to 14, 2013. Company shares are traded in Borsa İstanbul in Second National Market since 21.05.2013 with a public offering rate of **28.6%.**

After the public offering, our Company's capital is divided into **42,000,000** shares in total, including **3,000,000** registered Group A shares and **39,000,000** registered Group (B) shares, each with a nominal value of TL 1 (one).

A demand at the nominal value of **TL 16,428,151** received from total **685** investors for the shares with a nominal value of total **12,000,000** offered to public. An appropriation shift was realized on a demand of 1.9 times from Foreign Corporate and Domestic Corporate investors in a way that **TL 600,000** of the shares with a nominal value of **TL 6,000,000** which is appropriated for Domestic Individual Investors distributed to Domestic Corporate Investors; **TL 600,000** of the same amount again distributed to Foreign Corporate Investors. As a result of the distribution, **681** investors received shares with a nominal value of **TL 12,000,000.**

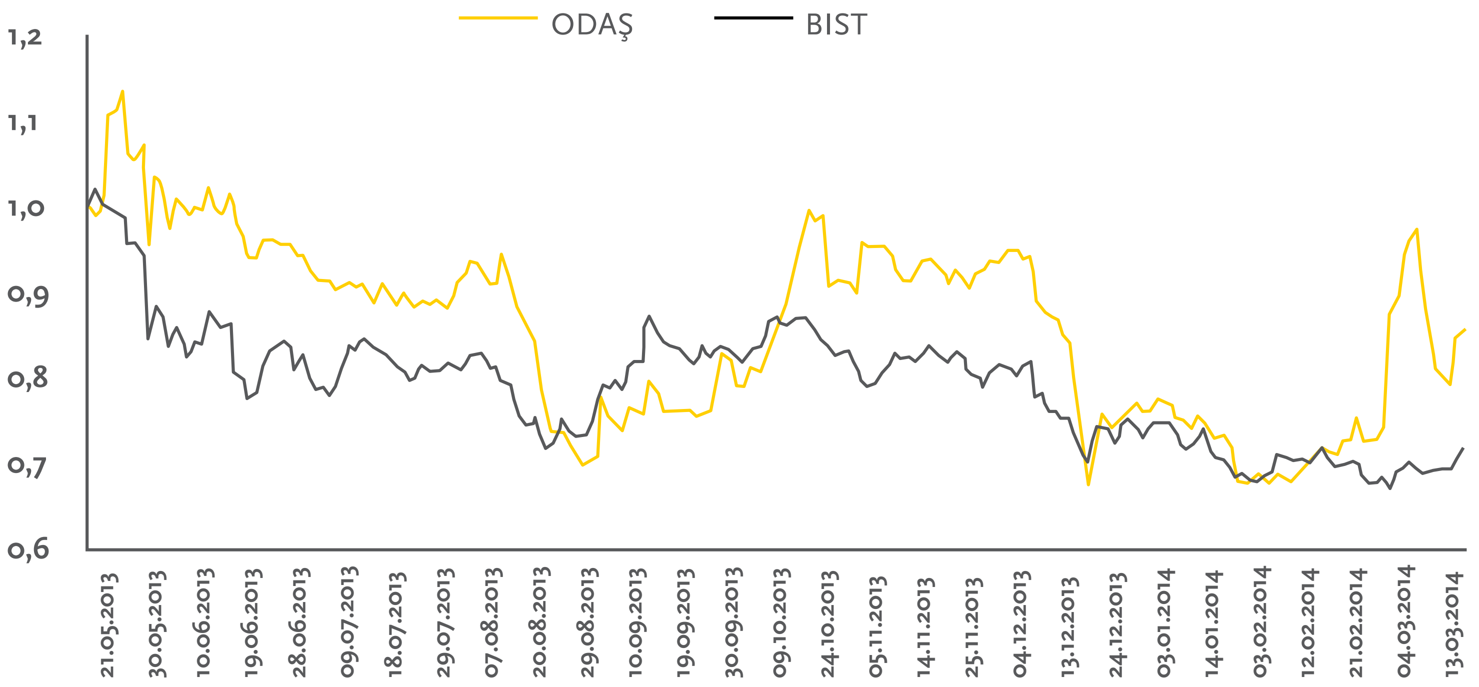
Public offering price of ODAŞ Enerji's shares with nominal value of **TL 1,00** was decided as **TL 5,00.** The Company value after the public offering is **TL 210 million;** the amount of the public offering is **TL 60 million.**

Share Performance and Market Value

The market value of ODAŞ Enerji is **TL 160,440,000** since 31.12.2013. The average daily transaction volume of the company shares was realized as TL 2.0 million in 2013. Foreign investors hold **24.2%** of the company shares offered to the public while corporate investors including pension funds have a share of **33.8%** as of the end of 2013.

Investor Relations Department aims to establish close relations of equivalent distance with stakeholders and provide maximum benefits to them in accordance with integrity, accountability and reliability principles in parallel with the corporate governance standards adopted by the Company.

Relative Share Performance of ODAŞ in 2013



PROACTIVE MANAGEMENT STYLE AND EXPERIENCE SHORTENING INVESTMENT TIMES

15. Other Information Regarding Company Activities

Ordinary General Assembly Meeting of our Company for 2013

Ordinary General Assembly Meeting of our Company for 2013 will be held on the registered address of the company residing at Fatih Sultan Mehmet Mh. Poligon Cd. Buyaka 2 Sitesi No: 8B 2. Kule Kat: 17 Tepeüstü Ümraniye/İSTANBUL on Monday, March 31, 2014 at 15:00 in order to negotiate and resolve the following agenda items. The Agenda of Ordinary General Assembly Meeting is published on Company website. *(www.odasenerji.com.tr)*

MEETING AGENDA

1- Opening and selection the Presiding Council,
2- Authorizing the Presiding Council to sign and endorse Minutes of the meeting
3- Reading, discussion and ratification of the Balance Sheet and Income Statement of 2013,
4- Reading, discussion and ratification of the 2013 Annual Report of the Board of Directors,
5- Reading, discussion and ratification of Independent Auditors' Report of 2013,
6- Discussion and decision of the renewed 'Dividen Policy' pursuant to Communiqué No: II-19.1 of the Capital Market Board and the Board of Directors' proposal regarding the distribution of the profit generated in 2013,
7- Release of the Board Members,
8- Informing the shareholders about the Remuneration Principles and the payments pursuant to these principles to members of Board of Directors and Senior Managers,
9- Election of the members of Board of Directors and the determination of tenure,
10- Determination of payment and renumeration of the members of Board of Directors,
11- Adoption, amendment or rejection of the Board of Directors' proposal on amendment of Article 6 and addition of Article 22 of Articles of Association of Company with regards to the legal permits taken from Capital Market Board and Ministry of Customs and Trade,
12- Approval of the selected independent audit firm As Bağımsız Denetim ve YMM A.Ş. for the 2014 fiscal year by the Board of Directors, pursuant to Turkish Commercial Code and Capital Market Board Regulations,
13- Authorization of the members of the Board of Directors for the actions mentioned in the articles 395 and 396 of the Turkish Commercial Code, informing the General Assembly about the people and processes determined in the Corporate Governance Communiqué No: II-17.1, Article 1.3.6 of the Capital Market Board,
14- In need of Capital Market Board Regulations, informing the General Assembly on the given Company assurance, pledge, lien and acquired income or benefit in favor of third parties,
15- Informing the General Assembly on the transactions with related parties in 2013 in the scope of Capital Market Board Regulations,
16- Submitting our Company's Information Policy to shareholders review,
17- Informing the General Assembly about the donations and aids made in 2013
18- Wishes and Requests, Closing

Amendments in Articles of Association in Reporting Period

Necessary application was filed to the CMB on 13.02.2014 upon passing a Board of Directors resolution regarding the increase of the upper limit of the registered capital ceiling from **TL 50,000,000** to **TL 210,000,000** stated under the announcement made by our Company on 07.02.2014. The application was approved on 03.03.2014.

Necessary application was made to the CMB on 13.02.2014 upon the Board of Directors decision regarding adding a new article to the articles of association of the company stated under the announcement made by the Company on 07.02.2014. The application was approved on 03.03.2014. The above mentioned amendments will be submitted to the approval of the shareholders in the first Ordinary General Assembly Meeting. The comparison of the amendments on the articles of association is given below:

ORIGINAL VERSION	NEW VERSION
CAPITAL	CAPITAL
Article 6- The Company passed to the registered capital system with the permission of the Capital Market Board dated 12.02.2013 and numbered 5/136 based on the provisions of the Capital Market Law No 2499.	**Article 6-** The Company passed to the registered capital system with the permission of the Capital Market Board dated 12.02.2013 and numbered 5/136 based on the provisions of the Capital Market Law No 2499.
The upper limit of the registered capital of the Company is **TL 50,000,000 (fifty million**) and it was divided in to **50,000,000 (fifty million)** shares, each with a nominal value of TL 1 (one).	The upper limit of the registered capital of the Company is **TL 210,000,000 (fifty million)** and it was divided in to **210,000,000 (fifty million)** shares, each with a nominal value of TL 1 (one).
The upper limit of registered capital allowed by the Capital Market Board is valid for 2013-2017 (5 years). Even though the upper limit of the registered capital is not reached by the expiry of 2017, and in order for the Board of Directors to adopt a decision for undertaking a capital increase in the term thereafter, it is obligatory to solicit and obtain an authorization from the General Assembly of Shareholders, upon receiving a prior permission from the Capital Market Board either for the previously-approved upper limit or for a new ceiling. In case of failure to obtain such authorization, the company will be considered to have abandoned the registered capital system.	The upper limit of registered capital allowed by the Capital Market Board is valid for 2014-2018 (5 years). Even though the upper limit of the registered capital is not reached by the expiry of 2018, and in order for the Board of Directors to adopt a decision for undertaking a capital increase in the term thereafter, it is obligatory to solicit and obtain an authorization from the General Assembly of Shareholders, upon receiving a prior permission from the Capital Market Board either for the previously-approved upper limit or for a new ceiling. For an additional period not to exceed 5 years, the authority is required to be taken from the General Assembly, subject initially to the Resolution of the General Assembly of Shareholders. This authorization may be extended by five-year periods. In the absence of and failure to obtain such a regulatory permission beforehand, a capital increase cannot be affected solely through the decision of the Company's Board of Directors.
The issued capital of the Company is **TL 42,000,000 (forty two million)** and this issued capital was fully paid in cash free of collusion.	The issued capital of the company is 42.000.000 (thirty million) TL and this issued capital was fully paid in cash free of collusion.

This capital was divided into total **42.000.000** shares, namely as **3.000.000** registered shares Group (A), **39.000.000** registered shares Group (B) each with a nominal value of 1 (one) TL.	This capital was divided into total **42.000.000** shares, namely as **3.000.000** registered shares Group (A), **39.000.000** registered shares Group (B) each with a nominal value of 1 (one) TL.
Group (A) shares have privilege in the determination of the members of the board and in voting in the general meeting within the framework of articles 7, 8 and 10 of these Articles of Association (the Board of Directors, nomination for the Board of Directors, election of the chairman and the deputy chairman, representing the company and right to vote at the General Meeting). Group (B) shares, on the other hand, were not bestowed any special rights or privileges.	Group (A) shares have privilege in the determination of the members of the board and in voting in the general meeting within the framework of articles 7, 8 and 10 of these Articles of Association (the Board of Directors, nomination for the Board of Directors, election of the chairman and the deputy chairman, representing the company and right to vote at the General Meeting). Group (B) shares, on the other hand, were not bestowed any special rights or privileges.
In capital increases, Group (A) shares will be issued at the rate of Group (A) shares, and Group (B) shares will be issued at the rate of Group (B) shares to represent the increased capital. In the capital increases made, in case it is decided by the board of directors to issue only group (B) shares, group (A) shares will also be given the right to receive group (B) shares at the rate of their capitals.	In capital increases, Group (A) shares will be issued at the rate of Group (A) shares, and Group (B) shares will be issued at the rate of Group (B) shares to represent the increased capital. In the capital increases made, in case it is decided by the board of directors to issue only group (B) shares, group (A) shares will also be given the right to receive group (B) shares at the rate of their capitals.
The Board of Directors shall be authorized to make decisions on increasing the issued capital by issuing new group (A) and/or group (B) shares up to the upper limit of the registered capital, issuing privileged shares and limiting the shareholders' right to obtain new shares and premium share issuance whenever it deems necessary in conformity with the provisions of the Capital Market Law and the regulations of the Capital Market Board between 2013 and 2017.	The Board of Directors shall be authorized to make decisions on increasing the issued capital by issuing new group (A) and/or group (B) shares up to the upper limit of the registered capital, issuing privileged shares and limiting the shareholders' right to obtain new shares and premium share issuance whenever it deems necessary in conformity with the provisions of the Capital Market Law and the regulations of the Capital Market Board between 2014 and 2018.
The shares which represent the capital shall be recorded and monitored within the framework of the principles of dematerialization.	The shares which represent the capital shall be recorded and monitored within the framework of the principles of dematerialization.
The authority to limit the right to obtain new shares cannot be used to cause inequality between the shareholders.	The authority to limit the right to obtain new shares cannot be used to cause inequality between the shareholders.
No new shares can be issued unless the issued shares are completely sold and their prices are paid.	No new shares can be issued unless the issued shares are completely sold and their prices are paid.
The capital of the company can be increased or decreased when necessary in compliance with the Capital Market Law, Turkish Code of Commerce and regulations about these laws and the provisions of the other legislations and the articles of association.	The capital of the company can be increased or decreased when necessary in compliance with the Capital Market Law, Turkish Code of Commerce and regulations about these laws and the provisions of the other legislations and the articles of association.
NO ORIGINAL VERSION IS AVAILABLE.	**ISSUANCE OF DEBT INSTRUMENTS** **Article 22-** In conformity with the relevant provisions of the Turkish Commercial Code, the Capital Market Law and the Communiqués of the Capital Market Board, the Company may issue all types of bonds, debentures and instruments of debt, within limits stipulated in the pertinent corpus of laws, legislations and statutes, upon the procurement of a Board of Directors Resolution to that effect.

FOR THE FIRST TIME IN TURKEY
HYDROELECTRIC POWER PLANT WITH
AN INSTALLED CAPACITY OF 8MW
EQUİPED FROM DOMESTIC SUPPLIERS

16. Corporate Governance Principles

PART I - STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Odaş Elektrik Üretim A.Ş. ("ODAŞ Enerji" and/or "the Company") has based its relations with the third parties as well as its management, partners and employees upon the principles of equality, transparency, accountability and responsibility – the basic corporate governance principles even before the public offering of its shares which has taken place in 2013. Accordingly, the Company has adopted the Corporate Governance Principles of the CMB (the Capital Markets Board) and gives the necessary attention in implementation of these principles properly. The Corporate Governance Principles Compliance Studies which have been commenced in 2013 within the organization are close to completion and many mechanisms established within the organization of the Company related thereto have been started to operate. At the first stage of these studies, certain amendments have been made in the Company's articles of association in order to be able to provide the shareholders with an equitable, accountable, responsible and transparent structure. By virtue of these amendments made in the Company's articles of association, the shareholders have been granted with the rights stipulated in the Corporate Governance Principles and "better governance" has been intended in the structure of the management. In addition, two independent members have been appointed to the Board of Directors and it has been ensured that the Board of Directors has a structure in conformity with the Corporate Governance Principles. The duties and the working principles of the Early Detection of Risk Committee, Corporate Governance Committee and the Audit Committee which must be established pursuant to Communiqué on Determination and Implementation of Corporate Governance Principles have also been designated in 2013.

Furthermore, "the Remuneration Policy" which details the principles for remunerating the members of the Board of Directors and the top executives has been drawn up in writing upon the resolution of the Board of Directors adopted in 2013 and it has been resolved to submit the same for the shareholders' review in the first general assembly to be convened. In addition, "the Disclosure Policy" that is writtenwith the decision of the Board of Directors, on the basis of ensuring an active and transparent communication which is complete, fair, correct, timely, clear as well as cost-effectively and equally accessible for all stakeholders including shareholders, investors, employees and customers, has been decided to submit to the shareholders' review in the first general assembly to be convened.

The website of the Company has been updated in order to communicate information as much as possible to the public in a fast, concurrent, accurate and complete manner. "The Investor Relations Department" has been established within the organization for the purpose of arranging the relations with the investors and the personnel owning the necessary licenses has been employed in the department.

Accordingly of this statement, Odaş Enerji has adopted a transparent and open management style as well as aimed at creating a sense of accountable governance, liable to all of its shareholders; especially, the minority shareholders. It is intended to implement a limited number of noncompulsory principles which are not implemented yet through making the necessary organizational changes and internal arrangements in the upcoming periods.

PART II - SHAREHOLDERS

2.1. Investor Relations Department

The function of ensuring communication between the Board of Directors and the existing as well as the potential shareholders and carrying out the necessary transactions related thereto in conformity with the CMB's Corporate Governance Principles by performing activities regarding the exercise of shareholding rights is conducted by the Investor Relations Department within the organization. This department reports to the Corporate Governance Committee and Mr. Burak ALTAY, the Vice-President of the Board of Directors. Information about the department conducting the relations with the shareholders is as follows:

Name & Surname:	Özge AYDEMİR
Title	: Investor Relations Manager
Adress	: Fatih Sultan Mehmet Mah. Poligon Cad. Buyaka 2 Sitesi No:8B 2. Kule Kat:17 Tepeüstü, Umraniye Istanbul
Phone	: +90 216 474 1 474
E-mail	: ozgeaydemir@odasenerji.com yatirimciiliskileri@odasenerji.com

Name & Surname:	Selin YEŞİL
Title	: Ass. Investor Relations Expert
Adress	: Fatih Sultan Mehmet Mah. Poligon Cad. Buyaka 2 Sitesi No:8B 2. Kule Kat:17 Tepeüstü, Umraniye Istanbul
Phone	: +90 216 474 1 474
E-mail	: selinyesil@odasenerji.com yatirimciiliskileri@odasenerji.com

Mrs. Özge AYDEMİR, Business Development, Corporate Governance and Investor Relations Manager, holds "Advanced Level Capital Market Activities License" and "Corporate Governance Rating License" granted by the CMB and she is in charge of securing the fulfillment of the Company's obligations arising from the capital market legislation as well as ensuring the coordination in corporate governance practices. Investor relations activity report of 2013 has been submitted to the Board of Directors on 26.02.2014

Approximately 25% of the free float shares is held by foreign corporate investors as of 31.12.2013. Accordingly, the existing and the prospective foreign corporate investors as well as the brokerage companies' analysts who render services to such investors request visits to the Company. The department strives to meet these requests by facilitating the active participation of the Company's top management. Furthermore, "the Press Releases" prepared in Turkish and English with respect to the operational and financial activity results on quarterly basis is announced in the Public Disclosure Platform (the PDP), posted in website of the Company and sent via e-mail to everyone requested to be on the distribution list.

The main activities conducted by the Investor Relations Department in 2013 on behalf of the Company are summarized hereunder:

- Meetings with 54 investors from 46 funds have been held within the scope of the roadshows organized during and after the public offering stage.
- Approximately 60 face-to-face interviews have been conducted with the investors and the analysts.
- Approximately 120 questions addressed to the Department via e-mail and phone have been responded during the period.

2.2 Duties of Investor Relations Department

The basic duties of the Investor Relations Department arising from the legislation are as follows:

- To ensure that the records with respect to the correspondences between the investors and the Company as well as the other information and documents are kept in a sound, secure and up to date manner;
- To respond to the written information requests of the Company's shareholders, the existing as well as the potential investors and the analysts related with the Company;
- To prepare the documents for shareholders which should be submitted to the shareholders for information and review at the general assembly meeting as well as to take the measures in order to ensure that the General Assembly is convened in accordance with the applicable legislation, the articles of association and other internal regulations of the Company;
- To supervise and monitor the fulfillment of the obligations arising from capital market legislation including any and all kinds of matters related with the corporate governance and the public disclosure;
- To monitor and update the contents of "Investor Relations" section of the website on a regular basis;
- To evaluate and respond to the information request from the investors and the analysts as well as to conduct one-on-one interviews or to attend conferences and meetings organized on this subject when necessary;
- To supervise and monitor any and all kinds of matters related with the public disclosure legislation as well as to prepare and submit the material disclosures required to be made in the Public Disclosure Platform;
- To provide the financial and the operational data requested by the analysts for their research reports on condition that this data has been disclosed to the public previously and does not contain any trade secrets, to ensure the preparation of research reports from complete, accurate and current data as well as to examine and monitor the analysts' reports prepared in this context;
- To answer the questions and information requests addressed by the existing and the potential local and foreign investors by means of phone or electronic mail to the extent allowed by the legal regulations;
- To prepare detailed presentations regarding the activities and the financial status of the Company pertaining to the respective period on quarterly basis;
- To prepare the list of the individuals having access to the internal information and to keep this list up-to-date within the scope of the legislation regarding the material disclosures to the public
- To monitor the information contained in the Registration System maintained by the Central Registry Agency.

2.3. Exercise of Right to Information by Shareholders

Any and all kinds of information requests received by the Investor Relations Departments are responded fastidiously without any discrimination between the investors on the principle of equity on condition that this has not the nature of trade secret or is not information which has not been disclosed to the public yet. Accordingly, the information requests on various matters addressed by the shareholders during 2013 have been responded in writing and verbally in clear, understandable and detailed manner via phone or e-mail and each question has been answered in a manner satisfying the investors provided that not included into the scope of trade secret.

In addition, any and all kinds of data intended to inform the investors in a complete, accurate and up-to-date manner can be accessed via "Investor Relations" section of the Company's website (www.odasenerji.com.tr). The means used in 2013 for announcing the developments which would influence the exercise of shareholding rights are shared in the material disclosures made in the Public Disclosure Platform (the PDP) and via the website of the Company.

Since the right of the shareholders to request for appointment of a private auditor is regulated by the legislation, there is no provision in the Company's articles of association with respect to the request for appointment of private auditor. No request with respect to appointment of private auditor has been made during the period.

2.4. General Assembly Meetings

The ordinary general assembly of the Company is convened within three months as from the end of the activity period and not less than once in a year and discuses as well as resolves the matters in the agenda prepared by the Board of Directors by considering the provisions of the article 413 of Turkish Commercial Code. The notices and the announcements related with the general assembly meeting are served and made by considering the minimum periods stipulated in the provisions of Turkish Commercial Code, Capital Market Law and other applicable legislation through any communication means including electronic communication which would enable to reach at shareholders in maximum number possible.

The General Assembly meeting for 2012 has been held on 06.03.2013 at 10:00 in Kısıklı Cad. Aköz İş Merkezi A Blok Kat: 3 Üsküdar İstanbul prior to the public offering which has taken place on 20.05.2013. The General Assembly meeting for 2012 has been held without convocation prior to the public offering which has taken place on 21.05.2013. The agenda, the minutes and the attendance list of the meeting are posted on Investor Relations Section of the Company's website (www.odasenerji.com.tr) under the heading of Corporate Governance. The General Assembly meeting has been held within the period of time stipulated by the legislation. The General Assembly has convened with the participation of 30.000.000 shares totally consisting of 3.000.000 Group (A) registered shares as well as 27.000.000 Group (B) registered shares out of 30.000.000 shares, each having a nominal value of TL 1.00 (one) corresponding to the Company's total capital amounting to TL 30.000.000.-. The shareholders have not made any request for addition of any item into the agenda prior to the General Assembly meeting.

In the General Assembly meeting for 2012, it has been unanimously elected Mr. Abdulkadir Bahattin ÖZAL as the President of the Board of Directors and Mr. Burak ALTAY as the Vice-President of the Board of Directors among the shareholders of the Company; Mr. Mustafa Ali ÖZAL and Mrs. Hafize Ayşegül ÖZAL DİNÇ as the Members of the Board of Directors externally as well as Mr. Yavuz BAYLAN and Mr. Murat Sefer ZAFER as the Independent Members of the Board of Directors for a duty period of 1 year. It has also been unanimously resolved to pay TL 5.000 to Mr. Abdulkadir Bahattin ÖZAL, TL 5.000 to Mr. Burak ALTAY, TL 5.000 to Mr. Mustafa Ali ÖZAL, TL 5.000 to Mrs. Hafize Ayşegül ÖZAL, TL 5.000 to Mr. Yavuz BAYLAN and TL 5.000 to Mr. Murat Sefer ZAFER as monthly net remuneration in consideration of their positions as the Member of the Board of Directors. Furthermore, it has been unanimously resolved to charge AS Bağımsız Denetim ve YMM A.Ş. as the independent auditing firm.

In the said meeting, it has also been unanimously resolved to adopt the amendment draft of the Company's Articles of Association which have been approved under the permission no. 5/136 of T.R. Prime Ministry, Capital Market Board dated 12.02.2013 and the letter no. 1332 of T.R. Ministry of Customs and Trade dated 27.02.2013 without any change and amend the articles 3, 4, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19 and 20; append the article 21 and the provisional article 5 as well as abrogate the provisional articles 1, 2, 3 and 4 of the Articles of Association accordingly.
The agenda, the attendance list and the minutes related with the General Assembly meeting are made available in the registered office of the Company for the review of the shareholders. Furthermore, the deeds and the documents related with the General Assembly have been submitted for shareholders' and all stakeholders' information on the Investor Relations Section of the Company's website.

No separate item with respect to the amounts and the beneficiaries of the donations and the grants made during 2012 has been included into the agenda of the General Assembly meeting and such item shall be included into the agenda of the General Assembly meeting for 2013.

The shareholders holding a managerial position in the Company, the members of the board of directors, the managers having administrative responsibility as well as their spouse and their blood or affinity relatives up to the second degree have not conducted any significant transaction which may cause conflict of interest with the Company or its subsidiaries.

2.5. Voting Rights and Minority Rights

Group (A) shareholders are entitled to 15 votes and Group (B) shareholders are entitled to 1 vote for each share in the General Assembly meetings of the Company to be held ordinarily or extraordinarily. The shareholders may be represented by means of the proxies to be appointed among the other shareholders or externally in the General Assembly meetings. The proxies who are the shareholders of the Company are also authorized to cast the votes of the shareholders that they represent in addition to their own votes. The form of the authorization certificate is determined by the board of directors in line with the regulations of the Capital Market Board. The authorization certificate must be written.

The proxy is obliged to cast the vote in accordance with the will of the grantor provided that such will is specified in the authorization certificate granted by the shareholder appointing him/her. The respective regulations of the Capital Market Board are observed for the matters related with the voting by proxy. The votes in the General Assembly meetings are casted by raise hands after submission of the certificates documenting those casted by proxy within the scope of the regulations of the Capital Market Board. However, ballot is applied upon request of shareholders owning one twentieth of the Company's capital out of the shareholders attending to the meeting.

Group (A) shares have privilege in determination of the board members and exercise of voting rights in the General Assembly meetings pursuant to the articles 7, 8 and 10 (Board of Directors, nomination for Board of Directors, right of being elected as President and Vice-President, representing the Company and voting in General Assembly meetings) of the Articles of Association.

No exclusive right or privilege has been vested to Group (B) shares.

There is no company with which a cross ownership relation exists. There is no provision in the Articles of Association for determining the minority rights in a manner less than one twentieth of the capital. Furthermore, there is no provision in the Articles of Association with respect to representation of the majority shares in the Board of Directors or use of cumulative voting method.

2.6. Dividend Right

The resolutions of the Company on distribution of dividend are adopted by considering Turkish Commercial Code, Capital Markets Legislation, Capital Markets Board (CMB) Regulations and Resolutions, Tax Laws, other relevant legal regulation provisions and the Company's Articles of Association. The Dividend Policy of the Company is submitted for the shareholders' information in the General Assembly meetings each year as a separate agenda item. The Dividend Policy of the Company has been submitted in the Annual Report and on the Company's website (www.odasenerji.com.tr) for investors' review.

The Company does not have shares which are privileged in terms of dividend distribution. Each share of the Company is entitled to dividend at an equal rate.

In the General Assembly meeting of the Company for 2012 held on 06.03.2013, the issue of authorizing the Board of Directors with respect to payment of Dividend Advance has been included into the agenda with the unanimity of all shareholders and it has been unanimously resolved to authorize the Board of Directors with respect to payment of dividend advance at a rate ranging between 15% and 20% over the profits to be determined in the financial statements to be drawn up on quarterly, semi-annual and 9-month basis in 2013.

Pursuant to the article 20 of the Capital Market Law and the article 9 of the Communiqué Serial: IV No:

27 of the Capital Market Board, it has been resolved to set off the divided advance to be distributed against the extraordinary reserves stated in the balance sheet of the previous year, if sufficient profit could not be achieved or loss has occurred at the end of the period or to convert the security obtained against the dividend advance, to record the same as revenue and set off the divided advance to be distributed against this amount pursuant to the article 10 of the same Communiqué, if the amount of the extraordinary reserves is not sufficient for covering the loss.

2.7. Transfer of Shares

The approval of the Energy Market Regulatory Authority shall be obtained and public disclosures which are necessary pursuant to the Capital Market legislation shall be made always in case of acquisition of the shares representing five percent or more of the Company's capital by a real person or legal entity directly or indirectly or of share acquisitions where the shares held by a shareholders exceed five percent of the Company's capital or of share transfers result in decrease of the shares held by a shareholders below the percentages mentioned above. This provision also applies for the cases where the voting rights are acquired.

Establishment and/or abolishment of privilege over the existing shares, or issuance of dividend right certificates shall be submitted to the Energy Market Regulatory Authority for approval regardless of the proportional limitations mentioned above, even if a share transfer does not take place.

The Board of Directors is entitled not to approve ant transfer of Group (A) shares and refuse the recording of such transfer into the share book on the ground of accomplishing the objectives and protecting the independence of the Company pursuant to the provisions of the article 493 of TCC.

No restriction can be imposed on Group (B) shares to be traded at the stock exchange.

If the market share limitations stipulated in the applicable legislation are exceeded in cases where the banks and/or the financial institutions get the control over the Company and/or a relation of subsidiary with the Company is established pursuant to the provisions of a loan agreements like default of the Company within the scope of a project finance provided irrevocably, such breaches shall be remedied within the periods of time granted to these banks and/or financial institutions by the Energy Market Regulatory Authority.

Without prejudice to the provisions mentioned above, the transfer of the Company's registered shares is subject to the respective provisions of Turkish Commercial Code, Capital Market Legislation and Energy Market Regulatory Authority Legislation.

PART III-
PUBLIC DISCLOSURE AND TRANSPARENCY

3.1. Corporate Website and its Content

The address of the Company's website is www.odasenerji.com.tr and the issues specified in the CMB's Corporate Governance Principles are given in the Investor Relations section of the website. The website of the Company has been established for the purpose of informing the shareholders, the stakeholder and the public in a clear, understandable and concurrent manner. The information contained in the website is updated regularly. The information in the Company's website has been prepared also in English for the use of international investors.

3.2. Annual Report

The Company's annual report is prepared to ensure the access to complete and accurate information about the Company activities bythe shareholders, the public and all other stakeholders , in details stipulated by Turkish Commercial Code and the Capital Market Legislation.

PART IV-
STAKEHOLDERS

4.1. Informing the Stakeholders

The necessary arrangements have been made in the Company's website in order to inform the stakeholders on the issues related to them and all kinds of information about the Company has been submitted for the stakeholders' review in line with the Corporate Governance Principles. The stakeholders, the investors and the analysts are able to have access to the financial reports, the annual reports and the other information via the website of the Company. In addition, certain important announcements and messages are communicated to all of the employees via e-mail.

Ensuring the compliance with the legal regulations as well as supervising the same is under the responsibility of the Audit Committee and examining as well as resolving the complaints filed by shareholders and stakeholders about the matters with respect to the corporate governance is under the responsibility of the Corporate Governance Committee.

4.2. Participation of Stakeholders to Management

No model for the involvement of the stakeholders in the Company's management has been set. However, the requests and the recommendations submitted in the meetings held with the employees and other stakeholders are evaluated by the managers in order to develop policies and practices on the related concernes.

4.3. Human Resources Policy

Human Resources policy of ODAŞ Enerji is based on being an essential employer that develops human resources applications enhancing its employee's quality of life and carrying their performance to highest possible standards.

The primary target of our Human Resources is to create a culture that focuses on generating a common language based on open communication among ODAŞ Enerji's employees, developing and perfecting the performance of our company through their innovative, solution-oriented opinions and high qualified labor force.

Our Human Resources Policy, aims to ensure that employees fulfill their potentials and develop themselves sustainably in a professional as well as individual way, consists of three main stages namely:

- Identifying and delivering the goals;
- Creating a communication structure intended to the employees through open communication and timely constructive feedback network;
- Providing an environment that ensures the employees uninterrupted personal development in order to prepare them both for their current and possible future positions by planning appropriate development activities to enable them to perform their duties in the best manner;

Encouraging our employees for doing their best and reaching at the highest level of their development, enabling them to have all the support they need to do so as well as measuring their performance and achievement with objective data provided and awarding the same consistently constitute the core of our Human Resources Policy.

Conducting the relations with the employees is the responsibility of the personnel employed in the Human Resources Department at the headquarters and the shift supervisors in power plants. Job analyses and assessments have been conducted for the positions existing in our organization. As a result of these studies, the competences and the qualifications needed for performance of these positions have been determined. Recruitment processes are managed by considering these criteria which have been determined in advance for each position. As a result of our sensitivity with respect to the principle of equality, the important one among the basic principles of our management approach, any negative feedback with respect to the discrimination has not been received from our employees.

Our employees are informed about job descriptions and duty distribution at the time of their recruitment. One of the responsibilities of the Human Resources Department is to enable the employees to adopt their roles within the organization and accommodate with the work distribution as soon as possible. Our workflows and job descriptions shall be reviewed in the first quarter of 2014 due to the new structur which has taken place in our organization developing in direct proportion to our growing rate along with our expanding business volume. The foundations of the technical infrastructure works required for ensuring sustainability of our 360 degree performance evaluations in a more systematic manner have been laid in 2013. As a result of these studies intended to be completed in the first quarter of 2014, we shall be able to conduct our evaluations electronically.

4.4. Codes of Conduct and Social Responsibility

The Company's codes of conduct have been prepared in writing, submitted to the employees' information and posted on the website of the Company as well. The codes of conduct are defined, updated and published by the Board of Directors.

Business codes of conduct of ODAŞ Enerji are in integration of the policies and the values of ODAŞ Enerji and all of the employees including the members of the board of directors and the managers are requested to comply with these codes.

Honesty

Sincerity and honesty are our values that we give the greatest importance in all of our business processes and relations. We act sincerely and honestly in our relations with the employees and all other parties.

Discrimination

Any discrimination with respect to age, language, race, medical condition, sex and marital status is contrary to the workplace rules. The employees are entitled to communicate their complaints related with this matter directly to the Human Resources Department. Communication of any complaint on this matter cannot be prevented.

Confidentiality

Our employees are obliged to comply with the professional confidentiality principles determined by the applicable laws.

We, as the employees of Odaş Enerji Group, are attentive to the protection of the confidentiality and the privacy of the information related with our customers, employees as well as other real persons and legal entities that we do business with.

We protect the confidential information regarding the activities of the Group Companies, use such information only for the objectives of Odaş Enerji Group and share the same with the relevant individuals within the scope of predetermined authorities.

Preventing Conflict of Interest

It is forbidden for an of ODAŞ Enerji employees or his/her family members or his/her relatives to receive any improper personal benefits as result of the employee's position in the company and to be hand in and glove with the individuals or the organizations that may gain favor from the business decisions to be made or the confidential information held by the employee. During the performance of their duties, the employees take care to protect the interest of the Company and abstain from any act or conduct which may be deemed as gaining improper advantage for themselves or their relatives.

A conflict of interest exists when an employee's private interest interferes in any way, or even appears to interfere, with the interests of ODAŞ Enerji. A conflict of interest also arises when an employee receives improper personal benefit as result of his/her position.

No employee may benefit from the operations of the company in his/her favor or favor of his/her family members or relatives, use the properties, information or positions of the company for his/her personal interest and compete with the company.

The employees of ODAŞ Enerji may give presents to or receive presents from, persons, institutions and corporations with whom they have business relations only in compliance within the internally defined rules.

Protection and Proper Use of Company Assets

Our employees should protect the company's assets and ensure their proper use. All assets of the company should be used only for legitimate business purposes.

Principles for Public Disclosure
All communications with the investors, the financial analysts, the press and the similar bodies are hall performed in accordance with the "Disclosure Policy" of ODAŞ Enerji.

No employee other than those specifically authorized to perform this duty can make oral or written announcements on behalf of ODAŞ Enerji.

Compliance with Laws, Rules and Regulations
Our employees are obliged to act in compliance with all applicable laws, rules and regulations.

Working Principles
ODAŞ Enerji is committed to providing a safe, secure and efficient working environment to its employees. Therefore ODAŞ Enerji expects all of its employees to conduct in accordance with the following principles:

- Acts, aggressive manners, threatening speech and behavior patterns violating productivity and safety of the work environment, harassment and disturbance as well as promoting commercial, political and religious opinions are unacceptable.

- Falsification on official documents prepared by the employees during performance of their duties is unacceptable. The employees are obliged to comply with the time and other limitations stipulated by the relevant authorities while preparing the official documents.

Our Company has executed an Occupational Safety Consultancy Service Agreement with İş Güvenliği Mühendislik Eğitim Tic.Ltd.Şti on 14.05.2012. The company mentioned above provides our company with the consultancy services by coordinating the precautions which should be taken in line with the Labor Law as well as all of the regulations and the instructions regarding Occupational Safety issued under the said Law and the studies related with correct and safe working pursuant to the said agreement.

In addition, our personnel employed in Şanlıurfa and our employees of headquarters have attended to "Occupational Health and Safety Training'', the participants have been granted with the certificates issued by the Occupational Safety Consultancy Company after training and "Occupational Health and Safety Internal Regulations Booklet" which is prepared in the form of protocol in order to be implemented in the workplace has been distributed.

PART V-
BOARD OF DIRECTORS

5.1. Structure and Formation of Board of Directors

The Company is represented and managed by the Board of Directors consisting of 5 (five) members minimum who shall be elected by the General Assembly pursuant to Turkish Commercial Code, Capital Market Law and legislation.

Pursuant to the resolution adopted at the General Assembly meeting held on 06.03.2012, the Board of Directors of our Company consist of 6 (six) members has been constituted as follows for 1 year:

Name / Surname	Position / Title	Duty Period
Abdülkadir Bahattin OZAL	President of Board of Directors-Executive	06.03.2013 - Continuing
Burak ALTAY	Vice- President of Board of Directors and General Manager Executive	06.03.2013 - Continuing
Mustafa Ali OZAL	Member of Board of Directors-Non-Executive	06.03.2013 - Continuing
Hafize Ayşegül OZAL DINÇ	Member of Board of Directors-Non-Executive	06.03.2013 - Continuing
Yavuz BAYLAN	Independent Member of Board of Directors - Non-Executive	06.03.2013 - Continuing
Murat Sefer ZAFER	Independent Member of Board of Directors - Non-Executive	06.03.2013 - Continuing

Mr. Burak ALTAY, the Vice-President of the Board of Directors is the General Manager of the Company concurrently. The necessary work for increasing the rate of Female Members in the Board of Directors which is 16% currently up to 25% in the forthcoming period have been commenced.

Mr. Yavuz BAYLAN and Mr. Murat Sefer ZAFER who have been determined as meeting the independency criteria indicated in the Corporate Governance Principles of the Capital Market Board have been nominated for the independent memberships of the Board of Directors. Since the nomination committee has not been established yet on the date in which our Independent Board Members were elected, two candidates were submitted for approval to the General Assembly together with their statements of independency. Nomination of the said people has been approved by the resolution no.2012/14 of the Board of Directors dated 06.03.2013. They have been elected as the independent members of the Board of Directors in the General Assembly meeting held on the same date. The written statements submitted by each independent board member regarding tehir independency is as follows.

Since I have been elected as "Independent Member" of the Board of Directors in the General Assembly meeting datedMarch 6th 2012, I hereby submit the following issues for our Board of Directors', our shareholders' and all other stakeholders' information pursuant to the regulations of the Capital Markets Board regarding corporate governance;

- No direct or indirect relationship in terms of employment, capital or other important trading activities has been formed between me, spouse or my blood or affinity relatives up to the third degree and any of ODAŞ Elektrik Üretim ve Ticaret A.Ş.'s ("ODAŞ Enerji") related parties or legal entities which have management or capital relation with shareholders having shares at a rate of 5% or more in the capital of ODAŞ Enerji directly or indirectly within last five years,

- I have not been employed in a company, primarily serving as auditing, consulting and rating company, which undertakes full or partial activities or organization of ODAŞ Enerji under an agreement and held any position in such a company as a member of the board of directors within the last five years,

- I have not been employed in, been a partner or a member of the board of directors of a company, which is providing significant amount of services and products to ODAŞ Enerji within the last five years,

- I have the required professional training, knowledge and experience for performing the duties of which I would assume with my capacity as an independent member of the board of directors properly,

- I am not a full-time employer of any public institution or organization,

- I am considered as a resident in Turkey in accordance with the Income Tax Law

- I have strong standards of ethics, professional reputation and experience for adding positive contribution in activities of ODAŞ Enerji, for securing my independency about subjects in relation with the conflicts of shareholders and for making independent decisions with taking into account of stakeholders' rights,

- I am able to allocate necessary time for businesses of the company at a level sufficient for monitoring the processes and the activities of ODAŞ Enerji as well as fulfilling the requirements of my duties.

Any event which would render the independency of the independent board members null and void did not occurred during the period in which they perform this duty until the date of the Report.

No restriction preventing the members of the Board of Directors from holding an office or offices out of the Company has been introduced.

The members of the Board of Directors do not carry out any transaction which may cause a conflict of interest or engage in any activity intended to compete with the Company in the same line of business currently.

The CVs of the members of the Board of Directors are as follows:

Abdülkadir Bahattin ÖZAL –
President of Board of Directors
After having completed his primary and secondary education at TED Ankara College, graduated from Üsküdar Cumhuriyet High School, Mr. Özal attended at ITU Control and Computer Engineering in 1985 and Boğazici University, Physics Engineering in 1988. After his educational life Mr. Özal begun his career in 1989 worked as manager for many firms in construction, import-export and energy industries. He currently serves as a member of Board of Directors in Aköz İnşaat A.Ş., Aköz Enerji A.Ş., Hidrokontrol Elektrik Üretim A.Ş., Arsın Elektrik Üretim A.Ş., Öztay Elektrik Üretim A.Ş., Voytron Elektrik Toptan Satış A.Ş. and Mekel Enerji A.Ş. Mr. Özal has been serving as the President of our Company's Board of Directors since 2012.

Burak ALTAY –
Vice-President of Board of Directors
A graduate of Koç University, Department of Business, Mr. Altay completed his MBA degree at Marmara University, Faculty of Financial Law and lectured at Koç University in cost accounting branch as an assistant concurrently. He is founder partner of many energy companies like Sinerji Aktif, Öztay Elektrik Üretim A.Ş., Hidro Kontrol Elektrik Üretim A.Ş., Hidro Enerji, Arsın Elektrik Üretim A.Ş., Ena Elektrik Üretim A.Ş., Karadeniz Elektrik Üretim A.Ş., Atlas Enerji, Yel Enerji Elektrik Üretim Sanayi ve A.Ş., Asa Enerji, Kuzen İnşaat Pazarlama, Mekel Enerji İnşaat Taahhüt Danışmanlık Mühendislik Hiz.ve Tic. A.Ş., Voytron Elektrik Toptan Satış A.Ş., Çan Kömür ve İnşaat A.Ş. in energy industry and currently serves as a member of the Board of Directors in companies more than 13 like ODAŞ Enerji, Öztay, Hidro Kontrol and Mekel. Mr. Altay has been serving as the Vice-President of Board of Directors and the General Manager of our Company's since 2012.

Mustafa Ali ÖZAL –
Member of Board of Directors
Graduated from Gazi University, Department of Economy, Mr. Özal began his professional life in 1982. He has served as manager and board member in various companies performing activities in different industries. Mr. Özal has been serving as the Member of our Company's Board of Directors since 2012.

Hafize Ayşegül ÖZAL DİNÇ –
Member of Board of Directors
Mrs. Özal who completed her education in 1972 has begun to serve for Aköz Foundation in 1994 and been assigned as the president of the same foundation in 1996. She is still a member of board at Aköz Foundation awarding scholarship for 250 students as well as providing financial assistance for students and people in need. Mrs. Özal Dinç has been serving as the Member of our Company's Board of Directors since 2012.

Yavuz BAYLAN –
Independent Member of Board of Directors
Graduated from Istanbul University, Department of Economy, Mr. Baylan began to work as financial advisor in private sector in 1981 after completing a duty period of eight years in the Ministry of Finance as general accountant. He has pioneered the establishment of BDO Turkey and entitle to practice as a certified public accountant in 1989. Mr. Baylan has been serving as the Independent Member of our Company's Board of Directors since March 2013.

Murat Sefer ZAFER –
Independent Member of Board of Directors
Graduated from Ankara University, Faculty of Law, Mr. Zafer completed his law internship in the US, and then started his professional life in energy industry. Being a self-employed at Zafer Law Office since 2002, Mr. Zafer has been serving as the Independent Member of our Company's Board of Directors since March 2013.

5.2. Principles for Activities of Board of Directors

The issues related with the meeting frequency of the Board of Directors and quorum are regulated by the Company's Articles of Association. Accordingly, the Board of Directors convenes by participation of one more than its members if and when the business and the operations of the Company require so. The resolutions of the Board of Directors are adopted by the majority of the participating members. The meetings of the Board of Directors are held at the registered office of the Company or in an appropriate place of the city where the registered office of the

Company is located or in another city upon resolution of the Board of Directors.

The Legal Department acts as secretariat of the Board of Directors.

The agendas of the Board of Directors' meetings are determined as a result of negotiations conducted by the President of the Board of Directors with the other members of the Board of Directors and the general manager and/or the chief executive officer. The requests made by the managers are taken into the consideration while preparing the agenda.

The Board of Directors has held 32 meetings in 2013 and 28 resolutions have been adopted unanimously as well as 4 resolutions have been adopted by the majority of votes of the participants.

There has been no dissenting opinion recorded in the resolution book against the resolutions adopted in all of the meeting mentioned above. If such case arises, all of the matters with respect to the dissenting opinion shall be entered into the minutes.

In cases where the Capital Markets legislation requires so, the important resolutions of the Board of Directors are announced to the public by means of public disclosures.

No member of the Board of Directors including the president is entitled to any casting vote and/or negative veto right. In the meetings each member is entitled to one vote.

The damages to the Company which may be caused by the defaults of the Board Members during the performance of their duties have not been insured yet.

5.3. Number, Structure and Independency of Committees Established in Board of Directors

During the public offering stage of the Company's shares, two committees, namely the Audit Committee and the Corporate Governance Committee, have been established by the resolution of the Board of Directors dated 21.03.2013. Furthermore, the Early Detection of Risk Committee has also been established by the resolution of the Board of Directors dated 25.12.2013. The authorities, the duties and the responsibilities stipulated for the Nomination Committee and the Remuneration Committee are exercised, performed and fulfilled by the Corporate Governance Committee.

The duties and working principles of the committees which have been established within the scope of the Corporate Governance Principles have come into force by the resolution of the Board of Directors dated 25.12.2013 and announced in the public disclosure platform. Furthermore, the Duties and Working Principles designating the general procedures with respect to the activities to be carried out by all committees have been submitted to stakeholders' information on the Company's website.

5.3.1 Auditing Committee

The Audit Committee has been configured in accordance with the Corporate Governance Principles of the Capital Market Board. The Committee consists of two members minimum. The Committee is currently formed by two independent members of our Board of Directors and Mr. Yavuz BAYLAN serves as the Chairman and Mr. Murat Sefer ZAFER as the Member of the Committee. The attention is given to ensure the Chairman of the Committee has held a similar office previously, possesses knowledge enabling him to analyze the financial statements, is competent on the accountancy standards and highly qualified.

The purpose of the Committee performing its duties in a manner subordinated to the Board of Directors is to provide assistance to the Board of Directors with respect to the Company's accounting system, disclosure of financial information to the public, independent auditing and supervision of the operation as well as efficiency of the internal control system and to evaluate the issues identified by the Committee within the scope of its assessments and report the same to the Board of Directors in accordance with the Capital Markets legislation and the principles contained in these regulations. The provision stipulating that the Committee should convene not less than four times in a year on quarterly basis has been regulated in the document entitled the Duties and Working Principles of the Audit Committee.

5.3.2 Corporate Governance Committee

The Corporate Governance Committee consists of 2 non-executive members of the Board of Directors minimum. The Committee is currently formed by two independent members of our Board of Directors and Mr. Murat Sefer ZAFER serves as the Chairman and Mr. Yavuz BAYLAN as the Member of the Committee.

The purpose of the Committee performing its duties in a manner subordinated to the Board of Directors is to monitor the compliance of the Company with the corporate governance principles, perform improvement studies and submit recommendation to the Board of Directors related thereto in accordance with the Capital Markets legislation and the principles contained in these regulations. The provision stipulating that the Committee should convene not less than three times in a year has been regulated in the document entitled the Duties and Working Principles of the Corporate Governance Committee.

5.3.3 Early Detection of Risk Committee

The Early Detection of Risk Committee consists of 2 non-executive members of the Board of Directors minimum. The Committee is currently formed by two independent members of our Board of Directors and Mr. Yavuz BAYLAN serves as the Chairman and Mr. Murat Sefer ZAFER as the Member of the Committee.

The Early Detection of Risk Committee has been established in order to detect the risks which may endanger the existence, the development and the standing of the Company in advance as well as submit recommendations to the Board of Directors regarding the implementation of the necessary measures related with the identified risks and the management of the risk in accordance with Turkish Commercial Code, the Company's Articles of Association and the Corporate Governance Principles Communiqué of the Capital Market Board. The Committee performs its duties in a manner subordinated to the Board of Directors. The provision stipulating that the Committee should convene not less than once in a year has been regulated in the document entitled the Duties and Working Principles of the Early Detection of Risk Committee.

5.4. Risk Management and Internal Control Mechanism

The financial statements of ODAŞ Enerji are prepared on a consolidated basis in accordance with the applicable laws due to its structure. In its two main operation groups consisting of production and electricity wholesale, IFRS-based financial statements are prepared on a quarterly basis. The transactions between said two groups are eliminated and consolidated financial statements are formed at ODAŞ Enerji level also. The periodic financial results and the performances of the companies subject to the consolidation are analyzed and included into the financial reporting on consolidated basis. The internal control activities of ODAŞ Enerji are conducted with the coordination of Mrs. Adeviye DEMİR PEKMEZCİ, the Internal Auditing Manager and Financial Controller, under the responsibility of the Auditing Committee pursuant to the relevant legislation. In quarterly periods where the financial statements are disclosed to the public, the consolidated financial statements are submitted to the Board of Directors after being controlled and approved by the Auditing Committee.

The new Turkish Commercial Code (TCC) which has come into force on July 1st, 2012 has made the risk management activities obligatory for publicly traded companies. The Early Detection of Risk Committee established in a manner subordinated to the Board of Directors by the Board's resolution dated 25.12.2013 carries out studies on the written texts regulating, explaining and ruling how the main operation groups would manage their own risks. Besides, the Committee has been established in order to detect the risks which may endanger the existence, the development and the standing of the Company in advance as well as submit its opinions and recommendations to the Board of Directors regarding the implementation of the necessary measures related with the identified risks and the management of the risk.

5.5. Strategic Targets of the Company

The Company's Board of Directors is attentive to obtain the opinions and the recommendations of the relevant departments at the determining the strategic targets stage. The recommendations submitted related to the strategic targets are reported to the Board of Directors and the studies intended to implement the targets are carried out as soon as possible. The degree of attaining the targets is measured by monitoring the activities performed in financial statement periods and as of the year-end. The Board of Directors makes an annual evaluation for the purpose to review the degree of attaining the targets, the activities and the past performance of the Company once a year.

5.6. Financial Benefits

"The Remuneration Policy" intended to the Members of the Board of Directors and the Top Executives has been formulated in writing, adopted in the meeting of the Board of Directors dated 25.12.2013, announced to the shareholders via PDP (Public Disclosure Platform) and posted on the website of the Company in accordance with the Corporate Governance Principles,.

Pursuant to the Company's Articles of Association, the monthly wages and the attendance fees of the Members of the Board of Directors are fixed by the General Assembly. In the Ordinary General Assembly Meeting of the Company held on 06.03.2013, it has been resolve to pay TL 5.000 to the Members of the Board of Directors as monthly net remuneration.

The financial benefits provided to the Members of the Board of Directors and the Top Executives consisting of the Company's Group Managers in 2003 are as follows:

	Mali Menfaatlerin Toplamı(TL)
Yönetim Kurulu Üyeleri	451,468.78
Üst Düzey Yöneticiler	818,702.97

The payments made to the members of the Company's Board of Directors consist of monthly wages. The remunerations payable to the members of the Board of Directors are cash payments fixed basing on profitability ratio, performance as well as internal balances of the Company and made in certain periods of each month.

The payments made to the top executives of the Company consist of monthly wages. The remunerations payable to the top executives are fixed by considering the position and the features of the conducted duty, merits, experience, performance, wage policies applicable in the same industry for the similar positions, internal balances of the Company, inflation and the Company's success in attainment of the financial targets for the respective year.

The necessary attention is paid in order to ensure that the remuneration practices do not include any incentive system which would damage the interests of the shareholders, the employees and the customers. The remunerations are reviewed and updated once a year. In our company, no loan is provided to, no credit is made available for or no security like bail is granted in favor of the members of the Board of Directors or the managers, directly or via third parties.

GOVERNMENT INCENTIVES AND SUBSIDIES

Odaş Enerji holds the investment incentive certificate no. 102704 dated 22.09.2011 issued by Turkish Republic, Ministry of Economy, General Directorate of Incentive Practices and Foreign Capital. The incentive certificate no.102704-B dated 21.12.2011 has been issued to take the place of the aforesaid one. The investment constituting the subject-matter of the certificate is the natural gas thermal-combined cycle plant with an installed capacity of (7x19)+17=150 MW and the investment certificate has been issued basing on the Production License no. EU/3323-2/2005 of EMRA (Energy Market Regulatory Authority) dated 14.07.2011.

The investment incentive certificate has been issued for the completely new investment made in the Centrum of Şanlıurfa and covers the period between 24.05.2011 and 24.05.2014. The incentives with respect to VAT and customs duty exemptions are utilized by virtue of the certificate. The total amount of the investment based on incentive certificate which would be financed by external sources completely is TL 127.000.000.

DIVIDEND POLICY

The profit of the Company is determined and distributed in accordance with Turkish Commercial Code, Capital Market Legislation and generally accepted accounting principles. The net profit specified in annual balance sheet and remained after deducting the amounts which must be paid or reserved by the Company like overhead expenses and various depreciations as well as the taxes and all other financial liabilities which must be paid by the legal entity of the Company from the incomes determined as of the year-end is distributed in following order after deduction of the accumulated losses, if any.

Primary Legal Reserve:

a) Legal reserve at a rate of 5% is allocated in accordance with the provisions of the related article of Turkish Commercial Code.

First Dividend:

b) The first dividend is allocated from the balance over the amount of balance plus the amount of donations made within the year, if any in compliance with the Turkish Commercial Code and Capital Market Legislation.

c) Following the deductions mentioned, the General Assembly is entitled to decide the distribution of dividend to the board members and the officers, the servants and the workers, the foundations as well as similar persons and institutions.

Second Dividend:

d) The General Assembly is entitled to distribute the amount remaining after deducting the amounts specified in subparagraphs (a), (b) and (c) from the net profit as the second dividend or allocate the same as extraordinary reserves partially or completely.

Secondary Legal Reserve:

e) One-tenth of the amount calculated after deducting dividend at a rate of 5% of the paid-in capital from the amount decided to be distributed to the shareholders and other persons participating the profit is allocated as the secondary reserve pursuant to the subparagraph 2 of the article 519 of Turkish Commercial Code.

Unless the reserves which should be allocated pursuant to the statutory provisions are allocated and the first dividend which is determined for the shareholders as per the Articles of Association is distributed in cash and/or as shares, allocation of further reserves, transfer of profit to the next year and distribution of dividend to the board members and the officers, the servants and the workers, the foundations established for various purposes as well as similar persons and/or institutions may not be decided.

The dividend regarding the shares is distributed to all of the existing shares at the end of the period without considering the issuance and acquisition date thereof without applying the principle of per diem deduction.

The Company is entitled to distribute dividend advance to its shareholders within the framework of the regulation set forth in the article 20 of the Capital Market Law.

The way and time to distribute the profit shall be decided by the general assembly upon the proposal of the board of directors in this regard.

If any profit distributable pursuant to the relevant communiqués is derived, the annual distributable profit of the Company shall be submitted to the General Assembly for approval together with the resolution regarding the dividend distribution to be adopted by the Board of Directors and the distribution shall be completed within the statutory periods, if it is approved by the General Assembly.

The distribution date of the dividend to the shareholders is resolved by the General Assembly upon proposal of the Board of Directors. Dividend payments are made within the statutory periods. For the other distribution methods, relevant legislations, communiqués and regulations of the CMB are complied with.

The dividend to be distributed may be in form of cash or bonus share or a combination depending on the resolution to be adopted by the General Assembly. In implementation of the dividend policy, a method ensuring a consistent balance between the interests of the shareholders and the interests of the Company is followed.

If no dividend is distributed, the Board of Directors informs the shareholders about the reason as well as how to use the undistributed profit in by the General Assembly meeting.

LITIGATIONS

An action has been brought against T.R. Prime Ministry on 24.02.2012 in order to be able to benefit from VAT rate of 1% set forth in the Cabinet Decision No.2011/2604 for the VAT payable for the machinery and the equipment imported within the scope of the financial leasing agreement. The case is registered with the 4th Chamber of the Council of State under the docket no. 2012/1177. If the case would result in favor of our Company, the VAT rate applicable for the machinery and the equipment imported within the scope of the financial leasing agreement shall be reduced from 18% down to %1. The case is pending in order to be submitted to the judge for examination the merits.

“Odaş Enerji has adopted a transparent and open management approach as well as aimed at creating a sense of accountable governance liable to all of its shareholders.”

A UNIQUE MODEL OF SUSTAINABILITY: SOLAR POWER PLANT MEETING THE ENERGY NEED OF NATURAL GAS POWER PLANT FOR THE FIRST TIME IN TURKEY

17. Financial Statements and Notes

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET A.Ş.
AND ITS SUBSIDIARIES

Financial Statements and Independent Auditor's Report
for the Financial Year
between January 01st –December 31st, 2013

Odaş Elektrik Üretim Sanayi Ticaret A.Ş.
Consolidated Financial Statements and Independent Auditor's Report for the Year ended on December 31st, 2013

To the Board of Directors of
Odaş Elektrik Üretim Sanayi Ticaret A.Ş.

Introduction

We have audited the accompanying consolidated financial statements of Odaş Elektrik Üretim Sanayi Ticaret A.Ş. ("the Company") and its Subsidiaries (collectively "the Group"), which comprise of the consolidated statement of financial position as of December 31st, 2013 and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity as well as the consolidated statement of cash flow for the year and a summary of the significant accounting policies and the other explanatory notes.

Management's Responsibility for the Financial Statements

The Management of the Group is responsible for the preparation and fair presentation of the financial statements in accordance with Turkish Accounting Standards issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). This responsibility includes designing, implementing and maintaining the internal control system necessary for the preparation and the fair presentation of the financial statements that are free from any material misstatement arising from error and/or fraud and irregularity; making the accounting estimates required by the prevailing conditions as well as selecting and applying the appropriate accounting policies.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on the audit that we have conducted. Our independent audit has been conducted in accordance with the independent auditing standards issued by the Capital Market Board. Those standards require compliance with the ethical principles as well as planning and performing the independent audit in a manner enabling to obtain reasonable assurance whether the financial statements reflect the truth accurately and fairly.

Our independent audit involves the use of independent auditing techniques in order to obtain audit evidence about the amounts and notes given in the financial statements. Selection of the independent auditing techniques has been made in accordance with our professional opinion in a manner covering the assessment of the risk with respect to any material misstatement contained in the financial statements including the fact that whether such misstatement arises from error and/or fraud and irregularity. During the stage of risk assessment, the internal control system of the entity has also been taken into the consideration. However, our intent is not to express an opinion regarding the effectiveness of the internal control system, but to reveal the relation between the financial statements prepared by the management and the internal control system for the purpose of designing the independent auditing techniques in accordance with the prevailing conditions.

Our independent audit also includes an evaluation with respect to the appropriateness of presenting the accounting policies adopted as well as the material accounting estimations made and the financial statements prepared by the Group's management as a whole.

We believe that the audit evidences that we have obtained during the independent auditing process constitute a sufficient and appropriate basis for the formation of our opinion.

Opinion

In our opinion, the financial statements attached hereto represent the consolidated financial position of Odaş Elektrik Üretim Sanayi Ticaret A.Ş. and its Subsidiaries as of December 31st , 2013 as well as their consolidated financial performances and cash flows for the respective period of twelve months then ended accurately and fairly, in all material respects, pursuant to TAS.

Other Issues

The Company has purchased 9.200 shares corresponding to 92% of 10.000 shares of Çan Kömür ve İnşaat Anonim Şirketi from Mustafa Koncagül and Süleyman Koncagül at a price amounting to TL 6,614,727.

Çan Kömür ve İnşaat A.Ş has the paid-off royalty right with respect to the coal site located in Çanakkale province, Çan country of which the price has been paid in advance and the studies regarding the determination of the reserves in the said coal site has been conducted by Fichtner Mining & Environment GMBH, an international independent mine valuation company headquartered in Germany. According to "Çan Yaylaköy Lignite Coal Deposits Valuation Report" preparedon February 26th, 2014, a coal reserve of 24.70 million tons totally, of which 18.94 million tons of measured and 5.76 million tons of additional indicated reserves , has been detected as a result of the studies conducted at a certain part of the site.

The value of the Company and its assets as of December 31st, 2013 has been updated by the management of the Company basing on the independent valuation report prepared by Moore Stephens Turkey-MBK Bağımsız Denetim ve SMMM A.Ş., an independent appraiser company on March 4th, 2014 and the value of the assets owned by Çan Kömür has been calculated as TL 290,581,485.

The Company has recognized the value of the assets determined as a result of valuation report pursuant to TFRS 3 – TAS 38 as well as entered the negative goodwill amounting to TL 260,720,038 into the records as revenue and included into the profit of the period.

Reports on Independent Auditor's Responsibilities arising from other Regulatory Requirements

In accordance with the Article No.402 of Turkish Commercial Code No.6102 ("TCC"), the Board of Directors has submitted to us the necessary explanations and provided required documents within the context of audit. Furthermore, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period January 1st – December 31st, 2013 are not in compliance with the provisions of the Code and the Company's articles of association in relation to financial reporting.

According to the Article 378 of Turkish Commercial Code No. 6102, the Board of Directors of the publicly traded companies are required to form an expert committee, and to run and to develop the necessary system for the purposes of early identification of the causes that jeopardize the existence, development and continuity of the company; applying the necessary measures and remedies in this regard; and managing the related risks. According to the subparagraph 4 of the Article 398 of the Code, the auditor is required to prepare a separate report explaining whether the Board of Directors has established the system and the authorized committee stipulated under the 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 the 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 evaluating the operational efficiency and adequacy of the activities carried out by the management of the Company in order to manage these risks. As of the balance sheet date, POA has not announced the principles of this report. Therefore, no separate report has been drawn up related thereto. On the other hand, the Company has established the Audit Committee, the Corporate Governance Committee and the Early Detection of Risk Committee under the resolution no.33 of the Board of Directors dated December 25th, 2013 and the committees consist of two members minimum. .

As Bağımsız Denetim ve YMM A.Ş.
(Member of **NEXIA INTERNATIONAL***)*

Osman Tuğrul ÖZSÜT,
Responsible Partner, Chief Auditor

06.03.2014
Istanbul, Turkey

STATEMENT OF FINANCIAL POSITION (TL)

(All amounts expressed in "TL")

			Restated
		Independent Audited Consolidated	Independent Audited Consolidated
ASSETS	Note References	31.12.2013	31.12.2012
Current assets			
Cash and cash equivalents	53	52.404.670	48.207.313
Trade Receivables	6-7	33.238.324	22.094.062
Trade Receivables from related parties	6	-	-
Trade Receivables from non-related parties	7	33.238.324	22.094.062
Other Receivables	6-9	9.785.335	6.751.727
Other Receivables from related parties	6	8.370.563	6.311.108
Other Receivables from non-related parties	9	1.414.772	440.619
Inventories	10	188.471	276.805
Prepaid Expenses	12	19.659.892	5.988.474
Assets relating to Current Period Tax	25	-	-
Other current assets	29	33.429.816	17.085.066
Total current assets		**148.706.508**	**100.403.447**
Fixed assets			
Tangible fixed assets	14	166.227.036	137.926.797
Intangible fixed assets	17	290.366.101	26.665.190
Goodwill	18	-	26.309.154
Other intangible fixed assets	17-18	290.366.101	356.036
Prepaid expenses	12	3.949.840	5.888.150
Deferred tax assets	40	63.461	-
Other fixed assets	29	3.357.780	-
Total fixed assets		**463.964.218**	**170.480.137**
Total assets		**612.670.723**	**270.883.584**

The enclosed explanatory notes are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION (TL)

(All amounts expressed in "TL")

LIABILITIES	Note References	Independent Audited Consolidated 31.12.2013	Restated Independent Audited Consolidated 31.12.2012
Short-term liabilities			
Short-term borrowings	47	-	2.699
Short-term financial leasing liabilities	47	11.943.029	458.861
Short-term parts of long-term borrowings	47	33.284.811	34.486.037
Other financial liabilities	47	58.759	-
Trade payables	6-7	37.320.172	35.916.012
Trade payables to related parties	6	-	638
Trade payables to non-related parties	7	37.320.172	35.915.374
Payables under employee benefits	27	121.929	92.935
Other payables	6-9	5.590.024	7.591.005
Other payables to related parties	6	3.275.120	5.232.422
Other payables to non-related parties	9	2.314.904	2.358.583
Deferred incomes	12	16.947.983	10.468.455
Period income tax liability	25	-	853.605
Short-term provisions	25	-	-
Short-term provisions for employee benefits	25	-	-
Other short-term liabilities	29	25.599.952	7.192.146
TOTAL SHORT-TERM LIABILITIES		**130.866.659**	**97.061.755**
Long-term liabilities	47	67.343.603	69.770.825
Long-term financial leasing liabilities	47	55.539.942	54.043.829
Long-term provisions	27	251.383	141.995
Long-term provisions for employee benefits	27	251.383	141.995
Deferred tax liability	40	64.004.240	5.497.348
TOTAL LONG-TERM LIABILITIES		**187.139.168**	**129.453.997**

EQUITIES	Note References	Independent Audited Consolidated 31.12.2013	Restated Independent Audited Consolidated 31.12.2012
Equity of parent company		270.730.259	44.363.781
Paid in share capital	30	42.000.000	30.000.000
Premiums/Discounts on shares	30	48.000.000	-
Other accumulated comprehensive incomes and expenses not to be reclassified in profit and loss	30	(26.405.410)	-
Effects of Mergers involving Enterprises or Establishments under to Joint Control	30	(26.405.410)	-
Other accumulated comprehensive incomes and expenses to be reclassified in profit and loss	30	(105.555)	(64.917)
Other Earnings / Losses	30	(105.555)	(64.917)
Retained Profits / Losses	30	14.428.699	(1.075.762)
Net Current Profit/Loss	41	192.812.525	15.504.460
Non-controlling interests	30	23.934.637	4.049
TOTAL EQUITIES		**294.664.896**	**44.367.830**
TOTAL LIABILITIES		**612.670.723**	**270.883.584**

STATEMENT OF FINANCIAL POSITION (TL)

(All amounts expressed in "TL")

		Independent Audited Consolidated	Restated Independent Audited Consolidated
PROFIT OR LOSS PART	Note References	31.12.2013	31.12.2012
Revenue	31	599.703.615	174.565.999
Cost of Sales (-)	31	(549.496.133)	(144.444.645)
Gross Profit/Loss from business operations		50.207.482	30.121.354
GROSS PROFIT/LOSS		**50.207.482**	**30.121.354**
General administration expenses (-)	33	(4.463.611)	(1.009.722)
Marketing expenses (-)	33	(2.310.954)	(242.316)
Research and Development expenses	33	-	-
Other real operating incomes	34	3.297.879	1.511.196
Other real operating expenses (-)	34	(6.893.771)	(244.538)
REAL OPERATING PROFIT/LOSS		**39.837.025**	**30.135.974**
Incomes from investing operations	35	260.728.440	-
Expenses from investing operations (-)	35	-	-
OPERATING PROFIT/LOSS BEFORE FINANCING EXPENSE		**300.565.465**	**30.135.974**
Financing Incomes	37	15.794.742	11.271.893
Financing Expenses (-)	37	(65.156.269)	(18.983.291)
PRE-TAX PROFIT/LOSS OF CONTINUING OPERATIONS		**251.203.938**	**22.424.576**
Tax expense/ income of Continuing Operations		**(58.445.077)**	**(6.921.110)**
Current Tax Expense/Income	40	-	(899.148)
Deferred Tax Expense/Income	40	(58.445.077)	(6.021.962)
PROFIT/LOSS OF CONTINUING OPERATIONS		**192.758.861**	**15.503.466**
CURRENT PROFIT/LOSS		192.758.861	15.503.466

		Independent Audited Consolidated	Restated Independent Audited Consolidated
Distribution of Current Profit/Loss			
Non-controlling interests	30	(53.663)	(995)
Parent company shares	30	192.812.525	15.504.460
Earnings per share			
Earnings per share from continuing operations	41	5,211149	0,516815
OTHER COMPREHENSIVE INCOME			
These not to be reclassified in profit and loss	38	40.638	64.917
Actuarial loss and earnings calculated under Employee Benefits	38	50.798	81.146
Tax effect			
Deferred tax expense/income	38	(10.160)	(16.229)
OTHER COMPREHENSIVE INCOME		**40.638**	**64.917**
TOTAL COMPREHENSIVE INCOME		**192.799.499**	**15.568.383**
Distribution of total comprehensive income			
Non-controlling interests		(53.674)	(996)
Parent company shares		192.853.174	15.569.379

The enclosed explanatory notes are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY (TL)

(All amounts expressed in "TL")

				Other accumulated comprehensive incomes and expenses not to be reclassified in profit or loss		Other accumulated comprehensive incomes and expenses to be reclassified in profit or loss	Retained Profits		
	Note References	Paid Capital	Share premium	Actuarial Loss/ Earnings	Minority Interest	Earnings/Losses of Revaluation and Classification	Retained Profits/ Losses	Net Current Profit/ Loss	Equities
Balances at January 1st, 2012		**100.000**	**-**	**-**	**-**	**-**	**(1.075.762)**	**-**	**(975.760)**
Other comprehensive Income / Expense	38	-	-	(64.917)	-	-	-	-	(64.917)
Minority Interest	30	-	-	-	4.049	-	-	-	4.049
Capital increase	30	29.900.000	-	-	-	-	-	-	29.900.000
Increase /Decrease due to other changes	-	-	-	-	-	-	-	15.504.460	15.504.460
Balances at December 31st, 2012		**30.000.000**	**-**	**(64.917)**	**4.049**	**-**	**(1.075.762)**	**15.504.460**	**44.367.830**
Balances at January 1st, 2013		**30.000.000**	**-**	**(64.917)**	**4.049**	**-**	**(1.075.762)**	**15.504.460**	**44.367.830**
Other comprehensive Income / Expense	38	-	-	(40.638)	-	-	-	-	(40.638)
Minority Interest	30	-	-	-	23.930.588	-	-	-	23.930.588
Transfers	30	-	-	-	-	-	15.504.460	(15.504.460)	-
Capital increase	-	12.000.000	48.000.000	-	-	-	-	-	60.000.000
Changes in accounting policy	3	-	-	-	-	(26.405.410)	-	-	(26.405.410)
Increase /Decrease due to other changes	41	-	-	-	-	-	-	192.812.525	192.812.525
Balances at December 31st, 2013		**42.000.000**	**48.000.000**	**(105.555)**	**23.934.637**	**(26.405.410)**	**14.428.699**	**192.812.525**	**294.664.896**

İlişikteki yer alan dipnotlar bu finansal tabloların tamamlayıcı parçalarıdır.

CASH FLOW STATEMENT (TL)

(All amounts expressed in "TL")

	Note References	Current Period	Prior Period
A. CASH FLOWS FROM BUSINESS OPERATIONS		**230.615.717**	**21.220.764**
Current Profit/Loss		**192.812.525**	**15.504.460**
Adjustments relating to Settlement of Net Current Profit/Loss		**81.698.010**	**1.574.237**
- Adjustments relating to amortization and redemption expense	10-31-33-34	3.816.901	2.648.392
- Adjustments relating to provisions		**765.979**	**1.750.399**
Provision for termination indemnities	27	7.562	40.207
Provision for tax	40	-	899.148
Provision for unused vacation	27	40.957	27.341
Provisions for doubtful receivables	7	532.941	96.693
Rediscounts		184.518	687.010
- Adjustments relating to interest income and expenses		**(5.267.091)**	**(8.802.466)**
Income Accruals	29	(30.867.044)	(15.994.612)
Expense Accruals (Interest and other)	29	25.599.952	7.192.146
-Adjustments relating to tax expenses/income 40		58.443.432	5.973.863
- Adjustments relating to losses/earnings from disposal of the fixed assets	35	8.202	-
Other adjustments relating to profit/loss settlement		**23.930.588**	**4.049**
Minority interests	30	23.930.588	4.049
Change in operating Capital		**(17.448.770)**	**4.206.982**
- Adjustments relating to inventories increase/decrease	10	88.334	(276.805)
- Adjustments relating to increase/decrease in trade receivables	7	(11.838.940)	(16.247.216)
- Adjustments relating to increase/decrease in other receivables for operations		**7.431.787**	**(5.278.977)**
Change in other receivables	9	(3.732.728)	(3.066.554)
Change in other assets	29	11.164.515	(2.212.423)
-Adjustments relating to increase/decrease in trade payables		**1.379.672**	**21.833.836**
Change in trade payables	7	1.379.672	21.822.750
Change in provisions for payables	25	-	11.086
- Adjustments relating to increase/decrease in other payables for operations		(12.943.401)	(12.552.986)
Change in prepaid expenses	12	(11.733.108)	(11.876.624)
Change in payables under employee benefits	27	28.994	(143.250)
Change in other payables	9	(1.300.155)	(492.905)
Provisions for employee benefits	27	60.868	(40.207)
-Adjustments relating to other increase/decrease in operating capital		**(1.566.223)**	**16.729.130**
Current profit, tax and liability	25-40	(853.605)	(45.418)
Change in deferred incomes	12	6.479.528	10.468.455
Change in other liabilities	29	(7.192.146)	6.306.093
Cash Flows due to operations		**257.061.765**	**21.285.679**
Other Losses/Earnings	30	(26.446.048)	(64.917)

CASH FLOW STATEMENT (TL)v

(All amounts expressed in "TL")

	Note References	Current Period	Prior Period
B. CASH FLOWS FROM INVESTING OPERATIONS		**(295.826.253)**	**(88.064.715)**
Cash outflows relating to purchases for obtaining of the control of subsidiaries	3	-	(26.309.154)
Purchase and sale of tangible fixed assets, net	14	(32.060.849)	(61.409.568)
Purchase and sale of intangible fixed assets, net	17	(263.765.404)	(345.993)
C.CASH FLOWS FROM FINANCING OPERATIONS		**69.407.893**	**112.354.093**
Cash inflows arising from export of instruments based on share and other equity	30	60.000.000	29.900.000
Cash inflows and outflows arising from borrowing	37	(3.572.388)	82.454.093
Cash outflows relating to debt payments arising from leasing contract	37	12.980.281	-
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF FOREIGN CURRENCY CONVERSION ADJUSTMENTS		**4.197.357**	**45.510.142**
D. THE EFFECT OF FOREIGN CURRENCY CONVERSION ADJUSTMENTS UPON CASH AND CASH EQUIVALENTS		**-**	**-**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		**4.197.357**	**45.510.140**
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**48.207.313**	**2.697.171**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**52.404.670**	**48.207.313**

İlişikteki yer alan dipnotlar bu finansal tabloların tamamlayıcı parçalarıdır.

EXPLANATORY NOTES TO FINANCIAL STATEMENTS RELATED WITH THE PERIOD OF JANUARY 01ST, 2013-DECEMBER 31ST, 2013 *(All amounts expressed in ("TL"), unless otherwise indicated.)*

1. ORGANIZATION AND CORE BUSINESS OF THE COMPANY

Odaş Elektrik Üretim Sanayi Ticaret A.Ş. ("Odaş" or "The Company") carries out activities of electricity production through natural gas combined cycling. Company is established in Istanbul on September 28th, 2010.

The Company engages in establishing, commissioning and leasing electricity production plants, producing electricity as well as selling the produced electricity and/or established capacity to the customers.

The Company has obtained production license from the Energy Market Regulatory Authority (EMRA) on July 14th, 2011. According to this license, the Company will engage in electricity production activities by means of the production facilities to be established in Şanlıurfa for a period of 49 years. Planned installed capacity of the production facility is 150 MW. The first phase of the plant having a capacity of 54 MW has been completed and commissioned on October 28th, 2011. The second phase of the plant having a capacity of 56 MW has been completed and commissioned on April 30, 2012. Furthermore, the Company has initiated the investment of steam turbine in 2012 and the investment has been completed and becme operational in 2013.

Capital and shareholding structure of the Group, as of December 31st, 2013 and December 31st, 2012 respectively, are as follows:

	31.12.2013		31.12.2012	
Shareholder	Share Amount	Share Percentage	Share Amount	Share Percentage
Korkut Özal	12.000.000	28,57%	12.000.000	40%
A. Bahattin Özal	9.000.000	21,43%	9.000.000	30%
Burak Altay	9.000.000	21,43%	9.000.000	30%
Free Float (*)	12.000.000	28,57%	-	-
Total Capital	42.000.000	100%	30.000.000	100%

(*) The Company has increased its capital from TL 30,000,000 to TL 42,000,000 in 2013 and the increased portion amounting to TL 12,000,000 has been subscribed completely without any collusion. This capital increase has been registered on 22.07.2013 and announced in Trade Registry Gazette issue no.8371 dated 25.07.2013.

1. ORGANIZATION AND CORE BUSINESS OF THE COMPANY (Continued)

All of the share certificates issued for the portion of the capital amounting to TL 12,000,000 increased by the resolution no.2013/08 of the Board of Directors dated 08.03.2013 and the recognition certificate no.16/519 of the Capital Markets Board dated 08.05.2013 has been offered to the public.

The average number of the personnel employed within the organization of the Company as of December 31st, 2013 is 65 (December 31st, 2012; 41).

Odaş Elektrik Üretim Sanayi Ticaret A.Ş. is registered in Turkey and the address of its registered offices as per the trade registry is as follows:

Fatih Sultan Mehmet Mh. Poligon Cd. Buyaka 2 Sitesi No: 8B 2.Kule Kat: 17 Tepeüstü/Ümraniye/ İstanbul

SUBSIDIARIES
Voytron Elektrik Toptan Satış Dış Ticaret A.Ş.:

Odaş Elektrik Üretim Sanayi Ticaret A.Ş has purchased 100% of the shares of Voytron Elektrik Toptan Satış Dış Ticaret A.Ş. on 28.09.2012 and included the said company into the consolidation.

Voytron Elektrik Toptan Satış Dış Ticaret A.Ş. ("Voytron Elektrik") is established and registered on September 17th, 2009 at the address stated hereunder. Voytron Elektrik engages in the activities with respect to the wholesale of electricity and/or established capacity and the retail sale of the same directly to the eligible consumers in accordance with the legislation related with the electricity market.

The registered office of the Company is located in Fatih Sultan Mehmet Mh. Poligon Cd. Buyaka 2 Sitesi No: 8B 2.Kule Kat: 17 Tepeüstü / Ümraniye / İstanbul.

Voytron Elektrik has obtained a wholesaler license having a validity term of 20 years from the Energy Market Regulatory Authority (EMRA) on March 11th, 2010.

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET A.Ş.

EXPLANATORY NOTES TO FINANCIAL STATEMENTS RELATED WITH THE PERIOD OF JANUARY 01st, 2013-DECEMBER 31st, 2013 *(All amounts expressed in ("TL"), unless otherwise indicated.)*

1. ORGANIZATION AND CORE BUSINESS OF THE COMPANY (Continued)

The shareholding structure of Voytron Elektrik Toptan Satış Dış Ticaret A.Ş. is as follows:

	31st December 2013	31st December 2012
Odaş Elektrik Üretim Sanayi Ticaret A.Ş.	100%	100%

Hidro Enerji Elektrik Üretim Sanayi A.Ş.:

Odaş Elektrik Üretim Sanayi Ticaret A.Ş has purchased 100% of the shares of Hidro Enerji Elektrik Üretim Sanayi A.Ş. on 27.11.2012 and included the said company into the consolidation.

Hidro Enerji Elektrik Üretim Sanayi A.Ş. ("Hidro Enerji") is established on 05.04.2005. Hidro Enerji engages in establishing, commissioning and leasing electricity production plants, producing electricity as well as selling the produced electricity and/or established capacity to the customers.

The registered office of the Company is located in Fatih Sultan Mehmet Mh. Poligon Cd. Buyaka 2 Sitesi No: 8B 2.Kule Kat: 17 Tepeüstü / Ümraniye / İstanbul.

Hidro Enerji has obtained a production license having a validity term of 49 years from the Energy Market Regulatory Authority (EMRA) taken on September 20th, 2012. The said license has been granted for Volkan HEP to be established in Trabzon province. Total installed capacity of the plant 1,913 MWm / 1.855 MWe.

The shareholding structure of Hidro Enerji Elektrik Üretim Sanayi A.Ş. is as follows:

	31st December 2013	31st December 2012
Odaş Elektrik Üretim Sanayi Ticaret A.Ş.	100%	100%

1. ORGANIZATION AND CORE BUSINESS OF THE COMPANY (Continued)

Ağrı Elektrik Üretim Sanayi A.Ş.:

Odaş Elektrik Üretim Sanayi Ticaret A.Ş has purchased 70% of the shares of Ağrı Elektrik Üretim Sanayi A.Ş. on 27.11.2012 and included the said company into the consolidation.

Ağrı Elektrik Üretim Sanayi A.Ş. ("Ağrı Elektrik") is established on 13.04.2011. Ağrı Elektrik engages in establishing, commissioning and leasing electricity production plants, producing electricity as well as selling the produced electricity and/or established capacity to the customers.

The registered office of the Company is located in Fatih Sultan Mehmet Mh. Poligon Cd. Buyaka 2 Sitesi No: 8B 2.Kule Kat: 17 Tepeüstü / Ümraniye / İstanbul.

Ağrı Elektrik has obtained a production license having a validity term of 49 years from the Energy Market Regulatory Authority (EMRA) on July 5th, 2012. The said license has been granted for the production plant to be established in Konya province, Karatay county. Total installed capacity of Ağrı I Natural Gas Combined Cycle Plant 63 MWm / 61 MWe.

The shareholding structure of Ağrı Elektrik Üretim Sanayi A.Ş. is as follows:

	31st December 2013	31st December 2012
Odaş Elektrik Üretim Sanayi Ticaret A.Ş.	70%	70%
Abdulkadir Bahattin Özal	15%	15%
Burak Altay	15%	15%

1. ORGANIZATION AND CORE BUSINESS OF THE COMPANY (Continued)

Küçük Enerji Üretim ve Ticaret Ltd.Şti:

Odaş Elektrik Üretim Sanayi Ticaret A.Ş has purchased 90% of the shares of Küçük Enerji Üretim ve Ticaret Ltd.Şti on 27.12.2012 and included the said company into the consolidation.

Küçük Enerji Üretim ve Ticaret Ltd.Şti ("Küçük Enerji") is established on 01.05.2007. Küçük Enerji engages in establishing, commissioning and leasing electricity production plants, producing electricity as well as selling the produced electricity and/or established capacity to the customers.

The registered office of the Company is located in Fatih Sultan Mehmet Mh. Poligon Cd. Buyaka 2 Sitesi No: 8B 2.Kule Kat: 17 Tepeüstü / Ümraniye / İstanbul.

Küçük Enerji has obtained a production license having a validity term of 49 years from the Energy Market Regulatory Authority (EMRA) on April 12th, 2012. The said license has been granted for Köprübaşı Regulator and Hydroelectric Plant to be established in Trabzon province. Total installed capacity of the plant (2 x 4,097) MWm / (2 x 3,975) MWe..

The shareholding structure of Küçük Enerji Üretim ve Ticaret Ltd.Şti is as follows:

	31st December 2013	31st December 2012
Odaş Elektrik Üretim Sanayi Ticaret A.Ş.	90%	90%
Abdulkadir Bahattin Özal	5%	5%
Burak Altay	5%	5%

1. ORGANIZATION AND CORE BUSINESS OF THE COMPANY (Continued)

Ena Elektrik Üretim Ltd. Şti:

Odaş Elektrik Üretim Sanayi Ticaret A.Ş has purchased 80% of the shares of Ena Elektrik Üretim Ltd.Şti on 27.12.2012 and included the said company into the consolidation.

Ena Elektrik Üretim Ltd.Şti ("Ena Elektrik") is established on 17.01.2007. Ena Elektrik engages in establishing, commissioning and leasing electricity production plants, producing electricity as well as selling the produced electricity and/or established capacity to the customers.

The capital of the company has been subscribed by the shareholders completely without any collusion. The initial capital amounting to TL 100,000.00 has been paid in cash completely. The increased portion of the capital amounting to TL 2,905,000.00 has been subscribed completely without any collusion, 1/4 of the nominal values of the shares subscribed in cash has been paid prior to the registration of the capital increase and remaining 3/4 shall be paid within 24 months following the registration of the company in accordance with the resolutions to be adopted by the board of shareholders.

This capital increase has been registered on 07.05.2013 and announced in Trade Registry Gazette issue no.8318 dated 13.05.2013.

The registered office of the Company is located in Fatih Sultan Mehmet Mh. Poligon Cd. Buyaka 2 Sitesi No: 8B 2.Kule Kat: 17 Tepeüstü / Ümraniye / İstanbul.

The shareholding structure of Ena Elektrik Üretim Ltd.Şti is as follows:

	31st December 2013	31st December 2012
Odaş Elektrik Üretim Sanayi Ticaret A.Ş.	80%	80%
Hidayet Büküm	20%	20%

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET A.Ş.

EXPLANATORY NOTES TO FINANCIAL STATEMENTS RELATED WITH THE PERIOD OF JANUARY 01ST, 2013-DECEMBER 31ST, 2013 *(All amounts expressed in ("TL"), unless otherwise indicated.)*

1. ORGANIZATION AND CORE BUSINESS OF THE COMPANY (Continued)

Yel Enerji Elektrik Üretim Sanayi A.Ş.:

Odaş Elektrik Üretim Sanayi Ticaret A.Ş has purchased 75% of the shares of Yel Enerji Elektrik Üretim Sanayi A.Ş. on 10.01.2013 and included the said company into the consolidation.

Yel Enerji Elektrik Üretim Sanayi A.Ş. ("Yel Enerji") is established on 22.10.2007. Yel Enerji engages in establishing, commissioning and leasing electricity production plants, producing electricity as well as selling the produced electricity and/or established capacity to the customers.

The registered office of the Company is located in Fatih Sultan Mehmet Mh. Poligon Cd. Buyaka 2 Sitesi No: 8B 2.Kule Kat: 17 Tepeüstü / Ümraniye / İstanbul.

The shareholding structure of Yel Enerji Elektrik Üretim Sanayi A.Ş. is as follows:

	31st December 2013	31st December 2012
Odaş Elektrik Üretim Sanayi Ticaret A.Ş.	75%	-
Abdulkadir Bahattin Özal	12,50%	50%
Burak Altay	12,50%	50%

1. ORGANIZATION AND CORE BUSINESS OF THE COMPANY (Continued)

Odaş Doğalgaz Toptan Satış Sanayi ve Ticaret A.Ş.

Odaş Elektrik Üretim Sanayi Ticaret A.Ş has participated in Odaş Doğalgaz Toptan Satış Sanayi ve Ticaret A.Ş. at a rate of 80 % on 11.01.2013 with the capacity of founder partner and included the said company into the consolidation.

Odaş Doğalgaz engages in production, import and purchase of Natural Gas, Liquefied Natural Gas (LNG) and Compressed Natural Gas (CNG) from other wholesaler companies and sources to be permitted by the law as well as wholesale of the same to exporters, LNG & CNG distribution and wholesaler companies, eligible consumers and other customers to be permitted by the law by agreeing and undertaking the issues determined by the communiqués, resolutions and regulations of the Energy Market Regulatory Authority (EMRA) pursuant to the Law No.4646.

The registered office of the Company is located in Fatih Sultan Mehmet Mh. Poligon Cd. Buyaka 2 Sitesi No: 8B 2.Kule Kat: 17 Tepeüstü / Ümraniye / İstanbul.

Odaş Doğalgaz Toptan Satış Sanayi ve Ticaret A.Ş. has obtained a natural gas wholesaler license having a validity for 30 years from the Energy Market Regulatory Authority (EMRA) on March 20th, 2013.

The shareholding structure of Odaş Doğalgaz Toptan Satış Sanayi ve Ticaret A.Ş. is as follows:

	31st December 2013
Odaş Elektrik Üretim Sanayi Ticaret A.Ş.	50%
Abdulkadir Bahattin Özal	20,01%
Burak Altay	20,01%
Tahsin Yazan	9,98%

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET A.Ş.

EXPLANATORY NOTES TO FINANCIAL STATEMENTS RELATED WITH THE PERIOD OF JANUARY 01st, 2013-DECEMBER 31st, 2013 *(All amounts expressed in ("TL"), unless otherwise indicated.)*

1. ORGANIZATION AND CORE BUSINESS OF THE COMPANY (Continued)

Çan Kömür ve İnşaat A.Ş.:

Odaş Elektrik Üretim Sanayi Ticaret A.Ş has purchased 92% of the shares of Çan Kömür on 09.09.2013 and included the said company into the consolidation.

The registered office of the Company is located in Fatih Sultan Mehmet Mh. Poligon Cd. Buyaka 2 Sitesi No: 8B 2.Kule Kat: 17 Tepeüstü / Ümraniye / İstanbul.

Çan Kömür engages in establishing, commissioning and leasing electricity production plants based on local coal, producing electricity as well as selling the produced electricity and/or established capacity to the customers.

The shareholding structure of Çan Kömür ve İnşaat A.Ş. is as follows:

	31st December 2013
Odaş Elektrik Üretim Sanayi Ticaret A.Ş.	92%
Mustafa Koncagül	8%

The information about the EMRA licenses held by the parent company and the subsidiaries included in consolidation is as follows.

License Owner	License Type	License No	Date	Term	Effective Date
Voytron Elektrik	Wholesaler	ETS/2461-2/1599	11.03.2010	20 yıl	11.03.2010
Odaş	Production	EÜ/3323-2/2005	14.07.2011	49 yıl	14.07.2011
Hidro Enerji	Production	EÜ/4027-2/2427	20.09.2012	49 yıl	20.09.2012
Ağrı Elektrik	Production	EÜ/3905-3/2372	05.07.2012	49 yıl	05.07.2012
Küçük Enerji	Production	EÜ/3769-4/2314	12.04.2012	49 yıl	12.04.2012
Odaş Doğalgaz	Natural Gas Wholesaler	DTS/4318-4/291	20.03.2013	30 yıl	20.03.2013

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

a. Basis of Presentation

The main accounting policies applied in the preparation of the financial statements of the Group are as follows:

Applied Accounting Standards

The legal books and the financial statements of the Company are kept and prepared in accordance with the accounting principles determined by Turkish Commercial Code and the tax legislations. The financial statements have been based on the legal records of the Company and subjected to adjustments as well as classification amendments for being brought in compliance with the communiqués of the Capital Market Board ("the CMB").

The CMB's Communiqué Serial II, No: 14.1 on the Principles of Financial Reporting in Capital Market has been published in the Official Gazette on June 13th, 2013 and come into force as of the publishing date for the financial statements issued in connection with the interim periods ended after April 1st, 2013. The said communiqué sets out the principles, the procedures and the guidelines with respect to the financial statements to be prepared by the entities as well as preparation and submission of the same to the respective authorities. The Communiqué Serial XI, No: 29 on the Principles of Financial Reporting in Capital Market has been abrogated by the aforesaid communiqué.

Pursuant to the Communiqué Serial II, No: 14.1 on the Principles of Financial Reporting in Capital Market, the entities base on Turkish Accounting/Financial Reporting Standards ("TAS/TFRS") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA") in preparation of their financial statements. Therefore, the financial statements attached hereto have been prepared in accordance with TAS/TFRS and the financial statements as well as the notes contained therein have been presented in accordance with the formats required by the CMB and in a manner containing the compulsory information.

Functional and presentation currency

Functional currency of the report is TL and decimal parts of the amounts have been rounded up.
As of December 31st, 2013 Dollar currency rate is 1 USD = TL 2.1343 (December 31st, 2012: 1.7826); 1 EUR = TL 2.9365 (December 31st, 2012 = TL 2.3517); 1 GBP = TL 3.5114 (December 31st, 2012: TL 2.8708); 1 CHF = TL 2.3899 (December 31st, 2012: TL 1.9430) which are published by The Central Bank of Republic of Turkey.

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EXPLANATORY NOTES TO FINANCIAL STATEMENTS RELATED WITH THE PERIOD OF JANUARY 01st, 2013-DECEMBER 31st, 2013 *(All amounts expressed in ("TL"), unless otherwise indicated.)*

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Adjustment of Financial Statements in Hyperinflationary Periods

The companies, carrying out their operations in Turkey and preparing their financial tables according to CMB Accounting Standards, do not apply inflation accounting with effect from January 01st, 2005 according to the resolution adopted by the CMB on March 17th, 2005. In line with the said resolution adopted by the CMB, preparation and presentation of the financial statements in accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies" is not applied anymore.

Basis of Consolidation

Consolidation is prepared within the structure of Odaş Elektrik Üretim Sanayi Ticaret A.Ş. which is the parent company.

Consolidated financial statements are prepared in accordance with TAS 27 "Turkish Accounting Standard regarding Consolidated and Separated Financial Statements".

Consolidated financial statements contain all subsidiaries of the parent company.

- It eliminates participation amount at each subsidiary and percentage amount of main partnership which are equivalent to amount in equities of each subsidiary.
- It determines amount of minority percentage in consolidated profit and loss of period and amount of minority percentage determines separately from amount of main subsidiary from amount of net actives of consolidated main subsidiary. The amount of minority percentage from net actives contains; calculated minority percentages in merge date in accordance with TFRS 3; minority percentage from all transactions made after merge date.
- All expenses, income, transactions and balances incurred of group are eliminated.
- Subsidiary income, expenses and dividends including all balances and transactions are eliminated. Profits and loss which are added to cost of current and non-current assets due to transactions in subsidiaries are eliminated. Loss in group can show an impairment which should be in account in assets section of consolidated financial statements. The differences which rise during elimination of loss and profits which resulted by transactions in group apply in accordance with TAS 12 "Income Taxes" standard.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

- Necessary adjustments are made during preparation of consolidated financial statements when one of subsidiaries needs to use different accounting principles for similar transactions or events.

- The consolidated financial statements of the partnership and subsidiaries are prepared at the same time with financial statements. Accounting policies are accepted for consolidated financial statements, same transactions and transactions in same condition.

- All income and expenses of a subsidiary take in account consolidated financial reports after acquisition date according to TFRS 3 and this situation continues till the date of partnership lose its control power on subsidiary. When subsidiary sold; the difference between the income resulted by this transaction and the book value of subsidiary will be shown as loss or profit in consolidated comprehensive income statement. Related to this transaction if there is a currency translation loss or profits which are related directly to equity take into account in accordance with "TAS 21 Currency Change Effects".

- Minority interest is shown under equities section in consolidated statement of financial position separately from partnership's equities. The Group's loss or profit amount for minority interest should be shown also separately.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Comparative Information and Restatement of Prior Period Financial Statements

The Group has prepared its consolidated statement of financial position dated December 31st, 2013 by comparing the same with its consolidated statement of financial position valid as of December 31st, 2012, its consolidated statement of profit or loss and other comprehensive income as well as consolidated statement of cash flows pertaining to the period of January 1st – December 31st, 2013 by comparing the same with its consolidated statement of profit or loss and other comprehensive income as well as consolidated statement of cash flows valid for the period of January 1st – December 31st, 2012 and its consolidated statement of changes in equity pertaining to the period of January 1st – December 31st, 2013 by comparing the same with its consolidated statement of changes in equity valid for the period of January 1st – December 31st, 2012.

b. Changes in Accounting Policies

If adjustments on accounting policies are applied retroactive, the group should adjust the previous opening balance in the report. The group should provide information on which is presented in accordance with the new accounting policies applied to the old data and that is comparable with the old data prepared with old accounting policies.

Changes in accounting policy need to application for previous periods and also for current period or if group cannot determine the change' effect on the financial statements in cumulative manner, it is not necessary to make any application for the previous periods.

Group applied account policies in consistent with the previous financial year.

The actuarial earnings/losses related with the termination indemnity are recognized under the equities within the scope of the changes made in TAS 19 – Employee benefits standard. This practice is valid for the financial years beginning on January 1st, 2013 and thereafter and has been applied retrospectively. The effect of the deferred tax stated under net profit for the period in the statement of financial position dated December 31st, 2012 by the Group has been set off and TL 64,917 has been classified under actuarial loss/earning fund from the pension plans in the statement of financial position bearing the same date.

According to the change made in TAS 19 – Employee benefits standard which is effective as from January 1st, 2013, the short-term employee benefits contain the short-term benefits all of which are expected to be provided within twelve months following the annual reporting period in which the service is rendered. Accordingly, since the expectation of the Company is to not pay all of the provisions for unused vacation within twelve months following the annual reporting period, such provisions for unused vacation have been classified under the item of other long-term employee benefits and the necessary reclassifications have been made in the financial statements of the previous period accordingly. Accordingly, the provision for unused vacation amounting to TL 50,316 stated as short-term provisions in the balance sheet dated December 31st, 2012 has been reclassified under long-term provisions related with the employee benefits.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Pursuant to the resolution adopted in the meeting no.20/670 of the CMB dated July 7th, 2013, financial statement templates and user guide, which would be effective as from the interim periods ended on March 31sth, 2013, have been published for the capital market institutions included within the scope of the Communiqué on the Principles of Financial Reporting in Capital Market. Following classifications have been made in the Group's statement of financial position as well as statements of income dated December 31st, 2012 and December 31st, 2013 in accordance with these formats which have taken effect.

The classifications made in the Company's statement of financial position dated December 31st, 2012 are as follows:

i. Payables to personnel amounting to TL 49,259 and social security premiums and other withholdings payable amounting to TL 43,675 stated under account of other payables have been classified under the payable within the scope of employee benefits;
ii. Provisions for unused vacation amounting to TL 50,316 stated under account of debt provisions have been classified under a separate account as long-term provisions related with employee benefits; Alınan sipariş avansları hesabında gösterilen 10.468.455 TL'lik tutar ayrı bir hesap grubundaki ertelenmiş gelirler içerisinde,
iii. Sum amounting to TL 10,468,455 stated under account of received order advances has been classified under deferred incomes in a separate account;
iv. Provisions for termination indemnity amounting to TL 91,679 stated under account of provision for employee benefits have been classified under provisions related with employee benefits in long-term provisions account;
v. Advances given for purchase orders amounting to TL 5,413,868 and prepaid expenses for future months amounting to TL 574,606 stated under account of other current assets have been classified under short-term prepaid expenses;

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

vi. Advances given for purchase orders amounting to TL 5,888,150 stated under account of other fixed assets have been classified under long-term prepaid expenses;
vii. Foreign exchange gains amounting to TL 1,100,118 and rediscount interest gains amounting to TL 28,584 related with trade payables and receivables stated under account of financial gains have been classified under other incomes from real operations;
viii. Foreign exchange expenses amounting to TL 51,619 and rediscount interest expenses amounting to TL 54,282 related with trade payables and receivables stated under account of financial expenses have been classified under other expenses from real operations;
ix. Prepaid tax amounting to TL 336,634 related with prepaid taxes and funds stated under account of other current assets has been classified under other short-term receivables.

The classifications made in the Company's statement of financial position dated December 31st, 2013 are as follows:

i. Foreign exchange gains amounting to TL 1,494,963 and rediscount interest gains amounting to TL 770,401 related with trade payables and receivables stated under account of financial gains have been classified under other incomes from real operations;

ii. Foreign exchange expenses amounting to TL 2,147,243 and rediscount interest expenses amounting to TL 958,379 related with trade payables and receivables stated under account of financial expenses have been classified under other expenses from real operations;

iii. The gain amounting to TL 8,202 related with sale of assets stated under account of incomes from real operations has been classified under incomes from investment activities.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

c. Changes in Accounting Estimates and Errors

If adjustments on accounting policies are applied retroactive, the group should adjust the previous opening balance in the report.
The group should provide information on which is presented in accordance with the new accounting policies applied to the old data and that is comparable with the old data prepared with old accounting policies.

If changes in accounting estimates effect a change in assets, liability and equities, book value of related assets, liability and equities should change at related period.

In case of shifting effects of changes in accounting estimate to next financial statements, it means that it applied to transactions, events and conditions after the date of changes in forecast.

Errors related to previous periods adjust by using readjust method for previous periods except the cases in which it is not possible to calculate the cumulative and current period's effects of error.

At the preparation of the consolidated financial statements, the Group management has to do assumptions and forecasts about the amount which will affect assets and liabilities, amounts which affect liabilities and commitments as of the time of the statement of financial position and amounts of income and expenses for reporting period. Results happened in real would be different than forecasts and assumptions. These forecasts and assumptions are considered in regular time bases, all necessary adjustments are made and the results adjusted to related period.

Significant estimates used are related with economic life and compensation of the main tangible and intangible assets.

a) New and Revised Standards and Interpretations

The accounting policies adopted in preparation of the interim condensed consolidated financial statements as of December 31st, 2013 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 1 January 2013. The effects of these standards and interpretations on the Group's financial position

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

and performance have been disclosed in the related paragraphs.

The new standards, amendments and interpretations which are effective as of January 1st, 2013 are as follows:

TAS 1 Presentation of Financial Statements (Amended) - Presentation of Other Comprehensive Income Statement Items

The amendments to TAS 1 change only the grouping of items presented in other comprehensive income statement. Items that could be reclassified (or „recycled") to profit or loss at a future point in time would be presented separately from items which will never be reclassified. The amendments will be applied retrospectively. The amendment affects presentation only and did not have an impact on the financial position or performance of the Group.

TAS 19 Employee Benefits (Amended)

Numerous changes or clarifications are made under the amended standard. Among these amendments, the most important ones are removal of the corridor mechanism, presentation of actuarial gains/losses related to defined benefit plans under other comprehensive income and the distinction made between short-term and other long-term employee benefits based on expected timing of settlement rather than employee entitlement.
The Group was recognizing the actuarial gains/losses under the income statement prior to this amendment. The effect of the change arising from recognition of the actuarial gains/losses under other comprehensive income on the financial position and the performance of the Group has been in note 2.b retrospectively. Furthermore, within the scope of change occurred in presentation of short- and long-term employee benefits, the provisions for unused vacation stated in short-term provisions have been classified as long-term provisions retrospectively

TAS 27 Separate Financial Statements (Amended)

As a consequential amendment to TFRS 10 and TFRS 12, the POA also amended TAS 27, which is now limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. This amendment did not have an impact on the financial position or performance of the Group.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

TAS 28 Investments in Associates and Joint Ventures (Amended)

As a consequential amendment to TFRS 11 and TFRS 12, the POA also amended TAS 28, which has been renamed TAS 28 Investments in Associates and Joint Ventures, to describe the application of the equity method to investments in joint ventures in addition to associates. Transitional requirement of this amendment is similar to TFRS 11. This amendment did not have an impact on the financial position or performance of the Group.

TFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities (Amended)

The amendment requires the entity to explain some information on rights concerning the clarification of the financial instruments and related regulations (sample contract of guaranty). New disclosures would provide users of financial statements with information that is useful in evaluating the effect or potential effect of netting arrangements on the entity's financial instruments and comparing as well as analyzing the financial statements prepared in accordance with TFRSs and other generally accepted accounting standards.

New explanations should be given for all financial instruments clarified on the statement of financial position pursuant to TAS 32. The said explanations are also valid for the financial instruments subjected to applicable main clarification regulation or similar a contract event if they have not been clarified on the statement of financial position pursuant to TAS 32. The amendment only affects the basis of explanation and had no impact on the financial statements of the Group.

TFRS 10 Consolidated Financial Statements

TFRS 10, TAS 27 Consolidated and Separate Financial Statements address the accounting for consolidated financial statements. A new definition of control is introduced, which is used to determine which entities are consolidated. This is a principle based standard and require preparers of financial statements to exercise significant judgment. This amendment will not have an impact on the financial position or performance of the Group.

TFRS 11 Joint Arrangements

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

The standard describes the accounting for joint ventures and joint operations with joint control. Among other changes introduced, under the new standard, proportionate consolidation is not permitted for joint ventures. This standard did not have an impact on the financial position or performance of the Group.

TFRS 12 Disclosure of Interests in Other Entities

TFRS 12 includes all of the disclosures related to the consolidated financial statements that were previously stated in TAS 27 Consolidated and Separate Financial Statements as well as all of the footnote disclosures related to associates, joint ventures, subsidiaries and structural entities that were previously included in TAS 31 Interests in Joint Ventures and TAS 28 Investment in Associates.

TFRS 12 includes all of the footnote disclosure requirements in connection with the associates, joint ventures, subsidiaries and structural entities. The said standard is related with the principles of the presentation only and detailed footnote disclosure related with the investments in other entities will be made within the scope of this standard.

TFRS 13 Fair Value Measurement

The new Standard provides guidance on how to measure fair value under TFRS but does not change when an entity is required to use fair value. It is a single source of guidance under TFRS for all fair value measurements. The new standard also brings new disclosure requirements for fair value measurements. The new disclosures are only required for periods beginning after TFRS 13 is adopted. This standard did not have an impact on the financial statements of the Group.

TFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

Entities will be required to apply its requirements for production phase stripping costs incurred from the start of the earliest comparative period presented. The Interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. The interpretation is not applicable for the Group and did not have any impact on the financial position or performance of the Group.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Transition Guidance (Amendments to TFRS 10, TFRS 11 and TFRS 12)

The amendments change the transition guidance to provide further relief from full retrospective application. The date of initial application is defined as "the beginning of the annual reporting period in which TFRS 10 is applied for the first time". The assessment of whether control exists is made at "the date of initial application" rather than at the beginning of the comparative period. If the control assessment is different between TFRS 10 and TAS 27/SIC-12, retrospective adjustments should be determined.

However, if the control assessment is the same, no retrospective application is required. If more than one comparative period is presented, additional relief is given to require only one period to be restated. For the same reasons TFRS 11 Joint Arrangements and TFRS 12 Disclosure of Interests in Other Entities has been also amended to provide transition relief. This standard did not have an impact on the financial position and performance of the Group.

b) Improvements to TFRS

Annual Improvements to IFRS - 2009 - 2011 Cycle, which contains amendments to its standards, is effective for annual periods beginning on or after January 1st, 2013. This project did not have an impact on the financial position or performance of the Company.

TAS 1 Financial Statement Presentation:

Clarifies the difference between voluntary additional comparative information and the minimum required comparative information.

TAS 16 Property, Plant and Equipment:

Clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

TAS 32 Financial Instruments: Presentation:

Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with TAS 12 Income

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Taxes. The amendment removes existing income tax requirements from TAS 32 and requires entities to apply the requirements in TAS 12 to any income tax arising from distributions to equity holders.

TAS 34 Financial Reporting:

Clarifies the requirements in TAS 34 relating to segment information for total assets and liabilities for each reportable segment. Total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual financial statements for that reportable segment.

c) Standards issued but not yet effective and not early adopted.

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the financial statements are as follows. The Company will make the necessary changes if not indicated otherwise, which will be affecting the financial statements and disclosures, after the new standards and interpretations become in effect.

TFRS 9 Financial Instruments - Classification and measurement

As amended in December 2011, the new standard is effective for annual periods beginning on or after January 1st, 2015.Phase 1 of this new TFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to TFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. Early adoption is permitted. The Group is in the process of assessing the impact of the amendment on financial position or performance of the Group.

TAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial liabilities (Amendment)

The amendments clarify the meaning of "currently has a legally enforceable right to clarify the accounted amounts" and also clarify the application of the TAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are to be retrospectively applied for

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

annual periods beginning on or after January 1st, 2014. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

TAS 36 Impairment of Assets - Recoverable amount disclosures for non-financial assets (Amendment)

The IASB, as a consequential amendment to TFRS 13 Fair Value Measurement, modified some of the disclosure requirements in TAS 36 Impairment of Assets regarding measurement of the recoverable amount of impaired assets. The amendments required additional disclosures about the measurement of impaired assets (or a group of assets) with a recoverable amount based on fair value less costs of disposal. The amendments are to be applied retrospectively for annual periods beginning on or after January 1st, 2014. Earlier application is permitted for periods when the entity has already applied TFRS 13. The Group does not expect that this amendment will have any impact on the financial position or performance of the Group.

TAS 39 Financial Instruments: Recognition and Measurement - Transfer of Derivative Products and Continuity of Hedge Accounting (Amended)

TAS 39 Financial Instruments: The amendment made in Recognition and Measurement standard brings a limited exception to the provision requiring the hedge accounting to be stopped in the event that the hedging instrument is transferred to an opposing party pursuant to law or regulations. This amendment is to be retrospectively applied for annual periods beginning on or after January 1st, 2014. It is not expected that the said interpretation will have significant impact on the financial position or performance of the Group.

TFRIC Interpretation 21 Tax and Tax Equivalent Liabilities

The interpretation clarifies that an entity should recognize a tax and tax equivalent liability when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a tax and tax equivalents liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a tax and tax equivalent liability that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognized before the specified minimum threshold is reached. The interpretation is effective for annual periods beginning on

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

or after January 1st, 2014, with early application permitted. Retrospective application of this interpretation is compulsory. The Group evaluates the impacts of standard on its financial position and performance.

d) The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by POA.

The following standards, interpretations and amendments to existing IFRS standards are issued by the IASB but not yet effective up to the date of issuance of the interim financial statements. However, these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued by the POA, thus they do not constitute part of TFRS. The Company will make the necessary changes to its consolidated financial statements after the new standards and interpretations are issued and become effective under TFRS.

Financial Instruments - Hedge Accounting and Amendments in IFRS 9, IFRS 7 and IAS 39 – IFRS 9 (2013)

In November 2013, IASB has issued a new version of IFRS 9 containing the requirements of new hedge accounting as well as the related changes in IAS 39 and IFRS 7. The entities may make accounting policy selection in order to continue implementing the requirements of IAS 30's hedge accounting for all hedging procedures. This standard does not have a compulsory validity date, however, is in immediately applicable state and a new compulsory validity date will be determined once the IASB finishes the project's impairment phase. The Group is in the process of assessing the impact of the new standard on its financial position and performance.

IFRS 10 Consolidated Financial Statements (Amendment)

IFRS 10 is amended to provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss in accordance with IFRS 9 Financial Instruments. The Group does not expect that this amendment will have any impact on the financial position or performance of the Group.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Improvements to IFRSs

The IASB has issued two sets of 'Annual Improvements to IFRS' in December 2013 as '2010–2012 Period" and '2011–2013 Period". The amendments excluding those affecting "the Decision Justification" of the standards are valid as from July 1, 2014.

Annual improvements (2010-2012 Period)

IFRS 2 Share Based Payments:
Definitions on allowance conditions have been changed and performance conditions and service conditions have been defined in order to resolve the problems. The amendment will be implemented prospectively.

IFRS 3 Mergers:
The conditional charge not classified as equity in a merger is recognized in profit or loss by being measured over its fair value in the next periods, whether it is within the scope of IFRS 9 Financial Instruments or not. The amendment will be implemented prospectively for the mergers.

IFRS 8 Operating Segments:
The amendments are as follows. i) Operating segments can be combined/ consolidated consistently with the main principles of the standard. ii) Agreement of operating assets with total assets should be explained if this agreement is reported to the manager entitled to make decision concerning the business operations. The amendments will be implemented retrospectively.

IFRS 13 Fair Value Measurement:
As described in the Decision Justifications, short term commercial receivables and debts of which interest rate has not been stated, may be shown at their invoice amount in cases where deduction effect is minor. The amendment will be implemented immediately.

IAS 16 Tangible Assets and IAS 38 Intangible Assets:
Amendment in IAS 16.35(a) and IAS 38.80(a) has clarified that the revaluation will be made as follows (i) gross book value of

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

the asset is corrected as being brought to the market value or (ii) market value of the asset's net book value is determined and gross book value is corrected proportionally as net book value comes to the market value. The amendment will be implemented retrospectively.

IAS 24 Related Party Disclosures:
The amendment has clarified the related party subjected to the related party disclosures of the managing entity providing the key manager personnel service. The amendment will be implemented retrospectively.

Annual Improvements (2011-2013 Period)

IFRS 3 Mergers:
The amendment has clarified that (i) not only the joint ventures but also the joint agreements are not within the scope of IFRS 3 and ii) this scope exception can only be implemented to recognition on financial statements of the joint agreement. The amendment will be implemented prospectively.

IFRS 13 Fair Value Measurement:
It has been clarified that portfolio exception in IFRS 13 can be applied to financial assets and financial liabilities as well as other agreements. The amendment will be implemented prospectively.

IAS 40 Investment Properties:
The mutual relation between IFRS 3 and IAS 40 in the classification of the property as investment property and private property used by its owner has been clarified. The amendment will be implemented prospectively. The Group does not expect that the said interpretation will have significant impact on its financial position or performance.

IFRS 14 – Interim Standard for Deferred Accounts Subject to Regulation:
IASB has published this standard on January 2014. IFRS 14 allows the entities regulating the prices which implement IFRS for the first time to continue to carry forward the amounts of which they have entered into their records according to the previous legislation regarding the price regulation in their financial statements prepared in compliance with IFRS. The use of this standard

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

is forbidden for the companies preparing their financial statements in compliance with IFRS currently. The standard will be implemented retrospectively for annual periods beginning on or after January 1st, 2016 but, early adoption is permitted. The standard is not applicable for the Group and will not have any impact on its financial position or performance.

Principle decisions issued by POA

In addition to the above mentioned ones, the POA has issued the following decisions on Implementation of Turkish Accounting Standards. "Financial statement templates and user guide" has entered into force as from the issuance date, however, other decisions have been implemented as to be valid in annual reporting periods starting after December 31st, 2012.

Financial Statement Templates and User Guide

The POA has issued "Financial statement templates and user guide" for the purpose of enabling financial statements to be uniform and audited on May 20th, 2013. Financial statement templates contained in this regulation have been prepared for the purpose of constituting a sample for the financial statements to be prepared by the companies liable for implementing TAS excluding the organizations established to engage in banking, insurance business, individual retirement or capital market activities. The Group has made classification amendments stated in note 2.b for the purpose of fulfilling the requirements of this regulation.

Recognition of Mergers under Joint Control

In accordance with the resolution it has been decided that i) mergers under joint control should be recognized using the pooling of interest method, ii) and thus, goodwill should not be included in the financial statements and iii) while using the pooling of interest method, the financial statements should be prepared as if the combination has taken place as of the beginning of the reporting period in which the joint control occurs and should be presented comparatively from the beginning of the reporting period in which the joint control occurred.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Recognition of Dividend Shares

Clarification has been provided on the conditions and circumstances when the dividend share certificates shall be recognized as a financial liability or equity based financial instruments. This resolution did not have an impact on the financial statements of the Group.

Recognition of Reciprocal Shareholding Investments

If a subsidiary of a parent entity holds shares of the parent, then this is defined as reciprocal shareholding investment relation and the recognition of reciprocal shareholding investments is assessed based on the type and different recognition principles adopted. With the said principle decision, this matter has been assessed under three main headings as explained below and the recognition principles have been determined for each of them.

i) The subsidiary holding the equity based financial instruments of the parent entity,
ii) The associates or joint ventures holding the equity based financial instruments of the parent entity,
iii) The parent entity's equity based financial instruments are held by an entity in which the parent entity has an investment recognized within the scope of TAS 38 and TFRS 9 by the parent.

This resolution did not have an impact on the financial statements of the Group.

d. Summary of Important Accounting Policies

Cash and Cash Equivalents

Cash can be implied as cash in the group and cash equivalent can be implied as short term investments which have unimportant risk to lose value, higher liquidity and can be converted easily to cash. Cash equivalents are assets which are used for investment purpose, kept for short term cash liabilities and they cannot be used for other purposes. (Note: 53)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Trade Receivables

Trade Receivables are the receivables sourced from company which are come from a debtor cause of a direct supply of goods or services. They are valued by using effective interest method thought discounted cost. Without a specified term, short-term trade receivables are valued on their amount of invoice when accrued interest has insignificant effects. (Note: 7)

In case of receivables become impossible to collect, group will make a provision as a risk provision. This provision amount is the difference between the book value of receivables and possible collection amount of receivables. Possible collection amount is the rediscounted value which is calculated with effective interest method on amount of original trade receivables, collectible guarantees and other cash transactions. (Note: 7) If the amount of low value decreases after written as a loss, the amount of decrease will record in other income in the current period.

Related Parties

The group will consider as a related party if one the conditions below are met.

a) If the party directly or indirectly with one or more agent:
   i) Controls the enterprise, controlled by enterprise or is present under the same control with the enterprise (including parent companies, subsidiaries and subsidiaries at the same line of business);
   ii) Has share which allows it to have big impact on the group; or
   iii) Has associated control on the group;
b) If the party is an affiliate of the group;
c) If the party is a business partnership where the group is a party;
d) If the party is a member of the key personnel in the group or Company's main partnership;
e) If the party is a close family member of any person mentioned in the a or d parts;
f) If the party is an enterprise which is controlled, partnered or under important effect or any person mentioned in d) or e) parts has right to vote in important decisions of the party;
g) If the party has benefit plans about a possible leaving job of related parties' employees.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Financial Instruments

Financial assets

Financial assets are recorded with their appropriate value and expenses directly related to purchase except financial assets reflected to profit or loss of the appropriate value difference and recorded on their appropriate value. In the case of purchase or selling of financial assets which are bound to a contract that has a condition on deliverance date of financial instruments set by the market are recorded at the date of transaction.

Financial assets are classified as "financial assets reflected to profit or loss of the realizable value difference", "financial assets kept in hand till its maturity", "marketable financial assets" and credits and receivables.

Effective Interest Method

It is the method in which interest income of financial asset distribute to related period and amortized cost of financial asset earning value. Effective interest rate; estimated future cash value which will be charged in a shorter time period during the expected lifetime of financial instrument or in case in which life time of financial instrument is appropriate, is the reduced rate of net present value of related financial assets.

Financial assets which will keep in hand till maturity, marketable debt instruments, credits and receivables, which are classified as financial assets, and related interest income of these assets calculate by using effective interest method.

a) Net realizable value difference of financial assets which recorded as profit/ (loss)

Financial assets measured at fair value through profit and loss are the assets which are owned to sell or buy. If a financial asset is bought to sell in short term, it will classify in this category and in current assets. Financial assets which constitute derivative products that have not an effective protection tool against financial risk are also considered as financial assets reflected to profit or loss of the appropriate value difference. Assets in this category are classified as current assets.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

b) Investments held to maturity

Debt instruments with constant terms which has constant and determinable payment plan, for which company has an intention to keep in hand till its maturity can be classified as financial assets kept in hand till its maturity. Financial assets kept in hand till its maturity can be shown in financial statement by the amortized cost according to effective interest method deducted from the amount of decrease in value.

c) Assets available for sale

The company has equity instruments which are not open to capital market but ready to be sold. Since their appropriate value could not be defined in an accredited way, they are shown with their cost values..

d) Loans and receivables

Loans and receivables which are not in the capital market and have steady and computable payments are classified in this category. Credits and receivables are shown by deducting loss in value decrease from the cost which was calculated by using effective interest method. (Note: 7)

Financial Liabilities

Financial liabilities and equity instruments issued by the group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. Agreement which represents right of company on assets after deducting all liabilities can be count as financial instrument on equity. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Financial liabilities are classified as either financial liabilities at fair value difference recorded as profit or loss or other financial liabilities.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value difference recorded as profit or loss are stated at their fair value, and they revalue at financial statement date and every reporting period. Change in fair value record in comprehensive income statement. The net earnings or loss recognized in comprehensive income statement incorporates any interest paid on the financial liability.

b) Other financial liabilities

Other financial liabilities, including borrowings, are initially recorded at fair value after deduction of transaction costs.

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

The effective interest method is a method of calculating the amortized 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.

Inventories

Inventories are valued on the basis of the weighted average cost method by considering the cost or the net realizable value, whichever is the lowest. Net realizable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses. The cost of inventories cover all purchasing costs, conversion costs and other expenses made to bring the inventories into their current state and condition. When net realizable value of inventories is less than their cost, inventories will be valued according to their realizable value and the difference will be record as an item in comprehensive income statement. In cases where impairment of inventories are no longer valid or net realizable value is increased, impairment of inventories which was recorded as loss in previous comprehensive income statement will be a provision no longer required. The amount of provision no longer required is limited with the amount of provision which was allocated in previous periods. (Note: 10)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Tangible Fixed Assets

Tangible assets are reflected to financial statements according to their acquitsion date: if they are acquired before January 1st, 2005 they will state on acquisition cost which are rearranged with buying power of TL in December 31st, 2004 and if they are acquired after January 1st, 2005, they will state with its acquisition cost after deduction of accumulated depreciation and accumulated impairment loss. Depreciation is calculated according to normal amortization method on amounts which are rearranged according to inflation.

There is no applicable amortization method for land in the report because of their nature and unlimited lifetime. Tangible fixed assets are amortized with rates below according to their economic useful lives.

	Years
Natural gas cycle plant	40
Underground and overground plants	8 - 50
Buildings	50
Plant, machinery, equipments	4 - 15
Motor vehicles and tools	5
Furniture and fixtures	3 - 15
Leasehold improvements	Shorter one from lease term (day) or lifetime

If book value of an asset is bigger than the recoverable value of this asset, book value of this asset can be discount to its recoverable value. Recoverable value of an asset is bigger than net sales price or value at use. Net sales price can calculate after deduction of all cost to sell from its fair value. Value at use will determine after addition of discounted amounts at the date of statement of financial position to estimated cash flows in future in condition of continuing to use the related asset.

The loss or profit from sales of tangible asset determine with comparison of arranged amounts and collected amounts and it is reflected to income and expense accounts in related period.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Maintenance or repair cost of tangible asset can be recorded as expense under normal conditions. However, in exceptional cases if maintenance and repair are resulted with improvement in tangible assets, the cost in question can be recorded as asset and it will be counted in amortization of related asset with remaining useful life. (Note: 14)

Intangible Assets

Intangible assets are consists of acquisition rights, information systems, computer software and special costs. These elements record on acquisition cost and after the date of acquisition they will amortize by using normal amortization method according to their expected useful life. Expected useful life of intangible assets is like below;

	Years
Licenses	3 - 49
Computer programs	3

In case of decrease in value, the book value of intangible assets can be discounted to its recoverable value. Recovered value is the value that whichever is higher between useful value and net selling price.(Note:17)

Leasing Transactions

Financial Leasing Transactions

The group reflects fixed assets acquired through financial leasing with their current value from the rental start date in statement of financial position or if it's lower than present value they will reflect from their current value of minimum lease payments on statement of financial position date (they added to related fixed assets section in financial statements). Acquisition expenses of fixed assets which are subjected to financial leasing transaction added to its cost. Liability from financial leasing transaction can be split as payable interest and principal debt. Interest expenses calculate from its constant interest rate and it will be added to its related period's account.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Operational Leasing Transactions

Lease contracts where all the risks and benefits of renting property on hand of the leaser are known as operational leasing. For an operational lease payments, during the rental period will be recorded as expenses according to the direct method.

Investment properties

The real estates like lands and buildings held for use in production of goods or services or for administrative purposes or for acquiring lease and/or capital gain instead of sale in the ordinary course of business or for both are classified as investment properties and stated at their cost minus depreciated value according to the cost method (except for the lands). The costs of the investment properties of which the construction is carried out by the company are stated at its cost on the date in which the construction or the improvement works are completed. On the said date, the respective asset transforms into an investment property and thus, transferred into the account item of investment properties.

Borrowing Costs

Group reflects borrowing costs as financing cost during credit period in its comprehensive income statement. Financing cost which is sourced from credits is recorded to comprehensive income statement when they occur.

Energy producing plants can be evaluated as a specialty asset depending on conditions. Acquiring, constructing, or borrowing costs that can be directly related to producing of a specialty asset can be capitalized as a part of specialty asset's cost by firms. Firms can book the other borrowing costs as an expense in their occurred period.

Acquiring, constructing, or borrowing costs that can be directly related to producing of a specialty asset is added to cost of the asset. This kind of borrowing costs is capitalized as a part of specialty asset's cost for a dependable measure and for a possible situation that it can make an economic contribution to company. Acquiring, constructing, or borrowing costs that can be directly related to producing of a specialty asset are borrowing costs that will not appear in case that there will be no expense made related to specialty asset.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

If a company is get into debt in order to acquire a specialty asset, the borrowing cost amount that will be capitalized will be determined by deducting income that is gained via temporary exploiting aforesaid funds from borrowing cost of the aforesaid borrowing in the related period.

In the case of a company uses a part of the funds that it is get in to debt for general purposes in order to finance a qualifying asset; the borrowing cost amount that can be capitalized; is determined via using capitalizing rate that will be applied to expenses that related asset. This capitalizing rate is the weighted average of all the existing borrowing of the related period to borrowing costs, except the borrowings that is done for acquiring the qualifying asset. The borrowing cost amount that is capitalized for a period, cannot exceed consisted the borrowing cost in related period.

When all the necessary proceedings virtually is completed for asset's intended usage and getting ready for sale, the capitalizing of borrowing costs will end. In the situation of a qualifying asset is completed in parts and every part can be used while other parts continue to constructing; when all the necessary proceedings virtually is completed for certain part's intended usage and getting ready for sale, the capitalizing of borrowing costs of the related part will end.

Provisions, Contingent Liabilities and Assets

Provisions

Provisions which are present in the group as of the statement of financial position date can be accounted in case where there is a legal liability sourced from past or a structural liability and it is highly possible to realize exit of resources to fulfill this liability, there is a reliable estimated amount of liability. In cases where here is more than one a like liability, the need for the possibility of exit of resources which can provide economic profit evaluate by taking in account of all same liabilities in same quality. Even if there is a little possibility to realize exit of resources for a liability in same quality, group allocates provision. Group does not allocate provision for operational loss in future. In cases when the value effect of money is important, amount of provision determine with present value of expenses which will be needed to fulfill the liability.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Contingent Liabilities and Assets

Assets and liabilities which are related to the cases whether it will or will not realize one or more than one case, which are not entirely in group's control to realize in future, and which are sourced from past, can be accepted as contingent liabilities and assets. Group does not reflect assets and liabilities related to condition to its records.

Contingent liabilities are explained in explanatory notes of financial statements during the possibility of exit for an economic profit is not far and contingent assets are explained in explanatory notes of financial statements if the possibility of entering for economic profit is high.

Employee Benefits

a) Defined Benefit Plan

Provisions for termination indemnity reflect upon to actuarial work according to IAS 19 "Employee Benefit".

Liability of termination indemnity means value of estimated total provisions for possible liabilities which will occur in future due to ending the agreement between the group and its personnel for defined reasons according to Turkish Labor Law or retirement of personnel according to related law as of statement of financial position date.

Group calculates termination indemnity by predicting discounted net value of deserved benefits or based on the information from group's experience about fire a personnel or quit of the personnel and reflects to its financial statements.

b) Defined Contribution Proportions

Group has to pay social insurance premium to Social Insurance Intuition. There will be no other liability if the group continues to pay the premiums. These premiums reflect to personnel expenses in its accrual periods.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Revenue

Revenue is recognized on accrual basis at the fair value of the amount received or to be received. Net sales are calculated after the sales returns and sales discounts.

Sales Income

Income from sale of goods is recognized when all the following conditions are satisfied:

- The group has transferred to the buyer the significant risks and rewards of ownership of the goods;
  The group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably,
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of transactions can be measured reliably.

Interest Income

Interest revenues are recorded as income on accrual basis.

Rent Incomes

Rent incomes are recorded as income on periodical accrual basis.

Effects of Exchange Differences

Transactions in foreign currencies are translated to the respective functional currencies of group entities at exchange rates occurred Turkish Republic Central Bank at the dates of the transactions. Monetary assets and liabilities based on foreign currency were valued with exchange rates at the end of the period. Exchange earnings or losses arising from settlement and translation of

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

monetary foreign currency items have been included in the financial income, net in the accompanying comprehensive income statements.

Taxes Calculated on the Basis of the Company's Earnings

Deferred taxes are calculated by taking into account statement of financial position liability. They are reflected considering the tax effects of temporary differences between legal tax base and reflected values of assets and liabilities in financial statements. Deferred tax liability is calculated for all taxable temporary differences however discounted temporary differences which occurs from deferred tax assets is calculated in condition to be highly possible to have benefit from these differences by obtaining taxable profit in future. Receivable and liability for deferred tax occurs where there are differences (which are reducible in the future and taxable temporary differences) between book value and tax value of asset and liability sections. Deferred tax asset and liability is recording without considering time where group can use timing differences.

Corporate tax rate in Turkey is 20%. This rate can be applied to tax base which if found out after adding expenses, which are not accepted to reduce from tax according to tax law, to its commercial income and deducting exceptions in law (exception like affiliate income), discounts (like investment discount). In case of not distributing dividends, it will not be necessary to pay another tax.

There are not taking of withholding tax for corporate who obtain income in Turkey with a base or permanent representative and dividend payment to corporate that has a base in Turkey. Dividend payment except these above is taxable for withholding tax at 15%. Adding profit to capital cannot be count as distribution of dividend and applied for withholding tax.

Financial loss which is showed in declaration form according to Turkish Tax Regulation in condition not to pass for 5 years can be deducted on corporate income for period. However, fiscal loss cannot be deducted from previous year's profits.

Earnings per Share

Earnings per share presented at the bottom of the Income Statements are calculated by dividing the net profit for the period to the number of shares. In case of increasing capital from sources in group in period, when calculating weighted average of number

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

of shares, the value found after that is accepted also to use as valid at the beginning of the period.

Subsequent Events

Subsequent events cover all events between authorization dates for publishing statement of financial position and statement of financial position date even if they are related to an announcement related to profits or if they occur after publishing financial information to public.

In case of occurring events which are necessary to make adjustments after statement of financial position date, group adjusts the amounts in financial statements in an appropriate way to this situation. Subjects which are not necessary to make adjustment occurred after statement of financial position date is explained in explanatory notes of financial statements if they will affect economic decision of financial statements user.

Statement of Cash Flow

In cash flow statement group reports cash flows in period based on classification as operating, investing and financing activities. Cash flows sourced from operating activities shows cash flows sourced from Company's activities. Cash flow related to investing activities shows cash flows that the group use at present time or they gain from investing activities such as intangible asset investing and financial investing. Cash flow related to financing activities shows the resources used by company and back payment of these resources for financing activities. Cash and cash equivalents are consist of cash and bank deposit, investment with certain amount at 3 months term or less than 3 months, short term with high liquidity.

e. Important Accounting Estimates, Assumptions and Evaluation

Preparing of financial statements make need of using estimates and assumptions which will effect income and expense amounts which are reported during the accounting period, explanation of contingent assets and liabilities and amount of assets and liabilities which are reported as of statement of financial position date. These estimates and assumptions give the most reliable information about group managements' present events and transactions. Although realized results can show differences

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

from assumptions. The estimates and the assumptions which may lead significant adjustments in book value of the assets and liabilities in next financial reporting period are specified hereunder.

The Group has added the borrowing costs of credits which are used for financing of natural gas cycle power plants to the cost of the power plant natural gas station considered as special asset within the scope of TAS-23 "Borrowing Costs".

Deferred Tax Assets

The Group recognizes deferred tax assets and liabilities for the temporary timing variations arising from the differences between its financial statements constituting basis for taxation and the financial statement prepared in accordance with the CMB's reporting standards. The amount of the deferred tax assets which is recoverable partially or completely has been estimated under the prevailing conditions. During the assessment, future profit projections and expiration dates of the other tax assets as well as tax planning strategies which can be used when necessary is taken into the consideration.

3. MERGERS

Mergers under Joint Control

Pursuant to the Principle Decision Intended to Application of Turkish Accounting Standard No.2013-2 about "Recognition of Mergers under Joint Control" published by the Public Oversight Accounting and Auditing Standards Authority in the Official Gazette issue no.28714 dated 21.07.2013 and come into force, the principles with respect to Recognition of Mergers under Joint Control have been determined.

The mergers of the enterprises under joint control have been explained in paragraphs B1-B4 of TFRS-3 Mergers standard. Accordingly, TFRS-3 Mergers standard is applied for the mergers involving enterprises or establishments under joint control.

A merger involving the enterprises or the establishments under joint control is the merger where all of the enterprises or the establishments merged are controlled by the same person/persons before and after the merger and such control is not temporary.

3. MERGERS (Continued)

When a group of individuals possesses the power to manage the financial and the operational policies of any enterprise in order to benefit from the operations of the said enterprise collectively as a result of contractual agreements, this group of individuals is deemed as controlling such enterprise. Therefore, if the said group possesses the power to manage the financial and the operational policies of each enterprise involved in merger for the purpose of benefiting from their operations as a result of contractual agreements and if such power is not temporary, then such merger lies beyond the scope of this TFRS-3 Mergers standard.

There is no relation between determination of whether the merger involves enterprises under joint control and the level of non-controlling shares (minority shares) in each of the merging enterprises before and after the merger. Similarly, the fact that any of the merging enterprises is a subsidiary excluded from the consolidated financial statements is not relevant with determination of whether the merger involves enterprises under joint control.

Therefore, the transactions classified as Goodwill in the financial statements dated 31.12.2012 have been presented in the account of "Effects of Mergers Involving Enterprises or Establishments under Joint Control" under the equity in the financial statements dated 31.12.2013 pursuant to the paragraph 10-12 of TAS-8 Accounting Policies, Changes and Errors in Accounting Estimates standard.

The amounts related with the mergers of enterprises under joint control presented in the account of "Effects of Mergers Involving Enterprises or Establishments under Joint Control" are given hereunder:

Company Name	Acquisition Cost	Value of Acquired Equity Share	Effects of Mergers involving Enterprises or Establishments under Joint Control
Voytron Elektrik	23.342.950	(729.287)	24.072.237
Hidro Enerji	150.490	51.398	99.092
Ağrı Elektrik	70.000	20.616	49.384
Küçük Enerji	2.065.876	44.768	2.021.108
Ena Elektrik	32.270	(35.063)	67.333
Yel Enerji	-	(96.256)	96.256
Total	**25.661.586**	**(743.824)**	**26.405.410**

3. MERGERS (Continued)

Since the goodwill may not be presented in the financial statements due to the fact that the mergers under joint control are recognized by means of pooling of interest method, the goodwill amounting to TL 26,405410 arising from acquisition of enterprises under joint control as of 31.12.2013 has been presented in the account of "Effects of Mergers Involving Enterprises or Establishments under Joint Control" under the equity as an offset account.

Goodwill

Acquisition of Çan Kömür ve İnşaat A.Ş.

The Company has purchased 9,200 shares corresponding to 92% of 10,000 shares of Çan Kömür ve İnşaat Anonim Şirketi holding the paid-off royalty right with respect to the coal site located in Çanakkale province, Çan country of which the price has been paid in advance from Mustafa Koncagül and Süleyman Koncagül at a price amounting to TL 6,614,727.

The studies regarding the determination of the reserves in the said coal site has been conducted by Fichtner Mining & Environment GMBH, an international independent mine valuation company's headquarter located in Germany and according to "Çan Yaylaköy Lignite Coal Deposits Valuation Report" prepared on February 26th, 2014, a coal reserve of 27,70 million tons total, of which 18,94 million tons are of measured and 5,76 million tons ofadditional indicated reserves, has been detected as a result of the studies conducted at a certain part of the site.

The value of the company as of December 31st, 2013 has been updated by the management of the Company based on the independent valuation report preparedby Moore Stephens Turkey-MBK Bağımsız Denetim ve SMMM A.Ş., an independent appraiser company on March 4th, 2014 and the value of the company has been calculated as TL 290,581,485.

Recognition and measurement of the Goodwill or the profit arising from the negotiated acquisition has been explained in the communiqué no.67 of TASB on Turkish Financial Reporting Standard for Mergers (TFRS 3). Accordingly,

The acquired enterprise measures and recognizes the goodwill as the excess of (a) from (b) given hereunder as of the merger date:

3. MERGERS (Continued)

(a) Total of the followings:

(i) Transferred amount measured in accordance with this TFRS and generally requiring measurement at fair value applicable in merger date;

(ii) Amount of minority shares (non-controlling shares) in the acquired enterprise measured in accordance with this TFRS and

(iii) Fair value of the equity share held by the acquiring enterprise in the acquired enterprise previously as of the merger date in a merger realized gradually.

(b) Net amount of the acquired identifiable assets and assumed identifiable liabilities as of the merger date which has been measured in accordance with this TFRS.

Negotiated Acquisitions

Sometimes, the acquiring enterprise realizes a negotiated acquisition and this is a merger where the amount mentioned in paragraph 32(b) exceeds the total amount mentioned in paragraph 32(a). If the said excess amount still exists after application of the provisions of the paragraph 36, the acquiring enterprise recognizes the resulting earning in profit or loss at merger date. The said earning is attributed to the acquiring enterprise.

Furthermore, if the intangible fixed asset acquired from a merger is separable or arises from a contract or other legal rights, sufficient information for measuring fair value of the said asset reliably is available in the section of TAS-38 Intangible Fixed Assets standard with respect to the measurement of the fair value of the intangible fixed assets acquired in merger. When there are estimations used for measuring the fair value of an intangible fixed asset, a series of probable results having different possibility is determined and such uncertainty is taken into the consideration in measurement of the fair value of the asset.

The intangible fixed asset acquired in a merger can be definable only if it is considered together with a contract, identifiable asset or liability related thereto. In such cases, the acquiring enterprise recognizes the relevant intangible fixed asset apart from the goodwill and together with the item that it relates.

3. MERGERS (Continued)

TL 283.966.757 arisen from calculation with respect to the valuation amount resulting from valuation of the company as well as TL 5.918.204 arisen at the time of acquisition has been recognized in the account of rights as the mining right. Furthermore, the resulting goodwill amounting to TL 260.720.038 has been entered into the records as revenue and included into the profit of the period.

Acquisition Cost	6.614.727
Acquisition Rate	0,92
Value of Acquired Equity Share	696.523
Valuation Report Cost	290.581.484
Minority Interest in Acquired Enterprise	23.246.519
Goodwill Amount	260.720.238
Acquired Enterprise Valuation Difference (Royalty Right)	**289.884.961**

4. INTEREST IN OTHER ENTITIES

Not available (31st December 2012: Not available).

5. SEGMENTS REPORTING

Group does not make any reporting according to sector because there were not any geographic or operating sector differences on risks and profits from group's product or service presentation.

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6. EXPLANATIONS FROM RELATED PARTIES

i) Balances of the Company with its' related parties as of December 31st, 2013 and December 31st, 2012.

a) Other receivables from related parties:

	31.12.2013	31.12.2012
Hidro Kontrol Elektrik Üretim A.Ş.	461.751	2.780
Öztay Enerji Elektrik Üretim Sanayi A.Ş.	338.048	402.767
Bahattin Özal	1.147.313	807.584
Burak Altay	1.416.596	1.014.432
Korkut Özal	5.042.221	4.075.296
Eylül Elektromekanik Enerji San.Tic.Ltd.Şti.	-	6.700
Abdulkadir Bahattin Özal & Burak Altay Adi Ort.	-	1.560
Mekel Enerji İnş.Taah.Danş.Müh.Hizm.Ve Tic.A.Ş.	432	-
Arsın Enerji Elektrik Üretim San. Ve Tic. A.Ş.	19.229	-
Total	**8.425.590**	**6.311.119**
Deduction: Unrealized financing incomes	(55.027)	(11)
Total	**8.370.563**	**6.311.108**

6. EXPLANATIONS FROM RELATED PARTIES (Continued)

b) Trade payables to related parties:

	31.12.2013	31.12.2012
Mekel Enerji İnş.Taah.Danş.Müh.Hizm.Ve Tic.A.Ş.	-	638
Total	**-**	**638**

c) Other payables to related parties:

	31.12.2013	31.12.2012
Hidro Kontrol Elektrik Üretim A.Ş.	73.013	1.901.376
Öztay Enerji Elektrik Üretim Sanayi A.Ş.	-	1.049.280
Aköz Vakfı İktisadi İşletmesi	860	130
Eylül Elektromekanik Enerji Sanayi ve Ltd.Şti.	28.530	-
Bahattin Özal	708.500	587.347
Burak Altay	738.191	616.958
Korkut Özal	1.663.650	1.123.586
Hafize Ayşegül Özal	20.000	20.000
Hidayet Büküm	31.304	31.304
Esin Ersan	20.000	20.000
Total	**3.284.047**	**5.349.981**
Deduction: Unrealized financing incomes	(8.927)	(117.559)
Total	**3.275.120**	**5.232.422**

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6. EXPLANATIONS FROM RELATED PARTIES (Continued)

ii) Important sales to and important purchases from related parties:

a.1) Product Sales to related parties:

	01st January-31st December 2013	01st January-31st December 2012
Hidro Kontrol Elektrik Üretim A.Ş.	288.703	399.946
Öztay Enerji Elektrik Üretim Sanayi A.Ş.	120.516	456.051
Arsın Enerji Elektrik Üretim San. Tic.A. Ş.	158.357	-
Total	**567.576**	**855.997**

a.3) Service Sales to related parties:

	01st January-31st December 2013	01st January-31st December 2012
Abdulkadir Bahattin Özal & Burak Altay Ordinary Shareholder	-	1.560
Total	**-**	**1.560**

6. EXPLANATIONS FROM RELATED PARTIES (Continued)

b) Service purchases from related parties:

	01st January-31st December 2013	01st January-31st December 2012
Hidro Kontrol Elektrik Üretim A.Ş.	56.939	2.400
Öztay Enerji Elektrik Üretim Sanayi A.Ş.	-	6.000
Aköz Vakfı İktisadi İşletmesi	1.084	1.468
Bahattin Özal	-	4.989
Eylül Elektromekanik Enerji Sanayi ve Ltd.Şti.	347	-
Total	**58.370**	**14.857**

c) Financing expenses relating to transactions made with related parties:

	01 Ocak - 31 Aralık 2013	01 Ocak - 31 Aralık 2012
Hidro Kontrol Elektrik Üretim A.Ş	31.532	372.240
Öztay Enerji Elektrik Üretim Sanayi A.Ş	19.251	-
Total	**50.783**	**372.240**

6. EXPLANATIONS FROM RELATED PARTIES (Continued)

d) Financing incomes relating to transactions made with related parties:

	01st January-31st December 2013	01st January-31st December 2012
Bahattin Özal	43.689	260.347
Burak Altay	66.473	292.009
Korkut Özal	324.547	510.080
Hidro Kontrol Elektrik Üretim A.Ş.	759.080	385.952
Öztay Enerji Elektrik Üretim Sanayi A.Ş.	488.742	624.979
Arsın Enerji Elektrik Üretim San. Ve Tic. A.Ş.	1.799	-
Mekel Enerji İnş.Taah.Danş.Müh.Hizm.Ve Tic.A.Ş.	171.409	-
Total	**1.855.739**	**2.073.367**

e) Fixed asset purchase to related parties:

	01st January-31st December 2013	01st January-31st December 2012
Hidro Kontrol Elektrik Üretim A.Ş.	546	-
Öztay Enerji Elektrik Üretim Sanayi A.Ş.	-	246.129
Mekel Enerji İnş.Taah.Danş.Müh.Hizm.Ve Tic.A.Ş.	1.166.127	1.811.781
Total	**1.166.673**	**2.057.910**

6. EXPLANATIONS FROM RELATED PARTIES (Continued)

Total amount of salary and alike benefits in 12-month fiscal period provided to top management in 2013 is as follows:

a. **Short Term Benefits to Employees:** Total amount of salary and the like benefits in 12-month fiscal period provided to top management in 2013 is TL 1.270.172 (31.12.2012: TL 666.618)

b. **Benefits after Quiting the Job:** Termination indemnity will make to personnel in case of earning it according to applicablelaw. There is no extra payment other than this.

c. **Other Long-term Benefits:** Not available.

d. **Benefits due to Dismissal:** Not available.

e. **Payments per Share:** Not available

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET A.Ş.

EXPLANATORY NOTES TO FINANCIAL STATEMENTS RELATED WITH THE PERIOD OF JANUARY 01st, 2013-DECEMBER 31st, 2013 *(All amounts expressed in ("TL"), unless otherwise indicated.)*

7. TRADE RECEIVABLES AND PAYABLES

Trade Receivables

	31st December 2013	31st December 2012
Customer Current Accounts	33.268.190	22.119.891
-Other receivables	33.268.190	22.119.891
Notes receivables	80.151	23.003
Doubtful trade receivables	532.941	385.594
Provision for doubtful trade receivables (-)	(532.941)	(385.594)
	33.348.341	**22.142.895**
Deduction: Unrealized financing expenses	(110.017)	(48.833)
-Other payables	(110.017)	(48.833)
Total	**33.238.324**	**22.094.062**

As of December 31st, 2013 and December 31st, 2012, provision for doubtful receivables' movement table is given below:

	31st December 2013	31st December 2012
Opening balance	385.594	-
Provisions transferred from acquired companies (*)	-	288.901
Additional provisions	147.347	96.693
Payments (-)	-	-
Total	**532.941**	**385.594**

Provision for doubtful trade receivables consist of Voytron Elektrik's current account and maturity of these current accounts are past however cannot be collected.

(*) The doubtful trade receivable which is transferred from acquired companies consists of Voytron Elektrik's notes receivables and maturity of these notes is past however cannot be collected.

7. TRADE RECEIVABLES AND PAYABLES (Continued)

Trade Payables

	31st December 2013	31st December 2012
Seller Current Accounts	37.595.366	36.099.959
-Seller's payables to related parties	-	638
-Other seller's payables	37.595.366	36.099.321
Other trade payables	3.895	-
	37.599.261	36.099.959
Deduction: Unrealized financing incomes	(279.089)	(183.947)
-Other payables	(279.089)	(183.947)
Total	**37.320.172**	**35.916.012**

8. RECEIVABLES AND PAYABLES FROM FINANCIAL ACTIVITIES

Not available. (31st December 2012, Not available)

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET A.Ş.

EXPLANATORY NOTES TO FINANCIAL STATEMENTS RELATED WITH THE PERIOD OF JANUARY 01st, 2013-DECEMBER 31st, 2013 *(All amounts expressed in ("TL"), unless otherwise indicated.)*

9. OTHER RECEIVABLES AND PAYABLES

Other short-term receivables

	31st December 2013	31st December 2012
Receivables from related establishments	8.425.590	6.311.119
Other receivables	99.865	18.480
Receivables from tax office	1.131.921	338.764
Deposits and guarantees given	190.835	79.375
Receivables from personnel	1.660	4.000
Total	**9.849.871**	**6.751.738**
Deduction: Unrealized financing expenses	(64.536)	(11)
-Receivables from related establishments	(55.027)	(11)
-Other receivables	(9.509)	-
Total	**9.785.335**	**6.751.727**

Other short-term payables

	31st December 2013	31st December 2012
Payables to related establishments	3.284.047	5.349.981
Other various payables	88.075	31.715
Taxes and funds payable	2.230.787	2.326.868
	5.602.909	7.708.564
Deduction: Unrealized financing expense	(12.885)	(117.559)
-Seller's payables to related party	(8.927)	(117.559)
-Other payables	(3.958)	-
Total	**5.590.024**	**7.591.005**

9. OTHER RECEIVABLES AND PAYABLES (Continued)

Details of taxes and funds payable are as follows:

	31st December 2013	31st December 2012
Value Added Tax payable	30.447	512.849
Energy fund	748.967	393.536
TRT share	852.927	795.295
Municipal Consumption Tax	452.799	472.478
Income Tax Stoppage from Wages	116.580	45.632
Contract stamp tax	29.068	102.190
Other tax liabilities	-	4.887
Total	**2.230.787**	**2.326.868**

10. INVENTORIES

	31st December 2013	31st December 2012
Other inventories (*)	188.471	276.805
Total	**188.471**	**276.805**

(*) Other inventories are consist of consumable material used and will be used in future periods in plant establishment in Şanlıurfa.

11. BIOLOGICAL ASSETS

Not available.(31st December 2012 Not available)

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET A.Ş.

EXPLANATORY NOTES TO FINANCIAL STATEMENTS RELATED WITH THE PERIOD OF JANUARY 01st, 2013-DECEMBER 31st, 2013 *(All amounts expressed in ("TL"), unless otherwise indicated.)*

12. PREPAID EXPENSES AND DEFERRED INCOMES

Short-term prepaid expenses

	31st December 2013	31st December 2012
Advances given for purchases (*)	19.641.614	5.413.868
Prepaid expenses for future months	18.278	574.606
Total	**19.659.892**	**5.988.474**

(*)Advances given for purchases amounting to TL 19.328.776 consist of given advances, made by Voytron for daily consumption in the MFSC system to Türkiye Elektrik Üretim A.Ş.

Long-term prepaid expenses

	31st December 2013	31st December 2012
Advances given for purchases (**)	3.949.840	5.888.150
Total	**3.949.840**	**5.888.150**

(**) The amount TL 1.351.350, belonged to advances given for purchases, is the expense on behalf of Türkiye Elektrik Üretim A.Ş. for the construction of transmission line and the amount of TL 2.560.600 consist of given advances to China Machinery Engineering Corporation for the ongoing steam turbines of cycle power.

Deferred Incomes

	31st December 2013	31st December 2012
Advances received (***)	16.947.983	10.468.455
Total	**16.947.983**	**10.468.455**

(***)Advances received for purchases amounting to TL 16.175.452 consist of received advances, made by Odaş for daily consumption in the MFSC system to Türkiye Elektrik Üretim A.Ş.

12. PREPAID EXPENSES AND DEFERRED INCOMES (Continued)

Production Company (Odaş); the sales made via system are disclosed in MFSC system between 15th – 20th day of the next month following the relevant period. Following the disclosure, the invoice is issued on the same date. The amounts of the invoices issued to TEİAŞ are added to the sales at the end of the periods pursuant to the periodicity concept and the corresponding account thereof is "Income Accruals". Besides, the invoice issued by TEİAŞ is added to the cost account and the corresponding account thereof is "Expense Accruals". The production figures are entered into MFSC system as estimations and the amount thereof is deposited with the bank accounts next day. These amounts deposited with the relevant bank account are monitored under 340 Advances Received account and deductions are made from this account as the invoices are issued.

13. INVESTMENT PROPERTIES

Not available. (31st December 2012 Not available)

14. TANGIBLE FIXED ASSETS

	01.01.2013	Inflow	Transferred assets from acquired companies	Outflow	Transfer	31.12.2013
Cost						
Land	797.653	-	442.410	-	33.500	1.273.563
Plant, machinery and equipments	130.258.002	27.367.987	5.750	-	9.269.412	166.901.151
Motor Vehicles	399.047	147.053	-	(67.715)	-	478.385
Furniture and fixtures	300.596	908.616	4.235	(18.563)	-	1.194.883
Ongoing investments	9.269.412	3.197.598	-	-	(9.284.412)	3.182.599
Total	**141.024.710**	**31.621.253**	**452.395**	**(86.278)**	**18.500**	**173.030.581**
Accumulated Amortization						
Plant, machinery and equipments	2.977.082	3.543.632	-	-	-	6.520.715
Motor Vehicles	48.316	89.156	-	19.178	-	118.293
Furniture and fixtures	72.515	94.883	1.684	4.545	-	164.537
Total	**3.097.913**	**3.727.671**	**1.684**	**23.723**	**-**	**6.803.545**
Net Book Value	**137.926.797**	**27.893.582**	**450.711**	**(62.555)**	**18.500**	**166.227.036**

14. TANGIBLE FIXED ASSETS (Continued)

	01.01.2012	Inflow	Transferred assets from acquired companies	Outflow	Transfer	31.12. 2012
Land	212.143	535.510	50.000	-	-	797.653
Plant, machinery and equipments	56.522.392	29.759.153	-	-	43.976.457	130.258.002
Motor Vehicles	150.973	108.813	139.261	-	-	399.047
Fixtures	10.765	66.711	223.120	-	-	300.596
Ongoing investments	16.743.420	36.197.736	304.714	-	(43.976.457)	9.269.412
Total	**73.639.693**	**66.667.923**	**717.095**	**-**	**-**	**141.024.710**
Accumulated Amortization						
Plant, machinery and equipments	359.727	2.617.355	-	-	-	2.977.082
Motor Vehicles	13.028	7.173	28.115	-	-	48.316
Fixtures	1.378	11.951	59.185	-	-	72.515
Total	**374.134**	**2.636.479**	**87.300**	**-**	**-**	**3.097.913**
Net Book Value	**73.265.559**	**64.031.444**	**629.794**	**-**	**-**	**137.926.797**

TL 166.895.401 amount of plant, machinery and equipment is the amount of Natural Gas Cycle Plant.

Since Natural Gas Cycle Plant started to produce at October 28th, 2011 by completing first stage, in 2011 TL 56.522.392 amount has been capitalized and by completing second stage at April 30th, 2012, TL 73.735.610 amount has been also capitalized, and totally the amount of Plant, Machinery and equipment has reached to TL 130.258.002 at the end of 2012. The period of June 30th, 2013 there has not been any capitalization. The third stage has been capitalized completely as TL 37.455.752 upon temporary acceptance on October 23rd, 2013 and besides, the solar energy panels amounting to TL 758.260 have been capitalized as well as the amount of

14. TANGIBLE FIXED ASSETS (Continued)

Plant, Machinery and equipment has reached to TL 166.901.151 at the end of 2013.

ODAŞ, relating to ODAŞ I Natural Gas Cycle Plant, has commercial enterprise pledge over whole 7 pieces of Wartsila W18V50SG Motor+Turbine+Generator, 1 piece of Genpower Generator, 3 pieces of Sperre Compressor+ Air Dryer, Ventilation Unit, 1 piece of Internal Need Compressor + Transformer, 3 pieces of Oil Tanks+Oil Pump, 28 pieces of Alfa Laval Radiators, Electric Switching Plant, Energy Transmission Line Equipments, Control Room and Panel Room Equipments and Other Equipments Make Easier Production amounting to TL 215.000.000 on behalf of Asya Katılım Bankası A.Ş.

The commercial enterprise and components which are subjected to Commercial Enterprise Pledge is safeguarded by insurance policies which give guarantee against to Machine Breakdown, Loss of Profit, and Fire etc.

15. RIGHTS ON SHARES ARISING FROM DECOMMISSION, RESTORATION AND ENVIRONMENT REHABILITATION FUNDS

Not available. (31st December 2012 Not available)

16. SHARES OF MEMBERS IN COOPERATIVE ENTITIES AND SIMILAR FINANCIAL INSTRUMENTS

Not available. (31st December 2012 Not available)

17. INTANGIBLE FIXED ASSETS

	01.01.2013	Inflow	Transferred assets from acquired companies	Outflow	Transfer	31.12.2013
Cost						
Rights	350.426	103.200	289.884.961	-	15.000	290.353.587
Research-development expenses	-	-	-	-	-	-
Special costs	-	-	-	-	-	-
Other intangible fixed assets	81.931	74.307	-	-	-	156.238
Total	**432.357**	**177.507**		**-**	**15.000**	**290.509.825**
Accumulated amortization						
Rights	40.381	19.119	-	-	(170)	59.669
Research-development expenses	-	-	-	-	-	-
Special costs	-	-	-	-	-	-
Other intangible fixed assets	35.940	48.115	-	-	-	84.055
Total	**76.321**	**67.234**	**-**	**-**	**(170)**	**143.724**
Net Book Value	**356.036**	**110.273**	**-**	**-**	**14.830**	**290.366.101**

TL 289.884.961 classified in the group of assets transferred from the acquired company is the Mining Lease Right transferred from Çan Kömür ve İnşaat A.Ş. involved in consolidation and subjected to valuation at stage of acquisition of the company. The wholesaler license of Voytron amounting to TL 272.250, the production license of Ağrı amounting to TL 34.750, the wholesaler license of Odaş Doğalgaz amounting to TL 61.700, the wholesaler license and license amendment of Hidro Enerji amounting to TL 15.000, the wholesaler license and license amendment of Küçük Enerji amounting to TL 15.000 and the wholesaler license

17. INTANGIBLE FIXED ASSETS (Continued)

and license amendment of Odaş Elektrik amounting to TL 69.926 have been capitalized in the account of Licenses.

The computer software transferred from Voytron is included in other intangible fixed assets.

	01.01.2012	Inflow	Transferred assets from acquired companies	Outflow	Transfer	31.12.2012
Licenses	22.093	31.333	297.000	-	-	350.426
Other intangible fixed assets	-	11.158	70.773	-	-	81.931
Total cost	**22.093**	**42.491**	**367.773**	**-**	**-**	**432.357**
Licenses	138	4.798	35.445	-	-	40.381
Other intangible fixed assets	-	7.114	28.826	-	-	35.940
Accumulated Amortizations	**138**	**11.912**	**64.271**	**-**	**-**	**76.321**
Net Book Value	**21.955**	**30.579**	**303.502**	**-**	**-**	**356.036**

18. GOODWILL

Acquisition of Çan Kömür ve İnşaat A.Ş. :

The Company has purchased 9,200 shares corresponding to 92% of 10,000 shares of Çan Kömür ve İnşaat Anonim Şirketi holding the paid-off royaltyright with respect to the coal site located in Çanakkale province, Çan country of which the price has been paid in advance from Mustafa Koncagül and Süleyman Koncagül at a price amounting to TL 6,614,727.

The studies regarding the determination of the reserves in the said coal site has been conducted by Fichtner Mining & Environment GMBH, an international independent mine valuation company's headquarter located in Germany and according to "Çan Yaylaköy Lignite Coal Deposits Valuation Report" prepared on February 26th, 2014, a coal reserve of 27,70 million tons total, of which 18,94 million tons are of measured and 5,76 million tons ofadditional indicated reserves, has been detected as a result of the studies conducted at a certain part of the site.

The value of the company as of December 31st, 2013 has been updated by the management of the Company based on the independent valuation report preparedby Moore Stephens Turkey-MBK Bağımsız Denetim ve SMMM A.Ş., an independent appraiser company on March 4th, 2014 and the value of the company has been calculated as TL 290,581,485.

Recognition and measurement of the Goodwill or the profit arising from the negotiated acquisition has been explained in the Communiqué no.67 of TASB on Turkish Financial Reporting Standard for Mergers (TFRS 3). Accordingly,

The acquired enterprise measures and recognizes the goodwill as the excess of (a) from (b) given hereunder as of the merger date:
(a) Total of the followings:

(i) Transferred amount measured in accordance with this TFRS and generally requiring measurement at fair value applicable in merger date;
(ii) Amount of minority shares (non-controlling shares) in the acquired enterprise measured in accordance with this TFRS and
(iii) Fair value of the equity share held by the acquiring enterprise in the acquired enterprise previously as of the merger date in a merger realized gradually.

18. GOODWILL (Continued)

(b) Net amount of the acquired identifiable assets and assumed identifiable liabilities as of the merger date which has been measured in accordance with this TFRS.

Negotiated Acquisitions

Sometimes, the acquiring enterprise realizes a negotiated acquisition and this is a merger where the amount mentioned in paragraph 32(b) exceeds the total amount mentioned in paragraph 32(a). If the said excess amount still exists after application of the provisions of the paragraph 36, the acquiring enterprise recognizes the resulting earning in profit or loss at merger date. The said earning is attributed to the acquiring enterprise.

Furthermore, if the intangible fixed asset acquired from a merger is separable or arises from a contract or other legal rights, sufficient information for measuring fair value of the said asset reliably is available in the section of TAS-38 Intangible Fixed Assets standard with respect to the measurement of the fair value of the intangible fixed assets acquired in merger. When there are estimations used for measuring the fair value of an intangible fixed asset, a series of probable results having different possibility is determined and such uncertainty is taken into the consideration in measurement of the fair value of the asset.

The intangible fixed asset acquired in a merger can be definable only if it is considered together with a contract, identifiable asset or liability related thereto. In such cases, the acquiring enterprise recognizes the relevant intangible fixed asset apart from the goodwill and together with the item that it relates.

TL 283,966,757 arisen from calculation with respect to the valuation amount resulting from valuation of the company as well as TL 5,918,204 arisen at the time of acquisition has been recognized in the account of Rights as the mining right. Furthermore, the resulting goodwill amounting to TL 260,720,038 has been entered into the records as revenue and included into the profit of the period.

18. GOODWILL (Continued)

Mergers under Joint Control

Pursuant to the Principle Decision Intended to Application of Turkish Accounting Standard No.2013-2 about "Recognition of Mergers under Joint Control" published by the Public Oversight Accounting and Auditing Standards Authority in the Official Gazette issue no.28714 dated 21.07.2013 and come into force, the principles with respect to Recognition of Mergers under Joint Control have been determined.

The mergers of the enterprises under joint control have been explained in paragraphs B1-B4 of TFRS-3 Mergers standard. Accordingly, TFRS-3 Mergers standard is applied for the mergers involving enterprises or establishments under joint control.

A merger involving the enterprises or the establishments under joint control is the merger where all of the enterprises or the establishments merged are controlled by the same person/persons before and after the merger and such control is not temporary.

When a group of individuals possesses the power to manage the financial and the operational policies of any enterprise in order to benefit from the operations of the said enterprise collectively as a result of contractual agreements, this group of individuals is deemed as controlling such enterprise. Therefore, if the said group possesses the power to manage the financial and the operational policies of each enterprise involved in merger for the purpose of benefiting from their operations as a result of contractual agreements and if such power in not temporary, then such merger lies beyond the scope of this TFRS-3 Mergers standard.

There is no relation between determination of whether the merger involves enterprises under joint control and the level of non-controlling shares (minority shares) in each of the merging enterprises before and after the merger. Similarly, the fact that any of the merging enterprises is a subsidiary excluded from the consolidated financial statements is not relevant with determination of whether the merger involves enterprises under joint control.

Therefore, the transactions classified as Goodwill in the financial statements dated 31.12.2012 have been presented in the account of "Effects of Mergers Involving Enterprises or Establishments under Joint Control" under the equity in the financial statements dated 31.12.2013 pursuant to the paragraph 10-12 of TAS-8 Accounting Policies, Changes and Errors in Accounting Estimates standard.

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET A.Ş.

EXPLANATORY NOTES TO FINANCIAL STATEMENTS RELATED WITH THE PERIOD OF JANUARY 01ST, 2013-DECEMBER 31ST, 2013 *(All amounts expressed in ("TL"), unless otherwise indicated.)*

18. GOODWILL (Continued)

The amounts related with the mergers of enterprises under joint control presented in the account of "Effects of Mergers Involving Enterprises or Establishments under Joint Control" are given hereunder:

Company Name	Acquisition Cost	Value of Acquired Equity Share	Effects of Mergers involving Enterprises or Establishments under Joint Control
Voytron Elektrik	23.342.950	(729.287)	24.072.237
Hidro Enerji	150.490	51.398	99.092
Ağrı Elektrik	70.000	20.616	49.384
Küçük Enerji	2.065.876	44.768	2.021.108
Ena Elektrik	32.270	(35.063)	67.333
Yel Enerji	-	(96.256)	96.256
Total	**25.661.586**	**(743.824)**	**26.405.410**

Since the goodwill may not be presented in the financial statements due to the fact that the mergers under joint control are recognized by means of pooling of interest method, the goodwill amounting to TL 26.405.410 arising from acquisition of enterprises under joint control as of 31.12.2013 has been presented in the account of "Effects of Mergers Involving Enterprises or Establishments under Joint Control" under the equity as an offset account.

19. RESEARCH AND ASSESSMENT OF MINERAL RESOURCES

Not available. (31st December 2012 Not available)

20. LEASING TRANSACTIONS

Not available.(31st December 2012 Not available)

21. PRIVILEGED SERVICE AGREEMENTS

Not available. (31st December 2012 Not available)

22. IMPAIRMENT OF ASSETS

Not available. (31st December 2012 Not available)

23. GOVERNMENT GRANTS AND INVESTMENTS

Odaş Elektrik Üretim Sanayi ve Ticaret A.Ş. has investment incentive certificate 21.12.2011 dated and 102704-B numbered which is drawn up by Economy Ministry of Turkish Republic Incentive Application and Foreign Capital General Directorate. 23.05.2013 dated and 102704-C numbered investment incentive certificate is prepared instead of this certificate. The certificate of investment is about natural gas cycle plant (7x19)+17=150 MW installed capacity, it is prepared referring to Energy Market Regulatory Authority EU/3323-2/2005 numbered and 14.07.2011 dated Production License.

The investment incentive certificate is given for whole new investment in Şanlıurfa, and it involves the 24.05.2011-24.05.2014 period. VAT exemption and customs duty indemnity are benefited by this certificate. The absolute amount of this investment financed by liabilities and it is total investment amount is TL 127,000,000.

24. BORROWINGS COSTS

The 1st stage of the natural gas cycle plant has been capitalized in November 2011, the 2nd stage in April 2012 and the 3rd stage in October 2013. The financing cost capitalized in the natural gas cycle plant is TL 1,561,026 for 2012 and TL 300,781.38 for 2013.

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET A.Ş.

01 Ocak 2013 – 31 Aralık 2013 Dönemine Ait Finansal Tablolara İlişkin Açıklayıcı Dipnotlar
(Tutarlar aksi belirtilmedikçe Türk Lirası ("TL") olarak ifade edilmiştir.)

25. PROVISIONS, CONTINGENT ASSET AND PAYABLES

Assets relating to current period tax

	31st December 2013	31st December 2012
Prepaid taxes and funds (*)	948.005	336.634
Total	**948.005**	**336.634**

(*) Prepaid taxes relating to current year tax are classified in account of receivables from tax office under other short-term receivables.

Provision for period income tax, net

	31st December 2013	31st December 2012
Provisions for period income and other legal liabilities	-	899.148
Minus: Prepaid taxes and funds (-) (*)	(948.005)	(45.544)
Total	**(948.005)**	**853.604**

(*) Prepaid taxes relating to current year tax are classified in account of receivables from tax office under other short-term receivables.

Pledges

-Pledge of Share Agreements Made with Asya Katılım Bankası A.Ş. :

In accordance with General Loan Contracts signed between Asya Katılım Bankası A.Ş. and ODAŞ Elektrik Üretim Sanayi Ticaret A.Ş., as an assurance of borrowings given, pledge of share agreements are made over all shares of ODAŞ Elektrik Üretim Sanayi Ticaret A.Ş.'s shareholders on behalf of Asya Katılım Bankası A.Ş. The total value of the amount pledged 30,000,000 shares with a nominal value of TL 1. Agreements are valid until liabilities are wholly paid in accordance with pledge of share agreements.

25. PROVISIONS, CONTINGENT ASSET AND PAYABLES (Continued)

-Pledge of Commercial Enterprise Agreements Made with Asya Katılım Bankası A.Ş. :

ODAŞ, relating to ODAŞ I Natural Gas Cycle Plant, has commercial enterprise pledge over whole 7 pieces of Wartsila W18V50SG Motor+Turbine+Generator, 1 piece of Genpower Generator, 3 pieces of Sperre Compressor+ Air Dryer, Ventilation Unit, 1 piece of Internal Need Compressor+Transformer, 3 pieces of Oil Tanks+Oil Pump, 28 pieces of Alfa Laval Radiators, Electric Switching Plant, Energy Transmission Line Equipments, Control Room and Panel Room Equipments and Other Equipments Make Easier Production amounting to TL 215,000,000 on behalf of Asya Katılım Bankası A.Ş.

The commercial enterprise and components which are subjected to Commercial Enterprise Pledge is safeguarded by insurance policies which give guarantee against to Machine Breakdown, Loss of Profit, and Fire and so on.

Warranty

-Financial Leasing Agreements made with Asya Katılım Bankası A.Ş.:

Asya Katılım Bankası and ODAŞ sign an agreement about financial leasing of 4 pieces of Wartsila W18V50SG Gas Motor for ODAŞ I Combined Cycle Plant project. According to Financial Leasing Agreement, Korkut Özal, Abdulkadir Bahattin Özal, Burak Altay, Öztay Enerji Elektrik Üretim Sanayi A.Ş., Aköz Enerji Elektrik Üretim Sanayi A.Ş., Hidro Kontrol Elektrik Üretim Sanayi A.Ş. and Aköz Ticaret Müşavirlik ve Mümessillik A.Ş. are joint oblige and joint guarantor to secure liabilities.

ODAŞ has liability totally EUR 31,313,992 from the first installation date 29.07.2013 until to 15.06.2018, as 20 installments Principle+Premium (VAT Excluded).

Transportation fee of motors, customs expenses are included in leasing amounts.

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EXPLANATORY NOTES TO FINANCIAL STATEMENTS RELATED WITH THE PERIOD OF JANUARY 01ST, 2013-DECEMBER 31ST, 2013 *(All amounts expressed in ("TL"), unless otherwise indicated.)*

25. KARŞILIKLAR, KOŞULLU VARLIK VE BORÇLAR (devamı)

-Financial Leasing Agreements Made with Yapı Kredi Finansal Kiralama A.O:

Related party Öztay Enerji Elektrik Üretim Sanayi A.Ş. and Yapı Kredi Finansal Kiralama A.O. signed financial leasing agreement at T.C. Beyoğlu 24. Notary, 15/09/2008 dated, 35348 document numbered acquired by new financial leasing agreement which is signed at T.C. Beyoğlu 24. Notary, 27/03/2012 dated, 15749 document numbered by ODAŞ. An agreement is made with Yapı Kredi Finansal Kiralama A.O. for financial leasing of 1 power transformer. According to Financial Leasing Agreement, Korkut Özal, Abdulkadir Bahattin Özal, Burak Altay, Öztay Enerji Elektrik Üretim Sanayi A.Ş., Aköz Ticaret Müşavirlik ve Mümessillik A.Ş., Hidro Kontrol Elektrik Üretim Sanayi A.Ş. and Aköz İnşaat Pazarlama Organizasyon Mümessillik Sanayi Ticaret A.Ş. are joint oblige and joint guarantor to secure liabilities.

ODAŞ has liability totally EUR 484,403.01 excluded VAT from the first installation date 29.02.2012 until to 15.10.2014, as 27 installations, the company has begun to pay at the first installation date 29.02.2012.

Conveyances

-Conveyances made with Asya Katılım Bankası A.Ş.:

According to General Loan Agreement made between Asya Katılım Bankası A.Ş. and ODAŞ Elektrik Üretim Sanayi Ticaret A.Ş., as an assurance of given borrowings, conveyances are signed about transferring of income from energy sales to TEİAŞ by ODAŞ Elektrik Üretim Sanayi Ticaret A.Ş. on behalf of Asya Katılım Bankası A.Ş.The conveyances signed totally TL 965,000,000; until the liabilities assured by the conveyances, the conveyances are valid.

25. PROVISIONS, CONTINGENT ASSET AND PAYABLES (Continued)

Guarantees

Given and received guarantees by the group are as follow:

	31st December 2013	31st December 2012
Given Guarantee Letters and Bills	**376.607.908**	**499.885.765**
****Given to credit institutions***	**313.518.374**	**241.603.287**
Odaş	289.769.374	226.457.787
Voytron	14.700.000	11.758.500
Ena Elektrik	2.450.000	450.000
Hidro Enerji	1.137.000	2.937.000
Yel Enerji	1.462.000	-
Ağrı Elektrik	2.000.000	-
Küçük Enerji	2.000.000	-
Odaş Doğalgaz	-	-
****Guarantees given due to trade operations and pursuant to License***	**64.089.534**	**43.282.478**
Odaş	15.421.141	26.320.148
Voytron	39.264.132	13.055.248
Ena Elektrik	901.440	93.900
Hidro Enerji	1.519.130	202.778
Küçük Enerji	1.784.244	890.404
Ağrı Elektrik	2.949.431	2.720.000
Yel Enerji	-	-
Çan Kömür	1.000.000	-
Odaş Doğalgaz	1.250.016	-
****Pledge of entity***	**215.000.000**	**215.000.000**
Odaş	215.000.000	215.000.000
Total	**592.607.908**	**499.885.765**
Received Guarantee Letters	**16.588.055**	**7.319.443**
Odaş	1.740.340	7.269.443
Voytron	14.847.715	50.000
Received Guarantee Bills	**19.000**	**959.680**
Odaş	-	940.680
Voytron	19.000	19.000
Total	**16.607.055**	**8.279.123**

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26. COMMITMENTS

Not available.(31st December 2012 Not available)

27. EMPLOYEE BENEFITS

Termination indemnity and provision for unused vacation

The Company and its subsidiaries which work in Turkey has to make a certain termination indemnity payment to its personnel who fires from company for several reasons like retirement after working at least one year at company except reassignment and bad behavior. Compensation which company has to pay is at amount of one month salary for each servicing year and this amount is limited to TL 3.254,44 as of December 01st, 2013. (31st December 2012: TL 3.033,98)

	31st December 2013	31st December 2012
Provision for termination indemnity	160.110	91.679
Provision for unused vacation	91.273	50.316
Total	**251.383**	**141.995**

A calculation made with the actuarial assumptions is necessary for the calculation of company's liabilities in accordance with TAS/TAS 29 (Employee Benefits). Group has calculated provision for termination indemnity basing on its past experiences with respect to completion of service period by the personnel and entitlement to termination indemnity, by using 'Projection Method' and reflected this amount to its financial statements in accordance with TAS/TAS 29.

Provisions for termination indemnity are allocated after calculating present value of potential liability which the Group is going to pay to its personnel in case of retirement. Accordingly, the assumptions, which have been used to calculate the liability amount between of December 31st, 2013 and December 31st, 2012 are as follows:

	31st December 2013	31st December 2012
Discount rate	%9.50	%8.50
Estimated increase rate	%5.00	%5.00

27. EMPLOYEE BENEFITS (Continued)

Employee termination benefits movements as 31st December 2013 – 31st December 2012 are as follows:

Provisions for Termination Indemnities

	31st December 2013	31st December 2012
Balance at the beginning of theperiod	91.679	-
Provisions Transferred from Acquired Companies	10.071	51.472
Additional provisions	58.360	40.207
Balance at the end of the period	**160.110**	**91.679**

	2013	2012
1st January	91.679	19.075
Provision from bought company	10.071	-
Payment	(16.635)	(17.035)
Interest cost	9.006	625
Current service cost	15.191	7.868
Actuarial earnings/(loss)	50.798	81.146
31st December	**160.110**	**91.679**

EXPLANATORY NOTES TO FINANCIAL STATEMENTS RELATED WITH THE PERIOD OF JANUARY 01st, 2013-DECEMBER 31st, 2013 *(All amounts expressed in ("TL"), unless otherwise indicated.)*

27. EMPLOYEE BENEFITS (Continued)

The movements of provision for unused vacation as 31st December 2013 – 31st December 2012 are as follows:

	31st December 2013	31st December 2012
Balance at the beginning of the period	50.316	11.888
Provisions Transferred from Acquired Companies	-	11.087
Additional Provisions	40.957	27.341
Provisions Cancellations	-	-
Balance at the end of year	**91.273**	**50.316**

Payables under Employee Benefits

	31st December 2013	31st December 2012
Payables to Personnel	39.989	49.259
Social Security Premium Payable	81.940	43.676
Total	**121.929**	**92.935**

28. EXPENSES ACCORDING TO THEIR QUALIFICATIONS

	01st January – 31st December 2013	01st January – 31st December 2012
Cost of Sales	549.496.133	144.444.645
Marketing Selling and Distribution Expenses	2.310.954	242.316
General Administration Expenses	4.463.611	1.009.722
Total	**556.270.698**	**145.696.683**

28. EXPENSES ACCORDING TO THEIR QUALIFICATIONS (Continued)

The details of the sales pertaining to the periods of January 1st – December 31st, 2013 and January 1st – December 31st, 2012 by their features are as follows:

	01st January – 31st December 2013	01 January – 31st December 2012
Bilateral Agreements, Energy, Cost Of Trade Goods	160.327.070	30.860.311
Gop Purchase Price Of The System	115.435.584	9.645.276
Usage Of Natural Gas	99.297.986	53.523.758
Distribution Companies System Using Cost Of Goods	74.337.518	18.878.403
Export Electricity Purchases	30.943.851	2.832.224
Imbalance Energy Amount Of TEİAŞ	26.965.997	11.169.670
TEİAŞ Zero Balance Adjusting İtem	7.789.603	1.832.912
TEİAŞ Accepted Load Amount	7.194.260	6.369.991
Depreciation And Amortization Expense	3.571.000	2.648.353
Yek Amount Due	3.515.623	813.224
Bilateral Agreements Energy, Cost Of Usage System	3.384.528	-
Costs Of Interconnection Capacity Allocation	2.495.311	174.512
TEİAŞ Adjustments For Previous Period	2.318.265	386.015
Maintenance Expense	2.286.784	278.748
TEİAŞ DGP Amount Of Loan	2.280.869	-
Cost Of Reactive Capacitive Goods (-)	1.829.400	-
TEİAŞ System Usage Cost	1.327.768	1.066.892
Personnel Expense	1.029.126	758.609
Other Expenses	750.126	111.182
Insurance Expenses	505.665	387.234
Distribution Companies Using Cost	425.295	-
TEİAŞ Non-Controllable Price	377.025	281.895
TEİAŞ Electricity Quality Service Cost	373.366	346.778
PFK Liability Transfer Service Cost	278.246	551.394
Distribution Companies, Cost Of Maturity Difference Expense	131.688	-
TEİAŞ Market Operation Fee	113.205	98.192
TEİAŞ Other Expenses	106.968	90.444
TEİAŞ Difference Fund	52.089	-
TEİAŞ System Operation Fee	51.915	54.947
Security Services Fee	-	67.200
Customs Expenses	-	32.372
Consultancy Expenses	-	26.933
TEİAŞ TM Communication Requirements Work	-	18.383
Representation Entertainment Expenses	-	14.857
Carriage and Transportation Expenses	-	13.395
TEİAŞ Record Value as per EPYHY Article 25	-	315.874
Measurement Expenses	-	194.217
TEİAŞ Unpaid Receivable Share	-	-
Other Material Expenses	-	590.925
Termination Indemnity Expenses	-	3.039
Notice Pay Expense	-	6.487
Total	**549.496.133**	**144.444.645**

28. EXPENSES ACCORDING TO THEIR QUALIFICATIONS (Continued)

The details with respect to cost of sales arising from production activities are as follows:

	01st January – 31st December 2013	01st January – 31st December 2012
Usage Of Natural Gas	99.297.986	53.523.758
Imbalance Energy Amount Of TEİAŞ	23.490.659	9.924.935
TEİAŞ Zero Balance Adjusting İtem	7.789.603	1.832.912
TEİAŞ Accepted Load Amount	7.194.260	6.369.991
Depreciation And Amortization Expense	3.571.000	2.618.609
Repair and Maintanence Cost	2.286.784	278.748
TEİAŞ DGP Loan Amount	2.280.869	-
TEİAŞ Adjustments For Previous Period	2.220.861	385.805
TEİAŞ System Usage Cost	1.266.993	1.066.892
Personnel Expense	1.029.126	758.609
Other Expenses	738.748	93.534
Insurance Expenses	505.665	387.234
TEİAŞ Electricity Quality Service Cost	373.366	346.778
PFK Liability Transfer Service Cost	278.246	551.394
TEİAŞ Other Expenses	106.968	90.444
TEİAŞ Market Operation Fee	92.290	98.192
TEİAŞ System Operation Fee	51.915	45.693
TEİAŞ Record Value as per EPYHY Article 25	-	315.874
TEİAŞ Unpaid Receivable Share	-	-
TEİAŞ Non-Controllable Price	-	281.895
Termination Notice Expense	-	6.487
Termination Indemnity Expenses	-	3.039
Measurement Expenses	-	194.217
Security Services Fee	-	67.200
Customs Expenses	-	29.674
Consultancy Expenses	-	26.933
TEİAŞ TM Communication Requirements Work	-	18.383
Representation Entertainment Expenses	-	14.857
Carriage and Transportation Expenses	-	13.395
Other Material Expenses	-	590.925
Total	**152.575.340**	**79.936.406**

28. EXPENSES ACCORDING TO THEIR QUALIFICATIONS (Continued)

The details with respect to cost of sales arising from the costs of wholesales are as follows:

	1st January – 31st December 2013	1st January – 31st December 2012
Bilateral Agreements, Energy, Cost Of Trade Goods	160.327.070	30.860.311
Gop Purchase Price Of The System	115.435.584	9.645.276
Distribution Companies System Using Cost Of Goods	74.337.518	18.878.403
Export Electricity Purchases	30.943.851	2.832.224
YEK Amount Due	3.515.623	813.224
Imbalance Energy Amount Of TEİAŞ	3.475.337	1.244.735
Bilateral Agreements Cost Of Usage System	3.384.528	-
TEİAŞ Costs Of Interconnection Capacity Allocation	2.495.311	174.512
Cost Of Reactive Capacitive Goods (-)	1.829.400	-
Distribution Companies GDDK	425.295	-
TEİAŞ Non-Controllable Price	377.025	-
Distribution Cost Of Delay Interest	131.688	-
TEİAŞ Adjustments For Previous Period	97.404	210
TEİAŞ System Usage And System Operation Fee	60.775	6.578
TEİAŞ Difference Fund	52.089	-
TEİAŞ Operating Fee	20.915	2.676
Other Expenses	11.378	17.648
Depreciation and Amortization Shares	-	29.744
Customs Expenses	-	2.698
Total	**396.920.793**	**64.508.239**

28. EXPENSES ACCORDING TO THEIR QUALIFICATIONS (Continued)

Bilateral Agreements Energy Cost of Trade Goods; Cost of Voytron Elektrik's electricity purchase from producing companies out of system.

Distribution Companies Cost of System Usage Goods; Voytron Elektrik use distribution companies' distribution piping systems on their direct sales to consumers and these distribution companies do meter readings. Voytron pays this price to distribution companies and charges it from consumers.

TEİAŞ Energy Imbalance Amount; Due to Odaş's being responsible party from balance in day-ahead market

GÖP System Purchase Amount; Electricity rates taken from MFSC day-ahead market (TEİAŞ)

Energy Imbalance; Negative incidence of difference with Voytron's consumption estimates in day-ahead market.

TEİAŞ Retroactive Adjustment Item; Mistakes on MFSC reconciliation shown on this item on the following term.

TEİAŞ Accepted Load Cycling Amount; The amount acquired with multiplication of bid price and quantity given by System Operator's offer valid for conciliation term related with balancing units in the scope of balancing power market and system losses deducted from Embarkation Direction Amount.

Keyat Amount According to TEİAŞ EPYHY Article 25; The amount acquired with multiplication of Accepted and Implemented Embarkation bid price calculated by Electricity Market Balancing and Settlement Regulation, 2 tag value of balancing power market's balancing unit's offer valid for conciliation term.

TEİAŞ Zero Balance Adjustment Item; The amount is reflected to market participants in proportion of zero balance adjustment item. It is based on the basis of market operator's profit or loss from operations done for wholesale electricity market. In a billing period, will be accrued receivables to market participant and payables should be balanced with conciliation of compensating mechanism and conciliation of imbalance of related parts to balancing and without energy sales and purchases in the scope of day-ahead market, market operating fee, transmission fee and overdue receivables.

28. EXPENSES ACCORDING TO THEIR QUALIFICATIONS (Continued)

TEİAŞ System Usage Fee; The amount confirmed by EMRA and calculated by TEİAŞ based on thrust- transmit power reflected income ceilings reflected to system usage fee signed market participant, using TEİAŞ transmission system.

YEK Credit Balance; The amount reflected to participants by considering energy imbalance amount reconciliated from Renewable Energy Sources Backstopping Mechanism and payment liability rate (PLR) calculated in the scope of YEKDEM.

PFK Liability Transfer Service Fee; In case of productive facilities in the scope of electricity market ancillary services regulations obligated to participate primer frequency control service (PFK), want to transfer PFK liabilities to another company in related conciliation term, fee is assigned by companies.

TEİAŞ Electricity Quality Service Fee; It is declared in Transmission System Usage and Calculation of System Operating Tariff's Procedure Declaration's 5th section approved in 3575 numbered assembly resolution Energy Market Regulatory Authority. Electricity Quality Service Fee on transmission system invoices are related to other related system users and producers within the scope of 4628 numbered Electricity Market Law and secondary legislation Electricity Market Network Regulations, Electricity Market Ancillary Services Regulations.

TEİAŞ Market Operating Fee; It is accrued to cover operating cost and amortization of investment expenses without electricity energy sale and purchase. Market operating income ceiling is shared to market participants by considering organized wholesale electricity market facilities by market operators.

TEİAŞ Non-controllable Fee; It is related to get peripheral service from other system users and producers within the scope of 4628 numbered Electricity Market Law and secondary legislation Electricity Market Network Regulations, Electricity Market Ancillary Services Regulations. Cost of peripheral services concludes to prevent constraint of energy flow on transmission system. Non-controllable costs reflected to all users equally and take part as non-controllable fee item on transmission system usage and system operating invoices.

Interconnection Capacity Allocation Fee; Capacity and time limit of publicly interconnection are considered for electricity import and export. Interconnection lines within scope of the licenses are presented to market participants by tendering procedure after

28. EXPENSES ACCORDING TO THEIR QUALIFICATIONS (Continued)

line base determined and declared by system operator. Price capacity allocation after tender comprise price capacity allocation fee for that term.

29. OTHER ASSETS AND LIABILITIES

Other Current Assets

	31st December 2013	31st December 2012
Income Accruals	30.867.043	15.994.612
VAT Carried Forward	1.201.203	1.026.237
Work Advances	217.131	47.657
Personnel Advances	40.676	16.560
Advances Given for Purchases	1.103.762	-
Total	**33.429.816**	**17.085.066**

(*) Information about operation of income-expense accruals and given-received order advances

29. OTHER ASSETS AND LIABILITIES (Continued)

Wholesale Company (Voytron); the purchases made via system are disclosed in Market Financial Settlement Center ("MFSC") system between 15th – 20th day of the next month following the relevant period. Following the disclosure, the invoice is issued on the same date. The amounts of the invoices issued to TEİAŞ and customers are added to the sales figures and the corresponding account thereof is "Income Accruals". Besides, the invoice issued by TEİAŞ is added to the cost figure and the corresponding account thereof is "Expense Accruals".

The payments are made to TEİAŞ daily in accordance with the consumption amounts estimated on daily basis and monitored under 159 Advances Given account. Deductions are made from this account as the invoices are issued.

Production Company (Odaş); the sales made via system are disclosed in MFSC system between 15th – 20th day of the next month following the relevant period. Following the disclosure, the invoice is issued on the same date. The amounts of the invoices issued to TEİAŞ are added to the sales at the end of the periods pursuant to the periodicity concept and the corresponding account thereof is "Income Accruals". Besides, the invoice issued by TEİAŞ is added to the cost account and the corresponding account thereof is "Expense Accruals".

The production figures are entered into MFSC system as estimations and the amount thereof is deposited with the bank accounts next day. These amounts deposited with the relevant bank account are monitored under 340 Advances Received account and deductions are made from this account as the invoices are issued.

The details of the income accruals are as follows:

	31st December 2013	31st December 2012
Electricity Sales Income Accruals	30.782.551	15.625.220
Interest Income Accruals of Demand Deposit	10.913	48.159
Other Interest Income Accruals	11.578	321.233
Other Income Accruals	62.001	-
Total	**30.867.043**	**15.994.612**

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29. OTHER ASSETS AND LIABILITIES (Continued)

Other Fixed Assets

	31st December 2013	31st December 2012
Advances Given	3.357.780	-
Total	**3.357.780**	**-**

Other Short-Term Liabilities

	31st December 2013	31st December 2012
Expense Accruals (*)	25.599.952	7.192.146
Total	**25.599.952**	**7.192.146**

(*) Details of expense accruals are as follows:

	31st December 2013	31st December 2012
Electricity Purchase Expense Accruals	23.649.989	6.893.259
Expense Accruals of Distribution Company	155.355	298.887
Interest Accruals	1.794.608	-
Total	**25.599.952**	**7.192.146**

30. CAPITAL, RESERVES AND OTHER EQUITY ITEMS

Paid-in Capital

Paid-in Capital structure of the Company between December 31st, 2013 and December 31st, 2012 given on the following table:

Nominal capital of the company is TL 42.000.000 and the upper limit of registered capital is TL 50.000.000. The company's application to registration of capital system is accepted by Capital Market Board.

Capital

	31st December 2013			31st December 2012		
	Amount	Equity Share	Rate	Amount	Equity Share	Rate
Korkut Özal	12.000.000	12.000.000	28,57%	12.000.000	12.000.000	40%
A. Bahattin Özal	9.000.000	9.000.000	21,43%	9.000.000	9.000.000	30%
Burak Altay	9.000.000	9.000.000	21,43%	9.000.000	9.000.000	30%
Public Shares	12.000.000	12.000.000	28,57%	-	-	-
Paid-in Capital	**42.000.000**	**42.000.000**	**100%**	**30.000.000**	**30.000.000**	**100%**

The capital of the company amounts to TL 30.000.000. It has been increased to TL 42.000.000 in 2013. TL 12.000.000 has been committed in full without collusion. This decision has been registered on 22.07.2013 and announced in the Trade Registry Gazette issues no.8371 dated 25.07.2013.

All of the share certificates issued for the portion of the capital amounting to TL 12.000.000 increased by the resolution no.2013/08 of the Board of Directors dated 08.03.2013 and the recognition certificate no.16/519 of the Capital Markets Board dated 08.05.2013 has been offered to the public.

As a guarantee of loan given according to general loan agreement signed between ODAŞ Elektrik Üretim Sanayi ve Ticaret A.Ş. and Asya Katılım Bankası A.Ş.; Share pledge agreement is signed to hypothecate all shares of shareholders of ODAŞ Elektrik

30. CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

According to the TCC's article of 6102 and 338 Voytron Elektrik Toptan Satış Dış Ticaret A.Ş. made a decision to operate as a sole shared joint-stock company. This decision is registered at 09.10.2012 and announced at October 15, 2012 dated 8174 numbered Trade Registry Gazette.

According to the TCC's article of 8244 and 338 Hidro Enerji Elektrik Üretim Sanayi A.Ş. made a decision to operate as a sole shared joint-stock company. This decision is registered at 21.01.2013 and announced as at 25.01.2013 8244 numbered trade registry gazette.

Share Premium

According to the Communiqué Serial XI No.20, the equity items of "Share Premium" shall be included in the carrying values on the balance sheet as a result of inflation adjustments on financial statements in accordance with the announcement made by the Board.

Inflation adjustment of share premium differences is stated in previous years' profit / (loss)

	31st December 2013	31st December 2012
Share Premiums	48.000.000	-
Total	48.000.000	-

30. CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

Actuarial Loss/Earning Fund

The movements of actuarial loss/income are as follows:

	31st December 2013	31st December 2012
Opening Balance	64.917	-
Current Period Actuarial Earnings/(Loss)	40.638	64.917
Total	**105.555**	**64.917**

Retained Profit/Loss

The retained profits/losses other than the net profit for the period have been set off and presented in this item.

	31st December 2013 Balance	31st December 2012 Balance
Retained Profit/Loss	(1.075.762)	(47.811)
Period Profit/Loss	15.610.016	(963.034)
Actuarial Loss/Earning Fund	(105.555)	64.917
Total	**14.428.699**	**1.075.762**

Pursuant to the resolution no.4/138 of the Capital Market Board dated February 8th, 2008, the minimum profit distribution rate for the joint stock companies of which the shares are traded at the stock exchange will be 20% being effective from January 1st, 2008 (31st December 2007: 20%). Accordingly, it has been permitted to make such distribution in cash or by way of distributing the shares to be issued by adding the dividend to the capital to the shareholders on free of charge basis or via combination thereof depending on the resolutions to be adopted in general assembly meetings of the companies as well as to retain the said amount in the company without distribution, if the first dividend to be determined is less than 5% of the existing paid-in/issued capital

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30. CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

but, for those which shall distribute dividend from the profit for the period acquired as a result of operations among the joint stock companies which have increased their capital without distributing the first dividend related with the previous period and whose the shares have been classified as "old" and "new" dues to this reason, the obligation to distribute the first dividend to be calculated in cash has been brought.

Furthermore, pursuant to the resolution no.7/242 of the CMB dated February 25th, if the amount of the distributable profit calculated in accordance with the regulation of the CMB related with the obligation of minimum dividend distribution over the net distributable profit also calculated in accordance with the CMB's regulations can be covered completely from the distributable profit included in the legal records, the whole of this amount or if not, whole of the distributable profit included in the legal records shall be distributed. In case of loss for the period in any of the financial statements or legal records prepared in accordance with the CMB's regulations, no profit distribution shall be made.

Minority Interests

Detail of Group's minority interest is as follows:

	31st December 2013	31st December 2012
Capital	849.335	59.907
Retained Profit/Loss	(107.418)	(54.862)
Period Profit/Loss	(24.676.554)	(996)
Total	**(23.934.637)**	**4.049**

Pursuant to the resolution adopted in the meeting of the Capital Market Board dated January 27th, 2010, the obligation of minimum dividend distribution has been brought for the joint stock companies of which the shares are traded at the stock exchange with respect to distribution of the profits acquired from their operations. Accordingly, dividend distributions will be made in accordance with the principles set forth in the CMB's Communiqué Serial: IV No.27, the provisions contained in the articles of associations of the companies as well as the dividend policies disclosed to the public by the companies.

30. CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

Effects of Mergers involving Enterprises or Establishments under Joint Control

Pursuant to the Principle Decision Intended to Application of Turkish Accounting Standard No.2013-2 about "Recognition of Mergers under Joint Control" published by the Public Oversight Accounting and Auditing Standards Authority in the Official Gazette issue no.28714 dated 21.07.2013 and come into force, the principles with respect to Recognition of Mergers under Joint Control have been determined.

Since the goodwill may not be presented in the financial statements due to the fact that the mergers under joint control are recognized by means of pooling of interest method, the goodwill amounting to TL 26.405.410 arising from acquisition of enterprises under joint control as of 31.12.2013 has been presented in the account of "Effects of Mergers Involving Enterprises or Establishments under Joint Control" under the equity as an offset account.

The mergers of the enterprises under joint control have been explained in paragraphs B1-B4 of TFRS-3 Mergers standard. Accordingly, TFRS-3 Mergers standard is applied for the mergers involving enterprises or establishments under joint control.

A merger involving the enterprises or the establishments under joint control is the merger where all of the enterprises or the establishments merged are controlled by the same person/persons before and after the merger and such control is not temporary.

When a group of individuals possesses the power to manage the financial and the operational policies of any enterprise in order to benefit from the operations of the said enterprise collectively as a result of contractual agreements, this group of individuals is deemed as controlling such enterprise. Therefore, if the said group possesses the power to manage the financial and the operational policies of each enterprise involved in merger for the purpose of benefiting from their operations as a result of contractual agreements and if such power in not temporary, then such merger lies beyond the scope of this TFRS-3 Mergers standard.

There is no relation between determination of whether the merger involves enterprises under joint control and the level of non-controlling shares (minority shares) in each of the merging enterprises before and after the merger. Similarly, the fact that any of the merging enterprises is a subsidiary excluded from the consolidated financial statements is not relevant with determination of whether the merger involves enterprises under joint control.

30. CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

Therefore, the transactions classified as Goodwill in the financial statements dated 31.12.2012 have been presented in the account of "Effects of Mergers Involving Enterprises or Establishments under Joint Control" under the equity in the financial statements dated 31.12.2013 pursuant to the paragraph 10-12 of TAS-8 Accounting Policies, Changes and Errors in Accounting Estimates standard.

The amounts related with the mergers of enterprises under joint control presented in the account of "Effects of Mergers Involving Enterprises or Establishments under Joint Control" are given hereunder:

Company Name	Acquisition Cost	Value of Acquired Equity Share	Effects of Mergers involving Enterprises or Establishments under Joint Control
Voytron Elektrik	23.342.950	(729.287)	24.072.237
Hidro Enerji	150.490	51.398	99.092
Ağrı Elektrik	70.000	20.616	49.384
Küçük Enerji	2.065.876	44.768	2.021.108
Ana Elektrik	32.270	(35.063)	67.333
Yel Enerji	-	(96.256)	96.256
Total	**25.661.586**	**(743.824)**	**26.405.410**

31. REVENUE AND COST OF GOODS SOLD

Details of sales are given below:

Revenue:

	01st January – 31st December 2013	01st January – 31st December 2012
Domestic Sales	600.967.134	174.789.334
Eligible Consumer Electricity Sale	367.520.068	67.647.177
TEİAŞ Electricity Sale Income	192.571.780	101.664.321
Bilateral Agreements Electricity Sale Income	40.875.286	5.477.835
Energy Imbalance	-	-
Sales Returns	(1.158.925)	(195.948)
Sales Discounts	(104.595)	(27.387)
Total	**599.703.615**	**174.565.999**

The details of sales arise from production are given below:

	01st January – 31st December 2013	01st January – 31st December 2012
Domestic Sales	189.666.000	106.137.191
TEİAŞ Electricity Sale Income	186.965.706	100.659.356
Eligible Consumer Electricity Sale	1.915.612	-
Bilateral Agreements Electricity Sale Income	784.682	5.477.835
Energy Imbalance	-	-
Sales Returns	-	-
Total	**189.666.000**	**106.137.191**

90% of the sales from production activity is made with Türkiye Elektrik İletim A.Ş.

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31. REVENUE AND COST OF GOODS SOLD (Continued)

The details of sales from wholesale activity are shown below:

	01st January – 31st December 2013	01st January – 31st December 2012
Domestic Sales	411.301.135	68.652.143
Eligible Consumer Electricity Sale	365.604.457	67.647.177
TEİAŞ Electricity Sale Income	5.606.075	1.004.965
Bilateral Agreements Electricity Sale Income	40.090.603	-
Energy Imbalance	-	-
Sales Returns	(1.158.925)	(195.948)
Sales Discounts	(104.595)	(27.387)
Total	**410.037.615**	**68.428.808**

List of top ten firms of wholesale activity between January 01st and December 31st, 2013 are as follow:

Title	Rate
Türk Telekom A.Ş.	38%
İkitelli Organize Sanayi Bölgesi Başkanlığı	25%
Avea İletişim Hizmetleri A.Ş.	19%
Dicle Elektrik Perakende Satış A.Ş.	3%
Ic İçtaş Elektrik Toptan Satış ve Ticaret A.Ş.	1%
Boğaziçi Elektrik Perakende Satış A.Ş.	1%
Aydem Elektrik Perakende Satış A.Ş.	1%
Bir Enerji Elektrik Toptan Satış İth. İhr. A.Ş.	1%
Koton Mağazacılık Tekstil Sanayi ve Ticaret A.Ş.	1%
Meram Elektrik A.Ş.	1%
Other Companies	9%

31. REVENUE AND COST OF GOODS SOLD (Continued)

Cost of goods sold consists of following:

	01st January – 31st December 2013	01st January – 31st December 2012
Cost Of Goods Sold (Production)*	152.575.340	79.936.406
Cost Of Goods Sold (Trade)**	396.920.793	64.508.239
Total	**549.496.133**	**144.444.645**

32. CONSTRUCTION CONTRACTS

Not available. (31st December 2012 Not available)

33. GENERAL ADMINISTRATION EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

	01st January – 31st December 2013	01st January – 31st December 2012
General Administration Expenses	4.463.611	1.009.722
Marketing Expenses	2.310.954	242.316
Total	**6.774.565**	**1.252.038**

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33. GENERAL ADMINISTRATION EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES (Continued)

Marketing, Sales and Distribution Expenses

The details of the sales and distribution expenses pertaining to the periods of January 1st – December 31st, 2013 and January 1st – December 31st, 2012 by their features are as follows:

	01st January – 31st December 2013	01st January – 31st December 2012
Tax Expenses	1.152.927	126.245
System Usage Cost	564.259	-
Electricity Sale Commission Expenses	237.323	21.457
Consulting Expenses	88.806	-
Travel Expenses	71.739	7.203
Other	68.004	5.600
Personnel Expenses	55.708	49.887
Annual License Expenses	35.162	-
Fuel Expenses	23.137	3.749
Vehicle Rent Expenses	13.890	2.530
Cargo Expenses	-	25.645
Total	**2.310.954**	**242.316**

33. GENERAL ADMINISTRATION EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES (Continued)

The details of the general administration expenses pertaining to the periods of January 1st – December 31st, 2013 and January 1st – December 31st, 2012 by their features are as follows:

General Administration Expenses

	01st January – 31st December 2013	01st January – 31st December 2012
Personnel Expenses	2.083.077	326.183
Travel Expenses	485.700	11.711
Rent Expenses	397.158	48.081
Other Expenses	372.437	51.194
Depreciation Expenses	256.249	39
Tax Expenses	206.030	74.217
Public Accountant Expenses	169.768	-
Cargo Expenses	159.624	-
Consulting Expenses	148.695	130.709
Representation Entertainment Expenses	62.805	96.145
Notary Expenses	50.828	14.688
Provision For Unused Vacation	40.957	27.341
Fuel Expenses	24.908	16.063
Insurance Expenses	4.901	2.718
Provision For Termination Indemnities	474	-
Participation in Common Expenses	-	210.633
TOTAL	**4.463.611**	**1.009.722**

There are no research and development expenses between 01st January – 31st December 2013 and 01st January – 31st December 2012 periods.

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34.OTHER INCOMES AND EXPENSES FROM REAL OPERATIONS

Other Incomes From Real Operations

	01st January – 31st December 2013	01st January – 31st December 2012
Foreign Exchange Incomes	1.494.963	1.100.118
Rediscount On Interest Incomes	770.401	28.584
Prior Period Revenues/Profits	354	22.677
Other Incomes and Profits related with Operations	318.971	266.750
Provisions for Doubtful Receivables	385.594	-
Other Unusual Revenues	327.596	93.067
Total	**3.297.879**	**1.511.196**

Other Expenses From Real Operations

	01st January – 31st December 2013	01st January – 31st December 2012
Foreign Exchange Expense	2.147.243	51.619
Rediscount Expense	958.379	54.282
Other Unusual Expenses and Losses	3.254.208	41.608
Prior Period Expenses and Losses	1.000	336
Provision for doubtful receivables	532.941	96.693
Total	**6.893.771**	**244.538**

35. INCOMES AND EXPENSES FROM INVESTING ACTIVITIES

Incomes from Investing Activities

	01st January – 31st December 2013	01st January – 31st December 2012
Fixed Assets Sales Profit	8.202	-
Negative Goodwill (*)	260.720.238	-
Total	**260.728.440**	**-**

(*) The sum amounting to TL 260,720,238 is the negative goodwill arising from valuation of Çan Kömür ve İnşaat A.Ş. (Note: 3).

36. EXPENSES CLASSIFIED ON KIND BASIS

The breakdown of the Group's expenses classified on kind basis as of December 31st, 2013 and 2012 is as follows:

Depreciation Expenses

	01st January – 31st December 2013	01st January – 31st December 2012
Costs of Sales	3.571.000	2.648.353
General Administration Expenses	256.249	39
Total	**3.827.248**	**2.648.392**

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36. EXPENSES CLASSIFIED ON KIND BASIS (Continued)

Personnel Expenses

Personnel Expenses	01st January – 31st December 2013	01st January – 31st December 2012
Costs of Sales	1.029.126	758.609
Marketing Sales and Distribution Expenses	55.708	49.887
General Administration Expenses	2.083.077	326.183
Total	**3.167.911**	**1.134.679**

Insurance Expenses

Insurance Expenses	01st January – 31st December 2013	01st January – 31st December 2012
Costs of Sales	505.665	387.234
General Administration Expenses	4.901	2.718
Total	**510.566**	**389.952**

37. FINANCIAL EXPENSES AND INCOMES

Financial Expenses

	01st January – 31st December 2013	01st January – 31st December 2012
Foreign Exchange Losses	39.701.797	5.620.559
Rediscounted Interest Expenses	-	45.540
Interest and Commission Expenses	25.454.472	13.317.192
Total	**65.156.269**	**18.983.291**

According to TAS-39 Financial Instruments Standard, when foreign currency denominated borrowings is used in TL for hedging from fair value risk, the difference is recognized as profit or loss.

Company used Euro loans for cycle plant construction that started May, 2011. According to TAS-23 Borrowing Cost, power plants are determined as qualifying assets. Interest expenses for loans are considered as cost of power plant up to capitalization date, after capitalization date it is considered as expense. Foreign exchange differences are considered income-expense of related term.

1st phase of power plant is capitalized on November 2011, 2nd phase is on April, 2012 and 3rd phase is capitalized on October 2013. Capitalized finance cost in 2012 for natural gas power plant is TL 1,561,026 and in 2013 is TL 300,781.38.

37. FINANCIAL EXPENSES AND INCOMES (Continued)

Financial Incomes

	01st January – 31st December 2013	01st January – 31st December 2012
Interest Incomes	8.292.207	3.446.075
Profit on Sale of Marketable Securities	48	-
Exchange Profit	7.502.487	7.548.998
Rediscount and Commission Income	-	276.820
Total	**15.794.742**	**11.271.893**

38. ANALYSIS OF OTHER COMPREHENSIVE INCOME ITEMS

The breakdown of the Group's detailed incomes/(expenses)as of December 31st, 2013 and 2012 is as follows:

Those not to be reclassified in Profit or Loss

	01st January – 31st December 2013	01st January – 31st December 2012
Actuarial Earnings/(Losses) (Note: 27)	50.798	81.146
Deferred Tax Income/(Expense) (Note: 40)	(10.160)	(16.229)
Total	**40.638**	**64.917**

39. FIXED ASSETS KEPT FOR SALE PURPOSE AND DISCONTINUED OPERATIONS

Not available. (31st December 2012: Not available)

40. INCOME TAXES (DEFERRED TAX ASSETS AND LIABILITIES INCLUDED)

Tax expense/income in comprehensive income statement for periods ended at December 31st, 2013 and December 31st, 2012 are as below;

	31st December 2013	31st December 2012
Current tax expense	-	(899.148)
Deferred tax income/expense	(58.445.077)	(6.021.962)
Deferred tax reflected in equity (*)	10.160	16.229
Deferred Tax Liability	**(58.434.917)**	**(6.904.881)**

(*) This is the amount of deferred tax calculated in connection with actuarial earning/loss within the scope of the change made in TAS 19 Employee benefits standard.

Current Tax

Corporate tax rate is 20 % in Turkey. This rate can be applied to the amount after addition of expenses which are not accepted to discount according to Turkish law to company's operating income and deduction of exceptions in tax law like subsidiary income and discounts like investment discount from company's operating income.

As at December 30th, 2003, there was a act which predicted to change in Tax Procedure Law, Income Tax Law and Corporate Tax Law ("Act numbered as 5024"), it predicts that income and corporate taxpayer, who determines its profit according to statement of financial position base, keep their financial statements with inflation adjustment starting after January 1st, 2004. These taxpayers also have to make inflation adjustment for their financial statements at December 31st, 2003. It is an obligation that taxpayers, who have to make inflation adjustment according to the general declaration published by Ministry of Finance, have to make adjustments in their statement of financial position after January 1st, 2004 if there is the case which obligates adjustment.

Group will calculate tax amount for the period according to declaration numbered 338 if there are conditions such as increase in price index in last 12 periods at 100% and 10% for current period for need of adjustments.

There are not taking of withholding tax for corporate who obtain income in Turkey with a base or permanent representative and

40. INCOME TAXES (DEFERRED TAX ASSETS AND LIABILITIES INCLUDED) (Continued)

dividend payment to corporate that has a base in Turkey. Dividend payment except these above is taxable for withholding tax at 15% (10% before July 22nd, 2006). Adding profit to capital cannot be count as distribution of dividend and applied for withholding tax.

Companies calculate pre-paid corporate tax at 20% on their profit for each 3 months and they declare that amount at fourteenth day of second month in following period and they pay it till evening of seventeenth day of same month. Pre-paid taxes which are paid in the year belong to same year and it will be deducted from corporate tax amount which is calculated according to corporate tax declaration for the following year. Pre-paid corporate tax remained after deduction can be deducted from any financial payables to government.

75% of profit from sales of property, subsidiary's shares, management shares, shares for which company has first right of purchase which company kept in hand at least 2 years is count as exception in condition that they can be kept under a fund account as equity item for 5 years in liabilities and collection of total sales amount has to be finished not exceeding second year after sales made.

Investment Discount

Investment discount is outlaw effective as at January 01st, 2006.However, in cases where company's taxable profit is not enough to recover the amount of investment discount which company did not get benefit as at December 31st, 2005, this investment discount can be carry forward in order to be deducted from future taxable profit of company. Moreover this deduction can be made only for profit earned for the years 2006, 2007 and 2008.Investment discount which could not deduct from profit earned for the year 2008 cannot be carry forward for future periods. As at October 15th, 2009, there was a law suit in constitutional court related to not to carry forward this investment discount. According to decision of this law suit, time limitation was no longer applicable for carry forward for future periods because of constitutional rights. As a result of this:

a- Investments which will start after January 1st, 2006 in same scope with already started applications which are made before April 24th, 2003,

b- In scope of cancelled article 19 in Income Tax Law, exception amount of investment discount cannot be subjected to any withholding tax. According to the acts which are valid before July 24th, 2003, in case of using the right of earned investment

40. INCOME TAXES (DEFERRED TAX ASSETS AND LIABILITIES INCLUDED) (Continued)

discount, company will make withholding tax as rate of 19.8% on used investment discount exception without distributing or not distributing of profit.

According to Turkish Tax Regulations, loss without exceeding 5 years can be discounted from corporate income for the period. However loss cannot be discounted from previous year profits. However, the financial losses may not be set off against the retained earnings.

There is not any application which consists of agreement between companies and tax authority about payables taxes in Turkey. Declaration of corporate tax has to give to related tax authority of company in twenty fifth day of forth month of closed period. Moreover, tax authority can check company records for 5 years and if there is a mistake, amount of taxes payables can be changed.

Current period tax expense:

A new regulation has been done for applying aforesaid investment discount for 2010 and following years gains by law issued in August 1st, 2010 dated 6009 numbered official gazette. Therefore investment discount withholding tax will be calculated at the rate of 19.8 % of the investment discount that is used in the scope of income tax laws.

	01st January-31st December 2013	01st January-31st December 2012
Profit / (Loss) before tax	(11.869.225,39)	(9.197.585)
Non-deductible expenses	3.682.632,44	146.927
Retained loss to be offset	8.186.592,95	(230.856)
Corporate tax base	**-**	**-**
Provision for corporation tax	-	899.148(*)
Current tax expense	**-**	**899.148(*)**

(*) TL 899.148 current period tax provision occurred from current profit for Voytron Elektrik, subsidiary, between 01.01.2012 – 31.12.2012 despite there is no corporate tax base on consolidated current period tax expense statement.

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40. INCOME TAXES (DEFERRED TAX ASSETS AND LIABILITIES INCLUDED) (Continued)

Deferred Tax

Group calculates deferred tax assets and liabilities with recorded values in statement of financial position items by considering difference effects which occurs as a result of evaluation for values in statement of financial position items and Tax Procedure Law.

Differences in question generally sourced from accounting of expenses and incomes for different reporting periods according to CMB declarations and Tax Law. The rate which will apply for deferred tax receivables and liability which is calculated according to liability methods on temporary differences will occur after December 31st, 2008 is 20%.

Detail of accumulated temporary differences using tax rates of deferred tax assets and liabilities as of December 31st, 2013 and December 31st, 2012 is as below:

	Accumulated temporary differences		Tax	Deferred tax assets/ (liabilities)	
	31.12.2013	31.12.2012	rate	31.12.2013	31.12.2012
Loan and Leasing interest accrual	348.305	2.092.645	20%	69.661	418.529
Fixed assets	(30.860.620)	(29.854.316)	20%	(6.172.124)	(5.970.863)
Termination indemnity and provision for unused vacation	287.680	91.679	20%	57.536	18.336
Rediscounts	(117.416)	(252.663)	20%	(23.483)	(50.533)
Doubtful trade receivables	532.940	385.594	20%	106.588	77.119
Establishment and formation expenses	9.675	-	20%	1.935	-
Income accruals	(229)	-	20%	(46)	-
Negative goodwill (Note:3)	(260.720.238)	-		(57.980.846)	-
	(290.519.903)	**(27.486.744)**		**(63.940.779)**	**(5.497.348)**

40. INCOME TAXES (DEFERRED TAX ASSETS AND LIABILITIES INCLUDED) (Continued)

Odaş Deferred Tax Asset / Liability

	31.12.2013	31.12.2012
Opening balance	(5.470.908)	476.515
Current year deferred tax income / (expense)	(58.441.357)	(5.943.250)
Deferred tax reflected in equity	9.903	(4.173)
Deferred Tax Asset / Liability	**(63.902.362)**	**(5.470.908)**

Subsidiaries' Deferred Tax Asset / Liability

	31.12.2013	31.12.2012
Deferred tax transferred from previous period	(26.441)	-
Deferred tax transferred from previous period of bought company	(8.514)	-
Deferred tax income / (expense) of bought companies	(3.720)	(14.385)
Deferred tax reflected in equity	257	(12.056)
Deferred Tax Asset / Liability	**(38.418)**	**(26.441)**

Subsidiaries' Deferred Tax Asset (*)

	31.12.2013	31.12.2012
Odaş Doğalgaz Toptan Sat.San. ve Tic.A.Ş.	84	-
Voytron Elektrik Toptan Satış Dış Tic.A.Ş.	63.377	-
Deferred Tax Asset	**63.461**	**-**

(*)Amount of deferred tax assets related to Odaş Doğalgaz Sat. San ve Tic A.Ş. and Voytron Elektrik Toptan Satış Dış Tic. A.Ş. which is included consolidation as of 31.12.2013

41. EARNINGS PER SHARE

	31st December 2013	31st December 2012
Net profit / (loss)	192.812.525	15.504.460
Weighted average number of common shares	37.000.000	30.000.000
Profit / (loss) per share with nominal value of 1 TL	**5,211149**	**0,516815**

42. SHARE BASED PAYMENTS

Not available. (31st December 2012 Not available)

43. INSURANCE CONTRACTS

Not available. (31st December 2012 Not available)

44. EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES

Not available. (31st December 2012 Not available)

45. REPORTING IN HYPERINFLATIONARY ECONOMIES

Inflation adjustments have been made in the financial statement prepared for the periods prior to 01.01.2005 by using the wholesale price indexes within the scope of IAS 29 in order to demonstrate the change in purchasing power of Turkish Lira. In said standard, it is stipulated to present the financial statements prepared with the currency applicable in hyperinflationary periods in accordance with the current purchasing power of the relevant currency by eliminating the effects of the changes in purchasing power of the currency over the financial statement items through using an adjustment coefficient.

45. REPORTING IN HYPERINFLATIONARY ECONOMIES (Continued)

The companies, carrying out their operations in Turkey and preparing their financial tables according to CMB Accounting Standards, do not apply inflation accounting with effect from 01.01.2005 according to the resolution adopted by the CMB on March 17th, 2005. In line with the said resolution adopted by the CMB, preparation and presentation of the financial statements in accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies" is not applied anymore. Therefore, IAS 29 "Financial Reporting in Hyperinflationary Economies" Standard ("IAS 29") issued by IASB has not been applied in the financial statement as from 01.01.2005.

46. DERIVATIVE FINANCIAL INSTRUMENTS

Not available. (31st December 2012 Not available)

47. FINANCIAL INSTRUMENTS

Short-term financial payables

	31st December 2013	31st December 2012
Bank loans	-	2.699
Payables from financial leasing (*)	18.596.738	7.871.784
Deferred financial leasing costs (-) (*)	(6.653.708)	(7.412.923)
Principal installments and interests of loans	33.284.810	34.486.037
Short-term financial payables- Net	**45.227.840**	**34.947.597**

(*) Financial leasing liabilities: Lessee's liabilities to lessors and whose maturities are not exceeding one year are recorded on this account.
(**) Deferred financial leasing cost (-) : Deferred financial leasing costs represent the difference between leasing payables arising at the date of financial leasing made and present value of leasing payments relating to leasing assets are recorded which are not paid yet.

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47. FINANCIAL INSTRUMENTS (Continued)

Long-term Financial Payables

	31 Aralık 2013	31 Aralık 2012
Bank loans	67.343.603	69.770.825
Payables from financial leasing (*)	64.367.560	66.442.069
Deferred financial leasing costs (-) (**)	(8.827.618)	(12.398.240)
Long-term financial payables- Net	**122.883.545**	**123.814.654**

(*) Financial leasing liabilities: Lessee's liabilities to lessors and whose maturities are exceeding one year are recorded on this account.
(**) Deferred financial leasing cost (-) : Deferred financial leasing costs represent the difference between leasing payables arising at the date of financial leasing made and present value of leasing payments relating to leasing assets are recorded which are not paid yet.

Financial leasing is made for motors and transformers used in cycle plant.

As of December 31st, 2013, repayment schedule of long-term loan liabilities is as follows:

Long-term Loan Liabilities

	31.12.2013
2015	31.754.375
2016	27.659.622
2017	5.204.921
2018	833.764
2019	765.084
2020	700.907
2021	424.930
Total	**67.343.603**

47. FINANCIAL INSTRUMENTS (Continued)

As of December 31st, 2013, repayment schedule of long-term financial leasing liabilities is as follows:

Payment year	Payables from financial leasing	Deferred financial leasing costs
2015	18.390.653	4.076.238
2016	18.390.653	2.889.175
2017	18.390.653	1.579.667
2018	9.195.602	282.538
Total	**64.367.560**	**8.827.618**

Other Financial Payables

	31st December 2013	31st December 2012
Other financial payables (*)	58.759	-
Total	**58.759**	**-**

(*) Payables relating to expenditures with credit cards of company.

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47. FINANCIAL INSTRUMENTS (Continued)

The terms and interest details of Group's credit debts are as follows:

	Per-annum rate %		Currency Value		TL	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012	31.12.2013	31.12.2012
TL Loans	11-15%	11-15%	-	-	135.016	2.699
Short-term loans			**-**	**-**	**135.016**	**2.699**
Euro Loans	6%-9%	6%-9%	11.288.879	9.298.701	33.149.794	21.867.755
TL Loans	11%-15%	11%-15%	-	-	-	12.618.282
Short-term installments and interest of loans			**11.288.879**	**9.298.701**	**33.149.794**	**34.486.037**
Total short-term loans			**11.288.879**	**9.298.701**	**33.284.810**	**34.486.037**
Euro Loans	6%-9%	6%-9%	22.923.228	29.632.577	67.314.060	69.686.932
TL Loans	11%-15%	11%-15%	-	-	29.543	83.893
Total long-term loans			**22.923.228**	**29.632.577**	**67.343.603**	**69.770.825**

48. LEVEL AND NATURE OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Credit Risk

Credit risks incurred are as follows by financial instrument types:

31.12.2013	Receivables				Deposit at banks	Derivative financial instruments	Other
	Trade Receivables		Other Receivables				
	Related Party	Other Party	Related Party	Other Party			
Maximum credit risk incurred as of reporting date (A+B+C+D+E)*	**-**	**33.238.324**	**8.370.563**	**1.414.772**	**52.308.002**	**-**	**1.103.762**
- Guaranteed part of maximum risk through security etc.	-	-	-	190.835	-	-	-
A. Net book value of financial assets undue or not impaired	-	29.128.297	8.370.563	1.223.937	52.308.002	-	1.103.762
B. Book value of financial assets of which conditions have been re-discussed, otherwise which would be considered overdue or impaired	-	-	-	-	-	-	-
C. Net book value of assets overdue, but not impaired	-	4.110.027	-	-	-	-	-
D. Net book values of impaired assets	-	-	-	-	-	-	-
- Overdue (gross book value)	-	532.941	-	-	-	-	-
- Impairment (-)	-	(532.941)	-	-	-	-	-
- Guaranteed part of net value through security etc.	-	-	-	-	-	-	-
- Undue (gross book value)	-	-	-	-	-	-	-
-Impairment (-)	-	-	-	-	-	-	-
- Guaranteed part of net value through security etc.	-	-	-	-	-	-	-
E. Elements involving off-balance sheet credit risk	-	-	-	-	-	-	-

(*) In determination of the amounts given, elements increasing credit reliability such as securities received have not been taken into account.

48. LEVEL AND NATURE OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Credit risks incurred by financial instrument types:

31.12.2012	Receivables				Deposit at banks	Derivative financial instruments	Other
	Trade Receivables		Other Receivables				
	Related Party	Other Party	Related Party	Other Party			
Maximum credit risk incurred as of reporting date (A+B+C+D+E)*	**-**	**22.094.062**	**6.311.108**	**103.985**	**48.207.313**	**-**	**5.413.868**
- Guaranteed part of maximum risk through security etc.	-	-	-	-	-	-	-
A. Net book value of financial assets undue or not impaired	-	21.440.444	6.308.328	103.985	48.207.313	-	5.413.868
B. Book value of financial assets of which conditions have been re-discussed, otherwise which would be considered overdue or impaired	-	-	-	-	-	-	-
C. Net book value of assets overdue, but not impaired	-	653.618	2.780	-	-	-	-
D. Net book values of impaired assets	-	-	-	-	-	-	-
- Overdue (gross book value)	-	385.594	-	-	-	-	-
- Impairment (-)	-	(385.594)	-	-	-	-	-
- Guaranteed part of net value through security etc.	-	-	-	-	-	-	-
- Undue (gross book value)	-	-	-	-	-	-	-
-Impairment (-)	-	-	-	-	-	-	-
- Guaranteed part of net value through security etc.	-	-	-	-	-	-	-
E. Elements involving off-balance sheet credit risk	-	-	-	-	-	-	-

(*) In determination of the amounts given, elements increasing credit reliability such as securities received have not been taken into account.

48. LEVEL AND NATURE OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Aging statement of financial assets overdue, but not impaired, is as follows:

31.12.2013	Receivables				Deposit at banks	Derivative financial instruments	Other
	Trade Receivables		Other Receivables				
	Related Party	Other Party	Related Party	Other Party			
1-30 days overdue	-	2.605.672	-	-	-	-	-
1-3 months overdue	-	824.188	-	-	-	-	-
3-12 months overdue	-	680.167	-	-	-	-	-
1-5 years overdue	-	-	-	-	-	-	-
More than 5 years overdue	-	-	-	-	-	-	-
Guaranteed part through security etc.	-	-	-	-	-	-	-
Total	**-**	**4.110.027**	**-**	**-**	**-**	**-**	**-**

31.12.2012	Receivables				Deposit at banks	Derivative financial instruments	Other
	Trade Receivables		Other Receivables				
	Related Party	Other Party	Related Party	Other Party			
1-30 days overdue	-	484.387	-	-	-	-	-
1-3 months overdue	-	-	-	-	-	-	-
3-12 months overdue	-	169.231	2.780	-	-	-	-
1-5 years overdue	-	-	-	-	-	-	-
More than 5 years overdue	-	-	-	-	-	-	-
Guaranteed part through security etc.	-	-	-	-	-	-	-
Total	**-**	**653.618**	**2.780**	**-**	**-**	**-**	**-**

48. LEVEL AND NATURE OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Liquidity Risk

Liquidity risk statement relating to derivatives and non-derivatives financial liabilities is below submitted:

31.12.2013

Maturities as per agreement	Book value	Total cash outflows as per agreement (=I+II+III+IV)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	More than 5 years (IV)
Non-Derivative Financial Liabilities	**261.511.140**	**261.511.140**	**78.467.250**	**43.781.698**	**139.262.192**	**-**
Bank Loans	99.868.547	99.868.547	5.924.712	21.404.755	72.539.080	-
Financial leasing liabilities	82.964.297	82.964.297	4.752.225	13.844.512	64.367.560	-
Trade Payables	37.599.261	37.599.261	36.017.179	1.582.082	-	-
Other Payables	41.079.034	41.079.034	31.773.133	6.950.349	2.355.552	-
Maturities as per agreement	**Book value**	**Total cash outflows as per agreement (=I+II+III+IV)**	**Less than 3 months (I)**	**Between 3-12 months (II)**	**Between 1-5 years (III)**	**More than 5 years (IV)**
Derivative Financial Liabilities(Net)	-	-	-	-	-	-
Derivative Cash Inflows	-	-	-	-	-	-
Derivative Cash Outflows	-	-	-	-	-	-

48. LEVEL AND NATURE OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

2012

Maturities as per agreement	Book value	Total cash outflows as per agreement (=I+II+III+IV)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	More than 5 years (IV)
Non-Derivative Financial Liabilities	**202.362.203**	**199.984.157**	**52.536.448**	**23.635.039**	**122.333.667**	**1.479.003**
Bank Loans	104.259.561	104.259.561	16.137.638	18.353.082	68.289.838	1.479.003
Financial leasing liabilities	54.502.690	54.502.690	110.988	347.873	54.043.829	
Trade Payables	35.916.012	35.916.012	35.569.727	346.285	-	
Other Payables	7.683.940	5.305.894	718.095	4.587.799	-	
Maturities as per agreement	**Book value**	**Total cash outflows as per agreement (=I+II+III+IV)**	**Less than 3 months (I)**	**Between 3-12 months (II)**	**Between 1-5 years (III)**	**More than 5 years (IV)**
Derivative Financial Liabilities(Net)	-	-	-	-	-	-
Derivative Cash Inflows	-	-	-	-	-	-
Derivative Cash Outflows	-	-	-	-	-	-

48. LEVEL AND NATURE OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Market Risk

The probability of loss sourced by risk arises from interest, exchange difference and change in share price because of fluctuations in the financial market in financial statement accounts and other accounts.

As of December 31st, 2013 and December 31st, 2012 Group's interest position table is as follows:

Interest Position Statement

	31st December 2013	31st December 2012
Fixed rate financial instruments	**220.574.814**	**206.969.564**
-Financial assets	52.404.670	48.207.313
-Financial liabilities	168.170.144	158.762.251
Floating rate financial instruments	**-**	**-**
-Financial assets	-	-
-Financial liabilities	-	-
Total	**220.574.814**	**206.969.564**

48. LEVEL AND NATURE OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

		2013				2012			
	STATEMENT OF FOREIGN EXCHANGE POSITION	TL (Functional Currency)	USD	Euro	GBP	GBP	USD	Euro	GBP
1.	Trade Receivables	-	-	-	-	-	-	-	-
2a.	Monetary Financial Assets (Cash, Bank accounts incl.)	7.404.369	18.099	2.507.894	375	7.258.221	4.071.591	86	-
2b.	Non-Monetary Financial Assets	-	-	-	-	4.204.885	2.264.100	71.820	-
3.	Other	7.112.481	1.200.698	1.549.407	-	91	-	39	-
4.	Current assets (1+2+3)	14.516.850	1.218.797	4.057.300	375	11.463.197	6.335.691	71.945	-
5.	Trade Receivables	-	-	-	-	-	-	-	-
6a.	Monetary Financial Assets	-	-	-	-	-	-	-	-
6b.	Non-Monetary Financial Assets	-	-	-	-	-	-	-	-
7.	Other	-	-	-	-	-	-	-	-
8.	Fixed assets (5+6+7)	-	-	-	-	-	-	-	-
9.	Total Assets (4+8)	14.516.850	1.218.797	4.057.300	375	11.463.197	6.335.691	71.945	-
10.	Trade Payables	1.070.710	-	364.621	-	705.438	-	299.969	-
11.	Financial Liabilities	52.454.113	-	17.862.800	-	7.784.525	-	3.310.170	-
12a.	Monetary Other Liabilities	-	-	-	-	-	-	-	-
12b.	Other Non-Monetary Liabilities	-	-	-	-	-	-	-	-
13.	Short-Term Liabilities (10 +11 +12)	53.524.822	-	18.227.421	-	8.489.963	-	3.610.139	-
14.	Trade Payables	-	-	-	-	-	-	-	-
15.	Financial Liabilities	145.702.074	-	49.617.597	-	74.369.631	-	31.623.775	-
16a.	Monetary Other Liabilities	-	-	-	-	-	-	-	-
16b.	Other Non-Monetary Liabilities	-	-	-	-	-	-	-	-
17.	Long-Term Liabilities (10 +11 +12)	145.702.074	-	49.617.597	-	74.369.631	-	31.623.775	-
18.	Total Liabilities (13+17)	199.226.896	-	67.845.018	-	82.859.594	-	35.233.914	-
19.	Balance Sheet Derivatives Net Asset / (Liability) Position(19a-19b)	-	-	-	-	-	-	-	-
19a.	Total Amount Of Hedged	-	-	-	-	-	-	-	-
19b.	Amount Of Hedged Liabilities	-	-	-	-	-	-	-	-
20.	Net Foreign Currency Asset /(Liability) Position (9-18 +19)	(184.710.046)	1.218.797	(63.787.718)	375	(71.396.397)	6.335.691	(35.161.969)	-
21.	Monetary Items Net Foreign Currency Asset / (Liability) Position (= 1 +2 A +5 +6 A-10-11-12a-14-15-16a)	(191.822.527)	18.099	(65.337.125)	375	(75.601.373)	4.071.591	(35.233.828)	-
22.	Total Fair Value Of Financial Instruments Used For Foreign Currency Hedging	-	-	-	-	-	-	-	-
23.	Export	-	-	-	-	-	-	-	-
24.	Import	-	-	-	-	9.408.023	408.170	3.691.125	-

48. LEVEL AND NATURE OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Exchange Rate Sensitivity Analysis

Table of Exchange Rate Sensitivity Analysis

	Profit/Loss		Equity	
31.12.2013	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
When %20 appreciation of USD against TRY;				
1- Net asset / liability of USD	1.462.556	(1.462.556)	-	-
2- Amount hedged for USD risk (-)	-	-	-	-
3- Net Effect of USD (1 + 2)	**1.462.556**	**(1.462.556)**	**-**	**-**
When %20 appreciation of USD against TRY;				
4- Net asset / liability of EUR	(76.545.262)	76.545.262	-	-
5- Amount hedged for EUR risk (-)	-	-	-	-
6- Net Effect of EUR (4+5)	**(76.545.262)**	**76.545.262**	**-**	**-**
When %20 appreciation of USD against TRY;				
7- Other foreign currency net asset / liability	450	(450)	-	-
8- Part of hedged protected from other currency risk (-)	-	-	-	-
9- Net Effect of GBP (7+8)	**450**	**(450)**	**-**	**-**
Total (3+6+9)	**(75.082.255)**	**75.082.255**	**-**	**-**

48. LEVEL AND NATURE OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

31.12.2012	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
When %20 appreciation of USD against TRY;				
1- Net asset / liability of USD	13.552.804	(13.552.804)	-	-
2- Amount hedged for USD risk (-)	-	-	-	-
3- Net Effect of USD (1 + 2)	**13.552.804**	**(13.552.804)**	**-**	**-**
When %20 appreciation of USD against TRY;				
4- Net asset / liability of EUR	(99.228.481)	99.228.481	-	-
5- Amount hedged for EUR risk (-)	-	-	-	-
6- Net Effect of EUR (4+5)	**(99.228.481)**	**99.228.481**	**-**	**-**
When %20 appreciation of USD against TRY;				
7- Other foreign currency net asset / liability	-	-	-	-
8- Part of hedged protected from other currency risk (-)	-	-	-	-
9- Net Effect of GBP (7+8)	**-**	**-**	**-**	**-**
Total (3+6+9)	**(85.675.677)**	**85.675.677**	**-**	**-**

48. LEVEL AND NATURE OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Capital Risk Management

In its capital management, the Group intends to increase its profitability by optimizing the debt and equity balance while trying to ensure the sustainability of its operations.

The capital structure of the Group consists of debts, which includes the financial borrowings disclosed in note 47, cash and cash equivalents disclosed in note 53 as well as the equity items comprising issued capital, capital reserves, profit reserves and retained earnings disclosed in note 30.

The risks of the Group associated with each capital class are assessed by the top management together with its capital cost. The Group intends to balance its capital structure by means of dividend payments and issuance of new shares in additions to new borrowings and repayment of existing debts on the basis of top management's assessments.

The Group has used long-term credit in Euro for its investments. It is intended to minimize the short-term borrowing burden by equating its borrowing structure with the economic life of the existing investments. In connection with the credit in Euro used by the Group, the risk which might arise if such credit would have been used in TL has been recognized as explained in Note 37.

Capital risk	31st December 2013	31st December 2012
Financial and trade payables	205.490.316	194.678.263
Cash and cash equivalents	(52.404.670)	(48.207.313)
Net payable	**153.085.646**	**146.470.950**
Total equity	294.664.896	44.367.830
Net payable / Total equity rate	**52%**	**330%**

49. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND DISCLOSURES UNDER HEDGE ACCOUNTING)

Fair Value

Fair value is defined as price between willing parties who are into making a sale or purchase.

Financial assets and liabilities in foreign currency are converted to market prices at statement of financial position date.

Methods and assumptions below are used to predict fair value of each financial instrument in case when it is possible to determine fair value of these instruments.

Financial Assets

The fair value of certain financial assets carried at cost, including cash at banks, marketable securities plus the respective accrued interest are considered to approximate their respective carrying values. The carrying values of the trade receivables net of provisions for uncollectible receivables are considered to approximate their fair values. The carrying value of the financial assets is considered to approximate their fair values.

Financial Liabilities

Values of monetary liabilities and trade payables are considered close to their fair value because of short term nature. Bank loans are stated with their discounted cost and transaction cost will be added to initial cost of loans. Book value of loans is considered close to its fair value because of updates in changed market conditions and interest rates. Book value of trade payables is considered as close to its fair value cause of being short termed.

Derivative Financial Instruments (Forward Transaction Agreement)

Company does not do forward transaction agreement in foreign exchange market.

50. EVENTS AFTER THE REPORTING PERIOD

1) The portion amounting to EUR 49,002,373 of the project finance loan and financial leasing debts of the Company with an average fixed cost of 8.15% approximately amounting to EUR 51,002,373 has been closed and refinanced by the new loan taken from Yapı Kredi Bankası A.Ş. By means of such refinancing, the interest rate has been reduced to EURIBOR + 6% despite the prevailing market conditions and the term has been extended to 6 years with repayments to be made once every 6 months.

2) The matter with respect to increasing the upper limit of the Company's registered capital up to TL 210.000.000 in a manner valid for (5 years) during the period of 2014 – 2018 has been approved by the letter no.435-2166 of the Capital Market Board dated 03.03.2014.

3) The upper limit of the termination indemnity has been determined as TL 3,438.22 as from January 1st, 2014.

4) Earning before interests, taxes, depreciation and amortization (EBITDA) amounts to TL 47,249,818.

51. OTHER ISSUES SIGNIFICANTLY AFFECTING THE FINANCIAL STATEMENTS AND REQUIRED TO BE DISCLOSED FOR FINANCIAL STATEMENTS TO BE CLEAR, INTERPRETABLE AND UNDERSTANDABLE

Not available. (31.12.2012: Not available)

52. INITIAL TRANSITION TO TAS (TURKISH ACCOUNTING STANDARDS)

Not available. (31.12.2012: Not available)

53. EXPLANATIONS IN RESPECT OF CASH FLOW STATEMENT

Cash and Cash Equivalents	31.12.2013	31.12.2012
Cash	96.668	-
Bank	52.308.002	35.207.315
-Demand Deposit	4.130.647	90.847
-Time Deposit	48.177.355	33.190.229
-Repo	-	1.926.239
Other Liquid Assets	-	12.999.998
-Time Gold Deposit	-	12.999.998
Total	**52.404.670**	**48.207.313**

As of December 31st, 2013 the group has not blocked deposit. (31st December 2012, not available)

As of December 31st, 2013 there is no time gold deposit and the details of time gold deposit amount as of December 31st, 2012 are shown hereunder:

Time Gold Deposit	Grama	Due	Interest Rate	31.12.2012 (TL)
XAU	127.263,81	02.01.2013	1,04%	12.999.998
Total				**12.999.998**

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET A.Ş.

EXPLANATORY NOTES TO FINANCIAL STATEMENTS RELATED WITH THE PERIOD OF JANUARY 01st, 2013-DECEMBER 31st, 2013 *(All amounts expressed in ("TL"), unless otherwise indicated.)*

53. EXPLANATIONS IN RESPECT OF CASH FLOW STATEMENT (Continued)

The details of time deposit amount as of December 31st, 2013 are shown hereunder:

Time Deposit Currency	Due	Interest Rate	31.12.2013 (TL)
TL	31.01.2014	8,05%	1.600.000
TL	02.01.2014	9,00%	13.000.000
TL	02.01.2014	6,00%	6.000.000
TL	02.01.2014	6,50%	9.982.509
TL	02.01.2014	7,50%	2.008.386
TL	02.01.2014	6,83%	1.414.117
TL	02.01.2014	6,00%	400.000
TL	02.01.2014	6,50%	125.000
TL	02.01.2014	7,50%	179.838
TL	02.01.2014	7,50%	1.507.276
TL	02.01.2014	6,60%	1.200.000
TL	02.01.2014	3,50%	193.276
TL	02.01.2014	5,00%	134.284
TL	02.01.2014	5,50%	86.000
TL	02.01.2014	6,83%	1.645.200
TL	02.01.2014	6,50%	90.000
TL	02.01.2014	6,50%	435.186
TL	02.01.2014	5,50%	85.000
TL	02.01.2014	6,50%	780.345
Total			**40.866.418**

53. EXPLANATIONS IN RESPECT OF CASH FLOW STATEMENT (Continued)

Time Deposit Currency	Due	Interest Rate	31.12.2013 (EUR)	31.12.2013 (TL)
TL	23.01.2014	2,86%	1.328.247	3.900.397
TL	02.01.2014	3,27%	876.430	2.573.637
TL	02.01.2014	4,00%	285.000	836.903
Total			**2.489.677**	**7.310.937**

The details of time deposit amount as of December 31st, 2012 are shown hereunder:

Time Deposit Currency	Due	Interest Rate	31.12.2012 (TL)
TL	25.01.2013	6,73%	3.200.000
TL	03.01.2013	5,00%	2.030.000
TL	02.01.2013	5,00%	2.881.076
TL	02.01.2013	6,00%	5.680.000
TL	02.01.2013	4,75%	264.000
TL	02.01.2013	6,05%	695.000
TL	02.01.2013	6,00%	2.186.799
TL	03.01.2013	8,00%	9.000.000
Total			**25.936.875**

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET A.Ş.

EXPLANATORY NOTES TO FINANCIAL STATEMENTS RELATED WITH THE PERIOD OF JANUARY 01st, 2013-DECEMBER 31st, 2013 *(All amounts expressed in ("TL"), unless otherwise indicated.)*

53. EXPLANATIONS IN RESPECT OF CASH FLOW STATEMENT (Continued)

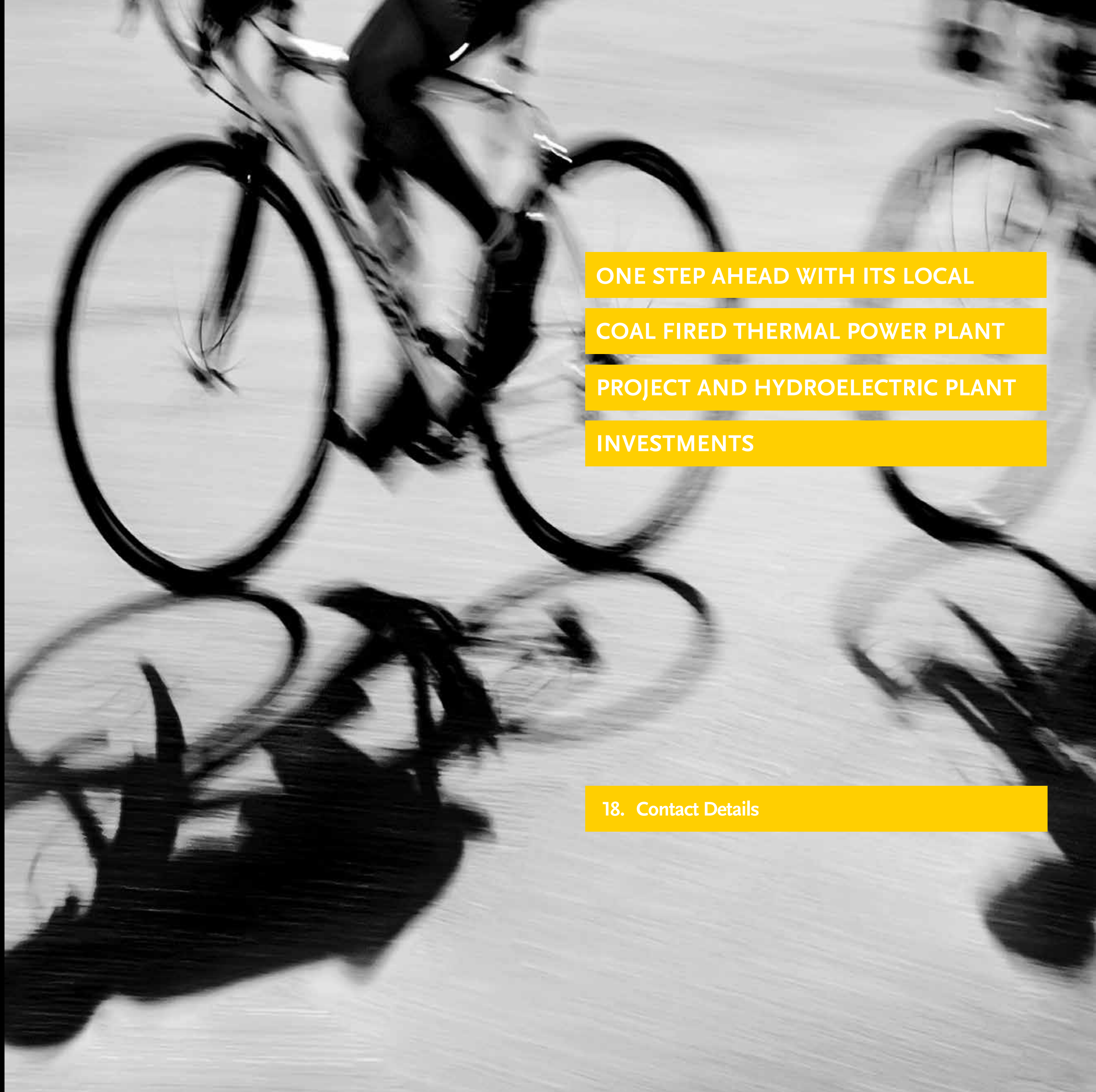
Time Deposit Currency	Due	Interest Rate	31.12.2012 (USD)	31.12.2012 (TL)
USD	03.01.2013	3,16%	1.678.885	2.992.781
USD	03.01.2013	3,16%	200.434	357.294
USD	07.01.2013	3,15%	2.189.654	3.903.278
Total				**7.253.353**

Repo Deposit Currency	Due	Interest Rate	31.12.2012 (TL)
TL	01.01.2013	13,34%	1.393.795
TL	01.01.2013	13,34%	532.444
Total			**1.926.239**

54. EXPLANATIONS IN RESPECT OF THE STATEMENT FOR CHANGES IN EQUITY

The Group's statement of changes in equity has been presented in accordance with the financial statement and note presentation principles rendered compulsory by the announcement published by the CMB in Weekly Bulletin issue no.2013/9 dated 07.06.2013.

The effects of the changes in accounting policies explained in the Note 2 as well as the effects of the other retained earnings/expenses not to be reclassified in profit or loss and presented in the account of the retained earnings/losses and other comprehensive incomes have been presented in the statement of changes in equity.



ONE STEP AHEAD WITH ITS LOCAL COAL FIRED THERMAL POWER PLANT PROJECT AND HYDROELECTRIC PLANT INVESTMENTS

18. Contact Details

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