

ANEL ELEKTRİK PROJE TAHHÜT VE TİCARET A.Ş.
AND ITS SUBSIDIARIES

CONVENIENCE TRANSLATION INTO ENGLISH
OF CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2010

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH**

To the Board of Directors of
Anel Elektrik Proje Taahhüt ve Ticaret A. .

1. We have audited the accompanying consolidated balance sheet of Anel Elektrik Proje Taahhut ve Ticaret A.S. (the Company) and its subsidiaries (collectively referred as, the "Group") as of December 31, 2010 and the related consolidated statements of income and cashflow for the period then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

2. The Group's management is responsible for the preparation and fair presentation of these financial statements in accordance with financial reporting standarts issued by the Capital Market Board ("CMB"). This responsibility includes: designing, implementing and maintaining internal control relevant to preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

Opinion

4. In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2010, and of its consolidated financial performance and its consolidated cash flows for the period then ended in accordance with the financial reporting standards issued by the CMB.

Istanbul, 08th April 2010

AC ISTANBUL ULUSLARARASI BA IMSIZ DENET M VE SMMM A. .

Member of ENTERPRISE NETWORK WORLDWIDE

**Ali Türker P RT N
Managing Partner**

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2010**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	<u>Notes</u>	<u>December 31, 2010</u>	<u>December 31, 2009</u>
ASSETS			
Current Assets		373.869.317	171.730.194
Cash and Cash Equivalents	6	83.493.170	13.299.192
Financial Assets	7	1.463.985	610.127
Trade Receivables			
- Due from Related Parties	37	9.462.631	1.391.002
- Other Trade Receivables	10	96.293.516	39.503.776
Costs and Estimated Earnings in Excess of Billings on Uncompleted Contracts	15	91.391.218	68.784.597
Other Receivables			
- Due from Related Parties	37	1.395.018	111
- Other Receivables	11	31.229.033	17.293.052
Inventories	13	28.626.385	8.723.772
Other Current Assets	26	30.514.361	22.124.565
Non-Current Assets		176.372.034	161.037.413
Trade Receivables			
- Due from Related Parties	37	1.588.654	1.900.355
- Other Trade Receivables	10	-	-
Other Receivables			
- Due from Related Parties	37	-	-
- Other Receivables	11	518.403	109.439
Financial Assets	7	21.000	1.547.540
Investments According to Equity Method	16	21.359.652	25.526.283
Investment Property	17	110.158.570	108.997.344
Property, Plant and Equipment	18	7.125.694	6.408.873
Intangible Fixed Assets	19	315.788	84.731
Goodwill	20	173.385	-
Deferred Tax Assets	35	31.580.442	14.861.618
Other Noncurrent Assets	26	3.530.446	1.601.230
TOTAL ASSETS		550.241.351	332.767.607

The accompanying accounting policies and explanatory notes are an integral part of these consolidated statements

**AC STANBUL Uluslararası
Bağımsız Denetim ve SMMM A.Ş.**

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2010

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	<u>Notes</u>	<u>December 31, 2010</u>	<u>December 31, 2009</u>
LIABILITIES			
Current Liabilities		234.095.402	145.049.036
Financial Liabilities	8	62.885.821	106.525.272
Trade Payables			
- Due to Related Parties	37	6.877.511	334.695
- Other Trade Payables	10	60.990.082	20.351.253
Billings in Excess of Costs and Estimated Earnings on Uncompleted Contracts	15	31.786.848	2.381.534
Other Payables			
- Due to Related Parties	37	2.903.765	1.380.861
- Other Payables	11	6.378.542	1.915.818
Employee Benefits	24	824.610	469.587
Taxes on Income	35	2.989.932	583.670
Other Current Liabilities	26	58.458.291	11.106.346
Non-Current Liabilities		109.484.073	86.041.868
Financial Liabilities	8	74.093.119	37.352.653
Employee Benefits	24	689.906	517.649
Deferred Tax Liabilities	35	31.806.293	29.982.870
Other Noncurrent Liabilities	26	2.894.755	18.188.696
EQUITY CAPITAL	27	206.661.876	101.676.703
Equity Attributable to Equity Holders of the Parent	27	179.890.805	76.764.952
Capital		110.000.000	30.000.000
Share Premium		1.339.604	-
Revaluation Reserves		1.155.299	1.655.301
Foreign Currency Translation Difference		(56.660)	(2.130.073)
Legal Reserves		1.219.058	1.219.058
Retained Earnings		45.466.356	15.316.453
Profit of The Period		20.767.148	30.704.213
Minority Interest	27	26.771.071	24.911.751
TOTAL EQUITY CAPITAL AND LIABILITIES		550.241.351	332.767.607

The accompanying accounting policies and explanatory notes are an integral part of these consolidated statements

AC STANBUL Uluslararası
Bağımsız Denetim ve SMMM A.Ş.

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME FOR THE PERIOD ENDED DECEMBER 31, 2010**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	<u>Notes</u>	<u>01.01.-31.12.2010</u>	<u>01.01.-31.12.2009</u>
<u>OPERATING INCOME</u>			
Sales	28	319.333.713	229.657.089
Cost of Sales (-)	28	(280.725.027)	(178.287.688)
GROSS PROFIT		38.608.686	51.369.401
Operating Expenses (-)	29	(13.171.754)	(8.788.373)
Incomes From Other Operations	31	1.285.919	8.035.021
Expenses From Other Operations (-)	31	(1.354.220)	(88.879)
OPERATING PROFIT/ (LOSS)		25.368.631	50.527.170
Profit/ (Loss) from			
Investments According to Equity Method	16	(5.024.395)	(873.185)
Financial Incomes	32	27.365.150	8.379.469
Financial Expenses (-)	33	(37.636.893)	(17.240.577)
PROFIT/ (LOSS) BEFORE PROVISION FOR TAXES		10.072.493	40.792.877
Tax Income/(Expense) From Operating Activities			
-Tax For Period	35	(2.935.608)	(583.670)
-Deferred Tax Income/ (Expense)	35	14.800.084	(10.373.978)
NET PROFIT/ (LOSS) FOR THE PERIOD		21.936.969	29.835.229
Allocation on Profit / (Loss) for the Period			
Minority Interest		1.169.821	(868.984)
Attributable to Equity Holders of the Parent		20.767.148	30.704.213
Earnings Per Share	36	0,28	1,02
Earnings Per Share From Operating Activities	36	0,28	1,02

The accompanying accounting policies and explanatory notes are an integral part of these consolidated statements

**AC STANBUL Uluslararası
Bağımsız Denetim ve SMMM A.Ş.**

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED DECEMBER 31, 2010

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	Capital	Share Premium	Revaluation Surplus	Foreign Currency Translation Difference	Legal Reserves	Retained Profit/(Loss)	Period Profit/(Loss)	Equity Attributable to Equity Holders of the Parent	Minority Interests	Total Equity Capital
Balance at 01 January 2009	27	30.000.000	-	1.155.299	2.280.466	807.564	4.260.084	13.467.863	51.971.276	13.100.735	65.072.011
Capital increase	27	-	-	-	-	-	-	-	-	12.680.000	12.680.000
Revaluations reserve	27	-	-	-	-	-	-	-	-	-	-
Special Funds	27	-	-	500.002	-	-	-	-	500.002	-	500.002
Transfers to Legal Reserves	27	-	-	-	-	411.494	(411.494)	-	-	-	-
Equity Inflation Adjustment Differences	27	-	-	-	-	-	-	-	-	-	-
Transfers	27	-	-	-	-	-	13.467.863	(13.467.863)	-	-	-
Foreign Currency Translation Difference	27	-	-	-	(4.410.539)	-	-	-	(4.410.539)	-	(4.410.539)
Dividends Paid	27	-	-	-	-	-	(2.000.000)	-	(2.000.000)	-	(2.000.000)
Changes in Minority Interests	27	-	-	-	-	-	-	-	-	-	-
Profit/Loss of The Period	36	-	-	-	-	-	-	30.704.213	30.704.213	(868.984)	29.835.229
Balance at 31 December 2009	27	30.000.000	-	1.655.301	(2.130.073)	1.219.058	15.316.453	30.704.213	76.764.952	24.911.751	101.676.703
Balance at 01 January 2010	27	30.000.000	-	1.655.301	(2.130.073)	1.219.058	15.316.453	30.704.213	76.764.952	24.911.751	101.676.703
Capital increase	27	10.000	-	-	-	-	-	-	10.000	-	10.000
Share Premium	27	-	80.739.604	-	-	-	-	-	80.739.604	-	80.739.604
Revaluations reserve	27	-	-	-	-	-	-	-	-	-	-
Transfers to Legal Reserves	27	-	-	-	-	-	-	-	-	-	-
Transfers	27	79.990.000	(79.400.000)	(500.002)	-	-	30.614.215	(30.704.213)	-	-	-
Changes in Minority Interests	27	-	-	-	-	-	-	-	-	300.000	300.000
Changes in the scope of Consolidation	27	-	-	-	-	-	(464.312)	-	(464.312)	389.499	(74.813)
Foreign Currency Translation Difference	27	-	-	-	2.073.413	-	-	-	2.073.413	-	2.073.413
Profit/Loss of The Period	36	-	-	-	-	-	-	20.767.148	20.767.148	1.169.821	21.936.969
Balance at 31 December 2010	27	110.000.000	1.339.604	1.155.299	(56.660)	1.219.058	45.466.356	20.767.148	179.890.805	26.771.071	206.661.876

The accompanying accounting policies and explanatory notes are an integral part of these consolidated statements

AC STANBUL Uluslararası
Bağımsız Denetim ve SMMM A.Ş.

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASHFLOW FOR THE YEAR ENDED DECEMBER 31, 2010

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	<u>01.01.-31.12.2010</u>	<u>01.01.-31.12.2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit/ (loss) for period	36	21.936.969	29.835.229
Adjustments to reconcile net profit to net cash provided by operating activities:			
Depreciation and amortization (+)	18,19	1.592.943	1.229.460
Provision for doubtful debts (+)	10,11	79.775	56.779
Retirement pay provision (+)	24,29	356.855	89.861
Unused annual leave provision (+)	24,29	355.023	159.587
Unearned Credit Finance (Income)/ Expense, net	10	(18.233)	92.726
Adjustments related to Completion Method on Projects	15	(7.626.236)	(47.255.596)
Reversal of unnecessary provision (-)	31	(184.598)	(105.587)
Tax Accrual (-)	35	(11.864.476)	10.957.648
(Profit)/Loss from Equity Investments	16	10.388.611	837.635
Increase (-) / Decrease (+) in Financial Assets	32,33	(8.211)	(49.901)
Minority Interests (Profit) / Loss	27	(1.169.821)	868.984
Other Adjustments		-	587.312
Operating cash flows before movements in working capital:		13.838.601	(2.695.863)
Increase (-) / Decrease (+) on Commercial Transaction and other receivables	10	(80.289.520)	(24.386.491)
Increase (-) / Decrease (+) on Costs and Estimated Earnings in Excess of Billings on Uncompleted Contracts	15	(22.606.621)	(163.465)
Increase (-) / Decrease (+) on Inventories	13	(19.902.613)	19.153.339
Increase (-) / Decrease (+) on Other Current Assets	26	(8.389.796)	4.086.454
Increase (+) / Decrease (-) on Trade and other payables	10,11	53.167.273	(27.368.206)
Increase (+) / Decrease (-) on Other liabilities	26	48.955.167	(2.682.095)
Increase (+) / Decrease (-) on Billings in Excess of Costs and Estimated Earnings on Uncompleted Contracts	15	29.405.314	-
Tax payments (-)	35	(583.670)	(877.779)
Net cash provided by (used in) operating activities		13.594.135	(34.934.106)
Net cash provided by investing activities			
Purchase (-) / Sale (+) of financial assets	7	672.682	3.884.424
Purchase of Companies (-)		(531.024)	-
Change in investments according to equity method	16	4.166.631	963.978
Purchase of Investment Properties (-)	17	(1.834.353)	(18.062.225)
Purchase of tangible assets (-)	18	(2.187.354)	(7.826.561)
Purchase of intangible assets (-)	19	(314.201)	(34.051)
Sale of tangible assets (+)		-	12.940
Change of other long-term assets	26	(1.929.216)	2.727.996
Net cash provided by (used in) investing activities		(1.956.835)	(18.333.499)
Net cash provided by financing activities			
Cashflow arising from long term liabilities	26	(15.293.941)	908.242
Cashflow arising from financial liabilities	8	(6.898.985)	50.849.307
Cashflow arising from capital increase (+)	27	10.000	-
Dividends Paid (-)		-	(2.000.000)
Cashflow arising from share premium (+)	27	80.739.604	-
Net cash provided by (used in) financing activities		58.556.678	49.757.549
Net (decrease)/increase in cash and cash equivalents		70.193.978	(3.510.056)
	6		
Cash and cash equivalents at the beginning of the period		13.299.192	16.809.248
Cash and cash equivalents at the end of period	6	83.493.170	13.299.192

The accompanying accounting policies and explanatory notes are an integral part of these consolidated statements

AC STANBUL Uluslararası
Bağımsız Denetim ve SMMM A.Ş.

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2010

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

CONTENTS

1. ORGANIZATION AND ACTIVITIES	1
2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS.....	2
3. BUSINESS COMBINATIONS	10
4. JOINT VENTURES	10
5. SEGMENT INFORMATION.....	11
6. CASH AND CASH EQUIVALENTS.....	13
7. FINANCIAL ASSETS	13
8. FINANCIAL LIABILITIES	14
9. OTHER FINANCIAL LIABILITIES.....	15
10. TRADE RECEIVABLES/ PAYABLES	15
11. OTHER RECEIVABLES AND PAYABLES	16
12. RECEIVABLES AND PAYABLES FROM FINANCE SECTOR OPERATIONS	17
13. INVENTORIES	17
14. BIOLOGICAL ASSETS.....	17
15. COSTS AND ESTIMATED EARNINGS IN EXCESS OF BILLINGS ON UNCOMPLETED CONTRACTS AND BILLINGS IN EXCESS OF COSTS AND ESTIMATED EARNINGS ON UNCOMPLETED CONTRACTS	17
16. INVESTMENTS ACCORDING TO EQUITY METHOD	18
17. INVESTMENT PROPERTY	19
18. PROPERTY, PLANT AND EQUIPMENT	20
19. INTANGIBLE FIXED ASSETS	22
20. POSITIVE / NEGATIVE GOODWILL	22
21. GOVERNMENT GRANTS	22
22. PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES	23
23. COMMITMENTS	24
24. EMPLOYEE BENEFITS	25
25. RETIREMENT PLANS	25
26. OTHER CURRENT/NONCURRENT ASSETS AND LIABILITIES	26
27. CAPITAL	27
28. SALES AND COST OF SALES	28
29. RESEARCH AND DEVELOPMENT EXPENSES, MARKETING, SALES AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES	29
30. EXPENSES BY FEATURE	29
31. INCOME / EXPENSES FROM OTHER OPERATIONS	29
32. FINANCIAL INCOMES	29
33. FINANCIAL EXPENSES	30
34. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	30
35. TAX ASSETS AND LIABILITIES	30
36. EARNINGS PER SHARE.....	32
37. RELATED PARTY DISCLOSURES	33
38. QUALITIES AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS	35
39. FINANCIAL INSTRUMENTS	42
40. POST BALANCE SHEET EVENTS	43
41. DISCLOSURE OF OTHER MATTERS.....	43

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2010

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

1. ORGANIZATION AND ACTIVITIES

The Company was first established by the title of “Anel Elektrik Proje Taahhüt Ve Ticaret Limited Şirketi” in 1986. The Company’s commercial type has been changed to “Anel Elektrik Proje Taahhüt Ve Ticaret Anonim Şirketi” (The ‘Company-Anel Elektrik’) in 26/12/2006.

The activities of Anel Elektrik Proje Taahhüt Ve Ticaret Limited Şirketi and its subsidiaries include the following operations,

- To design all manner of electrical projects,
- To provide uninterrupted solutions by using low-tension services and electrical distribution projects including communication network and security solutions,
- To commerce, import, export and produce all manner of electrical supplies and make new marketing organization related to its activities,
- Project management,
- To purchase and sell properties,
- To design all manner of mechanical Project.

The main shareholder of the company that has 110.000.000 TRY capital, is Çelikel Family. (Note 27)

In the period ended at December 31, 2009, the average of 2.281 people have been employed in the group. (December 31, 2009:1.227)

Head Office : Yukarı Dudullu, Atatürk Caddesi 1. Esenşehir No:4 34775 Ümraniye- İstanbul

The Group has branches in Tiflis and Doha.

Tiflis Branch: Tiflis Şehri, Palişvili Sokak No:17 Tiflis-Georgia

Doha Branch: P.O. Box: 21346 Doha– Qatar

Anel Elektrik has the following subsidiaries, whose business and country of incorporation are provided below:

<u>Name of the Company</u>	<u>Field of the Activity</u>	<u>Country of Incorporation</u>
Anelyapı Gayrimenkul A.Ş.	Purchasing and Selling Property	Turkey
Anel Mekanik Tesisat Taahhüt A.Ş.	Mechanical Projects	Turkey
Anel Enerji Elek. Üretim San. Ve Tic. A.Ş.	Solar Energy Projects	Turkey
Anelmarin Gemi Elektrik Elektronik. Sist. Ticaret ve Sanayi A.Ş.	Marine Electricity, Electronics	Turkey
Anel Ukrayna Ltd.	Electrical Contracts	Ukraine
Anel Dar Libya Constructing & Services LLC	Electrical Contracts	Libya

Joint Ventures accounted by proportionate consolidation

<u>Name of the Company</u>	<u>Field of the Activity</u>	<u>Country of Incorporation</u>
Anel-Sera Adi Ortaklı 1	Electric, Mechanic and Construction	Turkey
Anelmep Maintenance and Operations LLC.	Design, Construction and Maintenance	Qatar
Turkges Enerji Elektrik Üretim San. Ve Tic. A.Ş.	Solar Energy	Turkey

The subsidiaries accounted by equity method;

<u>Name of the Company</u>	<u>Field of the Activity</u>	<u>Country of Incorporation</u>
Anel Telekomünikasyon Elektronik Sistemleri San. ve Tic. A.Ş.	Telecommunication, Electronics	Turkey

Confirmation of Financial Statements

The consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) were authorized for issue on 08, April, 2011 by the management of the Group. Although there is no such intention, the General Assembly and certain regulatory bodies have the power to amend the financial statements after issue.

ANEL ELEKTR K PROJE TAAHHÜT VE T CARET A. .AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2010

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

A. Basic Standards of Presentation

Accounting Standards

The group maintains its books of accounts and prepare its statutory financial statements in accordance with the regulation of Turkish Commercial Code and Tax Legislation

Capital Markets Board (“CMB”) has obligated to prepare financial statements in accordance with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) by publishing Communiqué No: XI-29 for the periods beginning after 01.01.2008. Therefore attached financial statements have been issued in accordance with the IAS/ IFRS and presented in accordance with the formats required by the CMB with the announcement dated 17 April 2008.

The Group which is incorporated in Turkey, maintain their books of account and prepare their statutory financial statements in accordance with the Turkish Commercial Code and Tax Legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. The financial statements have been prepared from the statutory financial statements of the and presented in New Turkish Lira (TRY) with adjustments and reclassifications for the purpose of fair presentation in accordance with IFRS. Such adjustments mainly comprise effects of restatement for the changes in the general purchasing power of respective local currencies, accounting for deferred taxation, employee termination benefits, reserve for bad debt, expense accruals and borrowing costs transactions.

The group’s operations are not influenced materially by the seasonal and periodical changes.

Comparative information, changes in accounting policies and restatement of prior period financial statements

Comparative figures are reclassified, where necessary, to conform to changes in presentation in 31 December 2010 so that the reclassification will result in a more appropriate presentation of events or transactions.

Functional and presentation currency

The consolidated financial statements are presented in Turkish Lira (“TRY”)

The functional currency of the Group is USD and the functional currency of its subsidiaries located in Turkey is TRY.

Transactions in foreign currencies during the periods have been translated at the exchange rates prevailing at the dates of these transactions. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. All differences are taken to the income statement.

The assets and liabilities of the subsidiaries whose functional currency is other than Turkish Lira are translated into Turkish Lira at the rate of exchange ruling at the balance sheet date and their income statements are translated at the average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity as currency translation difference.

Effective from January 1, 2005 concurrent with the removal of six zero digits, the new currency unit of Turkey was introduced as New Turkish Lira (YTL). The Government resolved to remove the “New” phrase in the local currency unit effective from January 1, 2009. Accordingly the comparative figures for the prior year have been presented in TL, using the conversion rate of YTL 1= TL 1.

Within Turkey, official exchange rates of the Turkish Lira (TL) are determined by the Central Bank of Turkey (CBT) and are generally considered to be a reasonable approximation of market rates.

The rates used as of December 31, 2010 and 2009 are the rate as of the preparation date of the consolidated financial statements for one U.S. Dollar can be summarized as below:

<u>Currency</u>	<u>31 December 2010</u>		<u>31 December 2009</u>	
	<u>End of the Period</u>	<u>Average of the Period</u>	<u>End of the Period</u>	<u>Average of the Period</u>
Qatari Riyal (QAR)	0,4247	0,4117	0,4136	0,4258
Georgian Lari (GEL)	0,8721	0,8453	0,8932	0,9194
Ukraine Hryvnia (UAH)	0,1941	0,1882	0,1891	0,1946

**ANEL ELEKTR K PROJE TAAHHÜT VE T CARET A. .AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2010**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

Termination of Inflation Adjustments

According to the decision of Capital Markets Board of Turkey, with the decision number 11/367 dated 17.03.2005, because of the conditions necessary for the application of IFRS 29 “Financial Reporting in Hyperinflationary Economies” were not met, the inflation accounting would not be applied for the first quarter of 2005.

Amendments in International Financial Reporting Standards

The accounting policies adopted in the preparation of the financial statements for the year ended and as of 31 December 2010 are consistent with the financial statements dated 31 December 2009 except for the new and amended IFRS and IFRIC interpretations summarised below.

Standards, amendments and interpretations effective as of 1 January 2010:

- IFRIC 17 Distributions of Non-cash Assets to Owners,
- IAS 39 Financial Instruments: Recognition and Measurement (Amended)-Eligible hedged items,
- IFRS 2 Group Cash-settled Share-based Payment Transactions (Amended),
- IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended),
- IFRS 2 Share-based Payment,
- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations,
- IFRS 8 Operating Segment Information,
- IAS 1 Presentation of Financial Statements,
- IAS 7 Statement of Cash Flows,
- IAS 17 Leases,
- IAS 18 Revenue,
- IAS 36 Impairment of Assets,
- IAS 38 Intangible Assets,
- IAS 39 Financial Instruments: Recognition and Measurement-Eligible hedged items,
- IFRIC 9 Reassessment of Embedded Derivatives,
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation.

The aforementioned changes and interpretations had no significant effect on the accounting policies, financial position and the performance of the Group.

Standards, amendments and interpretations issued but not yet effective:

- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments,
- IFRIC 14 Prepayments of a Minimum Funding Requirement (Amended),
- IFRS 9 Financial Instruments-Phase 1 Financial Assets, Classification and Measurement (has not yet been approved by the European Union),
- IAS 32 Classification on Rights Issues (Amended) ,
- IAS 24 Related Party Disclosures (Revised),
- IFRS 7 Financial Instruments: Disclosures as part of its comprehensive review of off balance sheet activities (has not yet been approved by the European Union),
- IAS 12 Income Taxes-Deferred Taxes (has not yet been approved by the European Union).

Amendments resulting from improvements to IFRS issued in May 2010 to remove inconsistencies (has not yet been approved by the European Union):

- IFRS 3 Business Combinations,
- IFRS 7 Financial Instruments: Disclosures,
- IAS 1 Presentation of Financial Statements,
- IAS 27 Consolidated and Separate Financial Statements,
- IAS 34 Interim Financial Reporting,
- IFRIC 13: Customer Loyalty Programmes.

The aforementioned amendments and interpretations have not been early adopted by the Group. The Group evaluates the effects of changes on the consolidated financial statements.

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2010

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

Consolidation Principles

Subsidiaries

Subsidiaries are all entities over which the Group has power to govern the financial and operating policies so as to benefit from its activities. Subsidiaries in which the Group owns directly or indirectly more than 50% of the voting rights, or has power to govern the financial and operating policies under a statute or agreement are consolidated. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The subsidiaries included in consolidation and their shareholding percentages at December 31, 2010 are as follows:

<u>Name of the Company</u>	<u>31.12.2010</u>		<u>31.12.2009</u>	
	<u>Share</u>		<u>Share</u>	
	<u>Direct</u>	<u>Indirect</u>	<u>Direct</u>	<u>Indirect</u>
Anelyapı Gayrimenkul A.Ş.	% 40,00	% 15,07	% 40,00	% 11,00
Anel Mekanik Tesisat Taahhüt A.Ş.	% 57,00	-	% 57,00	-
Anel Enerji Elek. Üretim San. Ve Tic. A.Ş.	% 70,50	% 1,37	% 70,50	% 1,37
Anelmarin Gemi Elektrik Elektronik. Sist. Ticaret ve Sanayi A.Ş.	% 93,00	-	% 68,00	% 5,00
Anel Ukrayna Ltd.	% 100,00	-	% 100,00	-
Anel Dar Libya Constructing & Services LLC	% 65,00	-	-	-

The consolidated financial statements comprise the financial statements of the parent company, its joint ventures and its subsidiaries as at 31 December each year. The financial statements of the joint ventures and the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Subsidiaries are all entities over which the Group has power to govern the financial and operating policies so as to benefit from its activities. Subsidiaries in which the Group owns directly or indirectly more than 50% of the voting rights, or has power to govern the financial and operating policies under a statute or agreement are consolidated. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

All significant intra-group transactions and balances between Anel Elektrik and its consolidated subsidiaries and joint ventures are eliminated.

Minority interests represent the portion of income statement and net assets not held by the Group and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity.

<u>Joint Venture</u>	<u>Share of Parent Company(%)</u>	
	<u>31.12.2010</u>	<u>31.12.2009</u>
Anel – Sera Adi Ortaklı 1	70,20	-
Anelmep Maintenance and Operations LLC.	30,00	30,00
Turkges Enerji Elektrik Üretim San. Ve Tic. A.Ş.	49,50	-

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2010

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

Equity Method:

The Group's investments in associates are accounted for under the equity method of accounting. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

The investment in associates, which are accounted for under the equity method and their shareholding percentages are as follows (Note:16)

Title of Equity Investment	Group's Direct Equity Share (%)	
	31.12.2010	31.12.2009
Anel Telekomünikasyon Elektronik Sistemleri San. ve Tic. A.	27,41	20,00

A Group's share in an associate is the aggregate of the company's in that associate by the parent and its subsidiaries. To apply Equity Method, The share of other associates and joint ventures of the associates are ignored. When an associate has subsidiaries, associates, or joint ventures, the profits or losses and net assets taken into account in applying the equity method are those recognised in the associate's financial statements, after any adjustments necessary to give effect of uniform accounting policies.

If the Group's share of losses of an associate equals or exceeds its interest in the associate, the investor discontinues recognising its share of further losses. After the interest in an associate is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Company resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

B. Change in Accounting Policies

The group has decided to include the subsidiaries that were classified under *Available-for-sale financial assets* (Anelmarin Gemi Elektrik Elektronik. Sist. Ticaret ve Sanayi A.Ş., Anel Ukrayna Ltd, Anelmep Maintenance and Operations LLC, Anel Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş.) to consolidated financial statements of 31.12.2010 attached applying IAS27 and IAS31. The change in accounting policies is applied current and following periods and it causes no material change on earnings per share. (Note7)

C. Change in Accounting Estimates and Errors

Changes in accounting policies or determined accounting errors are applied retroactively and the financial statements of the previous year are adjusted. If changes in estimates are for only one period, changes are applied to the current year but if the changes in estimates are for the following periods, changes are applied both to the current and following years prospectively.

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2010

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

D. Summary of Significant Accounting Policies

Revenue recognition

In terms of business activity, profit is accounted for when income can be reliably determined and the inflow of the economic benefits related with the transaction to the Group is probable. Net sales are carried at gross revenue invoiced less any sales returns and sales discounts.

Rent Income earned by the Group are recognised on an accrual basis.

Interests income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. (Note 28)

Cash and Cash Equivalents

Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents include amounts of cash and deposits at banks. (Note 6)

Segment Reporting

Due to management purposal, The Group's activities were seperated three main groups as electrical projects, property hiring and mechanical projects. The Group also seperates its operations according to geographical regions. The relevant regions of the Group are organized as Turkey, Qatar and Georgia. Financial informations according to segments and geographical regions are presented in Note 5.

Financial Assets

Initial recognition

Financial assets in the scope of IAS 39 are classified as both loans and receivables and available-for-sale financial assets, as appropriate. When financial assets are recognized initially, they are measured at fair value, plus, directly attributable transaction costs. The Group considers whether a contract contains an embedded derivative when the entity first becomes a party to it. The Group determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end. All regular way purchases and sales of financial assets are recognized on the trade date. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Effective interest method

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

Income is recognized on an effective interest basis for held-to-maturity investments, available- for-sale financial assets and loans and receivables.

• *Held-to-maturity investments*

If the Group has positive intent and ability to hols debt securities to maturity, then they are classified as held-to-maturity. Held-to-maturity investments are measured at amortised cost using effective interest method, less any impairment losses. The group does not have such financial assets.

• *Available-for-sale financial assets*

The Group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, and foreign exchange gains and losses on available-for-sale monetary items, are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss. The Group have 3 Subsidiaries and 1 Participate that classified as available for sale financial assets. (Note 7)

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2010

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

Trade receivables and provision for doubtful receivables

Trade receivables that are created by the Group by way of providing goods or services directly to a debtor are carried at amortized cost. Trade receivables that deferred financial income is netted-off against and which are calculated by discounting the amounts that will be collected of trade receivables are recorded at the original invoice value in the subsequent periods using the effective yield method. Short duration receivables with no stated interest rate are measured at original invoice amount unless the effect of imputing interest is significant.

A credit risk provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception. If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other income. (Note 10)

Costs And Estimated Earnings In Excess Of Billings On Uncompleted Contracts and Billings In Excess Of Costs And Estimated Earnings On Uncompleted Contracts

Contract revenue and costs are recognized as revenue and expenses, respectively, when the outcome of a construction contract can be estimated reliably. The percentage of completion method is used to recognize revenue on a contract as work progresses by matching contract revenue with contract costs incurred based on the proportion of work completed which is determined by the ratio of costs incurred through the end of the current year divided by the total estimated costs of the project.

Revenue arising from cost plus fee contracts is recognized on the basis of costs incurred plus a percentage of the contract fee earned during the year.

Contracts to manage, supervise or coordinate the construction activity of others are recognized only to the extent of the fee revenue.

Contract costs include all direct material and labor costs and those indirect costs related to contract performance, such as indirect labor, supplies, tools, repairs and depreciation costs. Selling, general and administrative expenses are charged to the statement of income as incurred. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. Changes in job performance, job conditions and estimated profitability, including those arising from contract penalty provisions and final contract settlements may result in revisions to costs and income and are recognized in the period in which the revisions are determined. Profit incentives are included in revenues when their realization is reasonably assured.

Costs and estimated earnings in excess of billings on uncompleted contracts represent revenues recognised in excess of amounts billed. Billings in excess of costs and estimated earnings on uncompleted contracts represent billings in excess of revenues recognised. (Note 15)

Inventory

Inventory (including finished goods and raw materials) are valued at the lower of weighted average cost, restated at the equivalent purchasing power at 31 December 2010, and net realizable value. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution. (Note 13)

Other Assets and Liabilities

Other Current/Noncurrent Assets

Prepaid expenses, Income accruals, Prepaid taxes and funds, Advances given for business purposes, Advances given to personel, VAT carried forward - short term, VAT deductible, VAT other, Sundry assets are reported in Other Current/Noncurrent Assets. (Note 26)

Other Current/Noncurrent Liabilities

Deferred income, Expense accruals, Other sundry payables are reported in Other Current/Noncurrent Liabilities. (Note 26)

ANEL ELEKTR K PROJE TAAHHÜT VE T CARET A. .AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2010

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

Investment Property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

For a transfer from investment property to owner-occupied property or inventories, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. For a transfer from inventories to investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognized in consolidated income statement. When the Group completes the construction or development of a selfconstructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognized in income statement. (Note 17)

Property, Plant and Equipment

Property, plant, equipment are carried at cost, restated in equivalent purchasing power at 31 December 2010 less accumulated depreciation. Depreciation is provided on the restated amounts of property, plant, equipment on a straight-line monthly basis over the useful lives. The depreciation periods for property, plant, equipment, which approximate the economic useful life of such assets, are as follows: (Note 18)

	<u>Years</u>
Buildings	50
Machine and equipment	3-10
Machine and equipment (Leasing)	4-10
Motor vehicles	4-5
Furniture, fixtures and office equipment	4-14
Leasehold amount	5

Intangible Fixed Assets

Intangible fixed assets consist of rights, foundation cost and other intangibles, are carried at cost, restated in equivalent purchasing power at 31 December 2010 accumulated depreciation. Depreciation is provided on the restated amounts on a straight-line monthly basis over the useful lives of 5 years. (Note 19)

Goodwill

Goodwill represents the excess of the cost of an acquisition over the approximate fair value of the Group’s share of the net assets of the acquired subsidiary/associate undertaking at the date of acquisition. Goodwill is not amortised. Instead of this once in a year or if it’s necessary more it is put upon loss impairment.

Impairment of assets

Long term assets are analyzed according to IFRS 36 (“Impairment of assets”) which states that if book value of an asset is greater than its recoverable value, a value loss (impairment loss) provision should be provided.

Borrowing Costs

Borrowing costs are recognized as an expense in the period in which they are incurred. (Note:8)

ANEL ELEKTR K PROJE TAAHHÜT VE T CARET A. .AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2010

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

Earnings per share

Earnings per share as indicated on the income statement are ascertained by dividing net profit to weighted average number of shares.

In Turkey, companies can increase their share capital by making; a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares in existence during the year has been adjusted in respect of bonus share issued without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and each earlier year, as if the event had occurred at the beginning of the earliest period reported. (Note 36)

Post Balance Sheet Events

Post balance sheet events include all the events between the balance sheet date and the date of publish of the balance sheet. (Note 40)

Provisions and Conditional Events

A provision is recognized when, and only when an enterprise has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. (Note 22)

Related Companies

Shareholders, top management personnel, members of board of directors and their families, affiliates, subsidiaries, the companies having indirect relationship with the above mentioned parties or under the control of the above mentioned parties are considered related companies. Related companies could be in business relationship due to the operational activities. Such transactions would be realized in general by the market prices. (Note 37)

Taxation and Deferred Taxes

Taxation on income consists of the effects of current period tax and deferred tax. The Group calculated taxation on income as in accordance with the IFRS 12 (“Taxation-revised”).

The charge for current tax is based on the results for the year/the period as adjusted for items which are non-assessable or disallowed. It is calculated using tax rates that have been enacted or subsequently enacted by the balance sheet date.

Deferred tax is accounted for using the liability method in respect of temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable (statutory) profit.

Deferred tax is calculated using tax rates that have been enacted in the period in which assets acquired and/or liabilities carried out and included in the statement of income as income or expense.

Taxation on income payable is being netted off with the relevant prepaid temporary taxes. (Note 35)

Employee Termination Benefits

According to IFRS 19 (“Employee Benefits”) the calculation of reserve for termination indemnity is based on future termination indemnity payments be discounted to the balance sheet date by the net of the relevant discount rate and the assumed inflation rate. (Note 24)

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2010

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

Reporting of Cash Flows

In statement of cash flow, cash flows are classified according to operating, investment and finance activities. Cash flows from operating activities reflect cash flows generated from sales of the Group. Cash flows from investment activities express cash used in investment activities (direct investments and financial investments) and cash flows generated from investment activities of the Group. Cash flows relating to finance activities express sources of financial activities and payment schedules of the Group.

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

E. Important Accounting Valuation, Estimation and Assumptions

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

3. BUSINESS COMBINATIONS

None. (2009: None)

4. JOINT VENTURES

Joint ventures are investments in companies in which the group, together with others, has controlling influence. The financial data of all joint ventures are included in the consolidated financial statements according to the method of proportionate consolidation. The group's interests in the assets and liabilities, income and expense of all these joint ventures are disclosed below:

<u>Name of the Company</u>	<u>Field of the Activity</u>	<u>Country of Incorporation</u>
Anel-Sera Adi Ortaklı 1	Electric, Mechanic and Construction	Turkey
Anelmep Maintenance and Operations LLC.	Design, Construction and Maintenance	Qatar
Turkges Enerji Elektrik Üretim San. Ve Tic. A.Ş.	Solar Energy	Turkey

31 December 2010

<u>Name of the Company</u>	Direct	Indirect
	<u>Share</u>	<u>Share</u>
	%	%
Anel-Sera Adi Ortaklı 1	70,2	-
Anelmep Maintenance and Operations LLC.	30,00	-
Turkges Enerji Elektrik Üretim San. Ve Tic. A.Ş.	49,50	-

Summary Financial Information

	Anel - Sera Adi Ortaklı 1	Anelmep Maintenance and Operations LLC.	Turkges Enerji Elektrik Üretim San. Ve Tic. A.Ş.
31.12.2010			
Current Assets	19.363.312	2.493.716	113.803
Fixed Assets	5.860.776	119.509	5.786
Short Term Liabilities	19.724.159	6.427.975	915
Long Term Liabilities	5.721.240	-	-
Net Assets	(221.311)	(1.160.552)	-
01.01.-31.12.2010			
Income	28.376.087	3.932.852	6.501
Expences (-)	28.600.378	7.560.639	12.828

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2010

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

5. SEGMENT INFORMATION

The group was separated following five segments in terms of Managerial Accounting.

31.12.2010	Electrical Projects	Property Hiring	Mechanical Installations	Marine Electric Electronic	Energy	Consolidation Adjustments	Total
Net Sales	257.898.318	4.159.199	82.373.313	6.066.678	12.247.265	(43.411.060)	319.333.713
Cost of Sales (-)	(231.145.111)	(2.296.292)	(75.575.218)	(4.530.809)	(10.448.221)	43.270.624	(280.725.027)
Gross Margin	26.753.207	1.862.907	6.798.095	1.535.869	1.799.044	(140.436)	38.608.686
Operating Expenses (-)	(11.654.801)	(354.820)	(322.076)	(247.836)	(1.196.602)	604.381	(13.171.754)
Incomes From Other Operations	1.739.322	588	12.949	2.089	-	(469.029)	1.285.919
Expenses From Other Operations (-)	(393.177)	(671.940)	(3.692)	(2.772)	-	(282.639)	(1.354.220)
Operating Profit/(Loss)	16.444.551	836.735	6.485.276	1.287.350	602.442	(287.723)	25.368.631
Profit/(Loss) From Investments According to Equity Method	(5.024.395)	-	-	-	-	-	(5.024.395)
Financial Incomes	13.636.798	12.324.829	1.007.743	109.306	765.306	(478.832)	27.365.150
Financial Expenses (-)	(18.915.401)	(18.181.609)	(814.702)	(134.702)	(412.349)	821.870	(37.636.893)
Profit/ (Loss) Before Provision For Taxes	6.141.553	(5.020.045)	6.678.317	1.261.954	955.399	55.315	10.072.493
Tax Income/(Expense) From Operating Activities							
-Tax For Period	(1.880.104)	-	(605.262)	(272.157)	(178.085)	-	(2.935.608)
-Deferred Tax Income/ (Expense)	13.953.066	1.342.574	(443.319)	17.470	(12.312)	(57.395)	14.800.084
NET PROFIT/LOSS FOR THE PERIOD	18.214.515	(3.677.471)	5.629.736	1.007.267	765.002	(2.080)	21.936.969
Other Informations							
- Total Assets	355.645.278	149.718.990	91.999.918	2.263.762	8.051.863	(57.438.460)	550.241.351
- Total Liabilities	355.645.278	149.718.990	91.999.918	2.263.762	8.051.863	(57.438.460)	550.241.351
Investment Expenditures							
Investment Property	1.163.724	670.629	-	-	-	-	1.834.353
Property, Plant and Equipment	1.721.005	283.111	134.963	32.576	15.699	-	2.187.354
Intangible Fixed Assets	301.819	-	-	1.058	11.324	-	314.201

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2010

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

5. SEGMENT INFORMATION (continued)

31.12.2009	Electrical Projects	Property Hiring	Mechanic and Installations	Consolidation Adjustments	Total
Net Sales	235.574.239	3.723.436	1.976.886	(11.617.472)	229.657.089
Cost of Sales (-)	(184.946.456)	(2.379.171)	(1.456.889)	10.494.828	(178.287.688)
Gross Margin	50.627.783	1.344.265	519.997	(1.122.644)	51.369.401
Operating Expenses (-)	(7.937.629)	(591.166)	(1.025.265)	765.687	(8.788.373)
Incomes From Other Operations	2.144.390	5.535.860	1.982	352.789	8.035.021
Expenses From Other Operations (-)	(81.345)	-	(7.534)	-	(88.879)
Operating Profit/(Loss)	44.753.199	6.288.959	(510.820)	(4.168)	50.527.170
Profit/(Loss) From Investments According to Equity Method	(873.185)	-	-	-	(873.185)
Financial Incomes	10.561.314	628.742	3.192	(2.813.779)	8.379.469
Financial Expenses (-)	(11.711.597)	(7.995.687)	(4.034)	2.470.741	(17.240.577)
Profit/ (Loss) Before Provision For Taxes	42.729.731	(1.077.986)	(511.662)	(347.206)	40.792.877
Tax Income/(Expense) From Operating Activities					
-Tax For Period	(583.670)	-	-	-	(583.670)
-Deferred Tax Income/ (Expense)	(10.194.228)	(151.954)	220	(28.016)	(10.373.978)
NET PROFIT/LOSS FOR THE PERIOD	31.951.833	(1.229.940)	(511.442)	(375.222)	29.835.229

Other Informations

- Total Assets	251.493.873	135.038.164	621.044	(54.385.474)	332.767.607
- Total Liabilities	251.493.873	135.038.164	621.044	(54.385.474)	332.767.607

Investment Expenditures

Investment Property	-	18.062.225	-	-	18.062.225
Property, Plant and Equipment	964.286	6.853.918	12.525	(4.168)	7.826.561
Intangible Fixed Assets	34.051	-	-	-	34.051

Geographical Segments

<u>31 December 2010</u>	<u>Turkey</u>	<u>Qatar</u>	<u>Georgia</u>	<u>Ukraine</u>	<u>Eliminations</u>	<u>Total</u>
Sales	179.059.873	181.698.329	2.870.652	280.399	(44.575.540)	319.333.713
Costs and Estimated Earnings in Excess of Billings on Uncompleted Contracts	17.726.541	73.664.677	-	-	-	91.391.218
Segment Assets	468.533.026	152.537.227	2.524.521	944.511	(74.297.934)	550.241.351
Investment Expenditures	2.794.655	1.503.628	-	37.625	-	4.335.908

<u>31 December 2009</u>	<u>Turkey</u>	<u>Qatar</u>	<u>Georgia</u>	<u>Eliminations</u>	<u>Total</u>
Sales	56.153.794	177.628.587	10.412.196	(14.537.488)	229.657.089
Costs and Estimated Earnings in Excess of Billings on Uncompleted Contracts	8.203.539	58.130.108	2.450.950	-	68.784.597
Segment Assets	298.423.307	112.421.047	3.015.278	(81.092.025)	332.767.607
Investment Expenditures	25.294.846	632.159	-	(4.168)	25.922.837

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2010

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

6. CASH AND CASH EQUIVALENTS	<u>31.12.2010</u>	<u>31.12.2009</u>
Cash	28.396	146.357
Banks	80.275.547	12.812.771
- Time Deposits	74.406.790	10.476.450
- Demand Deposit	5.868.757	2.336.321
Cheques with maturities less than three months	3.184.226	340.064
Other Liquid Assets	5.001	-
Total	83.493.170	13.299.192

The effective interest rate for cheques that is used for estimating unearned credit finance income is 6,55% as at 31 December 2010. The average maturity for cheques is 50 days. (31 December 2009: 7,60% and 77 days).

As of 31 December 2010 weighted maturity of the time deposits is 18 days. (31.12.2009: 18 days).

Residual terms for the time deposits are as follow as of 31.12.2010 and 31.12.2009

<u>Currency</u>	<u>Interest rate</u> (%)	<u>31.12.2010</u>	<u>Interest rate</u> (%)	<u>31.12.2009</u>
TRY	5,10-12,65	38.775.111	6,5-7,50	1.903.444
USD	0,50-3,00	9.332.181	0,25-1,25	7.468.358
EUR	0,50-4,05	26.299.498	0,5-2,00	1.104.648
Total Time Deposits		74.406.790		10.476.450

7. FINANCIAL ASSETS

<u>Short-Term Financial Assets</u>	<u>31.12.2010</u>	<u>31.12.2009</u>
<u>Financial Assets Difference of Fair Value of Which reflected in Income Statement</u>		
Marketable Securities to Purchase-Sale	1.463.985	610.127
Total	1.463.985	610.127

Trade purposed marketable securities as of 31.12.2010 and 31.12.2009.:

<u>Trade Purposed Marketable Securities</u>	<u>31.12.2010</u>			<u>31.12.2009</u>		
	<u>Cost</u>	<u>Book Value</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Book Value</u>	<u>Fair Value</u>
Stock	-	-	-	649.105	602.435	602.435
Liquid Funds	-	-	-	7.642	7.692	7.692
Government Bond	1.474.030	1.463.985	1.463.985	-	-	-
Total	1.474.030	1.463.985	1.463.985	656.747	610.127	610.127

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2010

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

7. FINANCIAL ASSETS (continued)

Long-Term Financial Assets

Financial assets ready for Sale

Investments According to Cost Value

	<u>Share %</u>	<u>31 Dec 2010</u>	<u>31 Dec 2009</u>
Anel Arabia Company Limited	10	21.000	-
Anelmarin Gemi Elektrik Elektronik. Sist. Ticaret ve Sanayi A.Ş. (*)	51	-	153.000
Anel Ukrayna Ltd. (*)	100	-	835.820
Anelmep Maintenance and Operations LLC. (*)	30	-	108.720
Anel Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş. (*)	70	-	450.000
Total		21.000	1.547.540

(*) (Note 2B)

8. FINANCIAL LIABILITIES

<u>Short-Term Bank Loans</u>	<u>WeightedAverage InterestRate(%)</u>	<u>31.12.2010</u>	<u>WeightedAverage InterestRate(%)</u>	<u>31.12.2009</u>
<u>Bank Loans</u>				
TRY Loans	11,25	20.078.083	11,96	53.124.159
USD Loans	5,10	17.717.216	6,03	33.724.332
EUR Loans	4,86	2.090.133	6,54	11.242.044
USD Leases (*)		209.135		173.012
Factoring Payables		22.791.254		8.261.725
Total		62.885.821		106.525.272

(*) As of 31.12.2010 and 31.12.2009 the detail Short-Term Leasing liabilities is as follows;

	<u>31.12.2010</u>		<u>31.12.2009</u>	
	<u>USD Amount</u>	<u>TRY Amount</u>	<u>USD Amount</u>	<u>TRY Amount</u>
<u>Short- term leasing payables</u>				
Leasing payables in USD	135.274	209.135	114.905	173.012
Total	135.274	209.135	114.905	173.012

<u>Long-Term Bank Loans</u>	<u>WeightedAverage InterestRate(%)</u>	<u>31.12.2010</u>	<u>WeightedAverage InterestRate(%)</u>	<u>31.12.2009</u>
<u>Bank Loans</u>				
TRY Loans	-	-	11,00	444.251
USD Loans	-	-	-	-
EUR Loans	4,86	73.499.018	4,00	36.129.476
USD Leases (*)		594.101	-	778.926
Total		74.093.119		37.352.653

(*)As of 31.12.2010 and 31.12.2009 the detail Long-Term Leasing liabilities is as follows;

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2010

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

8. FINANCIAL LIABILITIES (continued)

	31.12.2010		31.12.2009	
	USD Amount	TRY Amount	USD Amount	TRY Amount
Long- term leasing payables				
Leasing payables in USD	384.283	594.101	517.318	778.926
Total	384.283	594.101	517.318	778.926

Long term financial leasing liabilities mature through the years of 2012-2020.

There is total mortgage with the value of EUR 48.000.000 on Group’s investment properties for financial leaseings. (Note 17)

9. OTHER FINANCIAL LIABILITIES

None. (31.12.2009: None.)

10. TRADE RECEIVABLES/ PAYABLES

	31.12.2010	31.12.2009
Trade Receivables		
Trade receivables	76.537.776	39.082.411
Notes receivable	19.755.740	421.365
Doubtful receivables	589.471	526.915
Less: Provision for doubtful receivables (**)	(589.471)	(526.915)
Total	96.293.516	39.503.776

(*) Movement of doubtful receivables are as follows;

	31.12.2010	31.12.2009
Beginning of period	526.915	490.329
Current period’s addition	62.556	44.247
Collected during period (-)	-	(7.661)
End of period	589.471	526.915

The aging analyzes of past due trade receivables and credit risk are stated in Note 38.

There is no guarantees taken for trade receivables.

Receivables from related parties can be seen in Note37.

As of 31.12.2010 and 31.12.2009 credit risk analysis of trade receivables is in note38.

	31.12.2010	31.12.2009
Trade Payables		
Trade Creditors	49.896.797	15.498.930
Notes Payable (*)	11.200.308	4.876.834
Less: Unearned Credit Finance Expense	(107.023)	(24.511)
Total	60.990.082	20.351.253

Payables to related parties can be seen in Note37.

The effective interest rate used in calculation of the Notes Payable maturing after the date of reporting is 6,60%. (EUR: 0,75%) (31.12.2009: TRY 7,32, USD 2,35% and EUR 4,18%)

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2010

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

11. OTHER RECEIVABLES AND PAYABLES

<u>Other Short-Term Receivables</u>	<u>31.12.2010</u>	<u>31.12.2009</u>
Deposits and Guarantees Given	28.283.170	13.273.772
Due from Personnel	4.866	3.859
Other Doubtful Receivables (*)	41.253	23.817
Less: Provision of Other Doubtful Receivables	(41.253)	(23.817)
Other Receivables	2.940.997	4.015.421
Total	<u>31.229.033</u>	<u>17.293.052</u>

(*) Movement of other doubtful receivables are as follows;

	<u>31.12.2010</u>	<u>31.12.2009</u>
Beginning of period	23.817	11.285
Current period's addition	17.129	12.532
Collected during period (-)	-	-
Foreign Currency Translation Difference	307	-
End of period	<u>41.253</u>	<u>23.817</u>

<u>Other Long-Term Receivables</u>	<u>31.12.2010</u>	<u>31.12.2009</u>
Deposits and Guarantees Given	118.403	109.439
Other Receivables	400.000	-
Total	<u>518.403</u>	<u>109.439</u>

As of 31.12.2010 and 31.12.2009 the credit risk analyze of other receivables are stated in Note 38.

<u>Other Payables</u>	<u>31.12.2010</u>	<u>31.12.2009</u>
Deposits and Guarantees Received	510.518	20.333
Due to Personnel	3.085.532	1.106.869
Taxes and Dues Payable	1.988.835	459.503
Social Security Premiums Payable	471.220	323.130
Other Payables	322.437	5.983
Total	<u>6.378.542</u>	<u>1.915.818</u>

There is no other long-term payables. (31.12.2009: none).

As of 31.12.2010 and 31.12.2009 the aging analyzes of other payables and liquidity risk are stated in Note 38. Other Payables to related parties can be seen in Note 37.

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2010

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

12. RECEIVABLES AND PAYABLES FROM FINANCE SECTOR OPERATIONS

None. (31.12.2009: None.)

13. INVENTORIES

	<u>31.12.2010</u>	<u>31.12.2009</u>
Raw Material	28.600.167	8.686.893
Merchandise Inventories	26.218	5.078
Other Inventories	-	31.801
Total	<u>28.626.385</u>	<u>8.723.772</u>

14. BIOLOGICAL ASSETS

None. (31.12.2009: None.)

15. COSTS AND ESTIMATED EARNINGS IN EXCESS OF BILLINGS ON UNCOMPLETED CONTRACTS AND BILLINGS IN EXCESS OF COSTS AND ESTIMATED EARNINGS ON UNCOMPLETED CONTRACTS

	<u>31.12.2010</u>	<u>31.12.2009</u>
Costs And Estimated Earnings In Excess Of Billings On Uncompleted Contracts (*)	91.391.218	68.784.597
Total	<u>91.391.218</u>	<u>68.784.597</u>

(*) Details of cost of long term construction and repair projects are as follows;

	<u>31.12.2010</u>	<u>31.12.2009</u>
Cost of long term construction and repair projects	91.391.218	68.784.597
- Cost of domestic construction and repair projects	11.942.958	7.532.760
- Income accruals for domestic construction and repair projects (*)	5.783.582	670.779
- Cost of international construction and repair projects	-	-
- Income accruals for international construction and repair projects (*)	73.664.678	60.581.058

(*) It has been formed a reasonable sight that the Group would fulfill necessary conditions to gain its income accruals. The value of income accruals have been reflected to financial statements from its fair value according to accrual base.

	<u>31.12.2010</u>	<u>31.12.2009</u>
Billings In Excess Of Costs And Estimated Earnings On Uncompleted Contracts	31.786.848	2.381.534
Total	<u>31.786.848</u>	<u>2.381.534</u>

	<u>31.12.2010</u>	<u>31.12.2009</u>
Billings In Excess Of Costs And Estimated Earnings On Uncompleted Contracts	31.786.848	2.381.534
- Progress payments for domestic construction and repair projects	18.920.172	1.622.498
- Overbilled amount for domestic construction and repair projects	-	759.036
- Progress payments for domestic construction and repair projects	-	-
- Overbilled amount for domestic construction and repair projects	12.866.676	-

The guarantees received and given for the projects are stated in Note.22.

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2010

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

16. INVESTMENTS ACCORDING TO EQUITY METHOD

Details of investments according to equity method evaluation as of December 31, 2010 and December 31, 2009 are as follows;

	<u>Participati</u> <u>on Rate</u> <u>(%)</u>	31.12.2010	<u>Participati</u> <u>on Rate</u> <u>(%)</u>	31.12.2009
Anel Telekomünikasyon Elekt. Sist. San. ve Tic. A.Ş. (*)	27,41	10.257.708	20,00	11.142.853
Goodwill (**)		16.466.160		14.383.430
Impairment (-)		<u>(5.364.216)</u>		<u>-</u>
Total		<u>21.359.652</u>		<u>25.526.283</u>

(*) Since the equity investment registered in Istanbul Stock Exchange Market, equity shares are stated at the best buying price (TRY 1,45) as at 31 December 2010 announced by IMKB (Istanbul Stock Exchange) and its fair value is TRY 19.872.250 (December 31, 2009: TRY 16.008.000).

(**) All of goodwill amount consists of participating to Anel Telekomünikasyon Elektronik Sistemleri Sanayi ve Ticaret A.Ş. with 27,41%.

As of 31. December 2010 the management of the group went over financial statements in terms of the goodwill and the impairment loss of the asset. In that context according to IAS28 “Investments in Associates” the recoverable amount of the investment in associate was compared with book value and the book value was tested according to IAS36. The management of the group decided that associate’s fair value is less than the value in use by TRY5.364.216 and so is the impairment loss.

Anel Telekom, and its associates are considered as one asset. In that context the important assumptions in calculating the present value of the future cash flows are given below:

All numbers that were used in assumptions are as Turkish Lira. In that context the sales figure for 2011 came from the budget report. For coming 4 years, growth rate of the sales was taken as 9.96% considering the inflation expectations of the Central Bank of Turkey. Gross profit margin of the company changed drastically in recent period. But the company completed its plans on cost cutting in 2011. The gross profit margin budgeted for 2011 is 10.45% and for coming 4 years it is forecasted as 15%. The calculated free cash flows were discounted by the rate of 11.49%.

Share from Profit/(Loss) of Investments According to Equity Method

	<u>31.12.2010</u>	<u>31.12.2009</u>
Share from Anel Telekomünikasyon’s profit/(loss)	<u>(5.024.395)</u>	<u>(873.185)</u>
Total	<u>(5.024.395)</u>	<u>(873.185)</u>

Informations about above mentioned equity investments are as follows;

<u>Anel Telekomünikasyon</u> <u>Elektronik Sistemleri</u> <u>Sanayi ve Ticaret A.Ş.</u>	<u>Total</u>		<u>Equity of</u>		<u>Sales</u>	<u>Profit /</u> <u>(Loss)</u>
	<u>Total Assets</u>	<u>Liabilities</u>	<u>Parent</u> <u>Company</u>	<u>Minory</u> <u>Interests</u>		
31 December 2010	323.396.310	267.984.746	37.423.231	17.988.334	154.533.704	(18.330.519)
31 December 2009	234.060.507	159.745.979	55.714.262	18.600.266	70.339.635	(4.365.925)

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2010

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

17. INVESTMENT PROPERTY

<u>Asset Amount</u>	<u>01.01.2010</u>		<u>Increase/(Decrease)</u>		<u>31.12.2010</u>
	<u>Opening Balance</u>	<u>Addition</u>	<u>in Value</u>	<u>Transfer</u>	<u>Ending Balance</u>
Buildings	108.997.344	1.834.353	(670.629)	(2.498)	110.158.570
Total	108.997.344	1.834.353	(670.629)	(2.498)	110.158.570

<u>Asset Amount</u>	<u>01.01.2009</u>		<u>Increase/(Decrease)</u>		<u>31.12.2009</u>
	<u>Balance</u>	<u>Addition</u>	<u>in Value,Net(*)</u>	<u>Transfer</u>	<u>Ending Balance</u>
Buildings	6.846.886	18.062.225	6.240.690	77.847.543	108.997.344
Total	6.846.886	18.062.225	6.240.690	77.847.543	108.997.344

As of December 31, 2010 investment property of the group are pledged for security at the amount of EUR 48.000.000.

As of December 31, 2010, Insurance coverage is available on the investment properties in the amount of TRY 90.892.500.

The management of the group has decided that the investment properties valued on 30 December 2009 have the same fair value and should be accounted with the same value as of 31.12.2010.

The management of the group did not revalue the lands bought on 28.12.2010 and 21.09.2010 with total cost of TRY 1.163.724 since their costs reflect the fair value on 31.12.2010.

(*) Two valuation company with the CMB license TSKB Gayrimenkul Değerleme A.Ş. ile Ekspertur Gayrimenkul Değerleme ve Danışmanlık A.Ş. valued the investment property, Anel Merkezî, in Umraniye, İstanbul.

In their valuation reports TSKB Gayrimenkul Değerleme A.Ş. (TSKB) on 30 December 2009 and Ekspertur Gayrimenkul Değerleme ve Danışmanlık A.Ş. (Ekspertur) on 19 February 2010 the value of the property is reported as TRY 100.700.000 and TRY 104.000.000 respectively.

The management of the group has decided that the fair value of the property to be TRY 102.350.000 averaging the two reports. The property has 26 independent section. The fair value of the sections that is used by the consolidated companies is reported as Property, Plant and Equipment with the value of TRY1.004.154. The rest of it is reported as Investment Property with the value of TRY 101.345.846.

The fair value of the Group’s three different buildings have been valued as TRY 7.649.000 by TSKB Gayrimenkul Değerleme A.Ş. with the report issued at 15.01.2010.

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

18. PROPERTY, PLANT AND EQUIPMENT

<u>Asset Amount</u>	<u>01.01.2010</u>		<u>Foreign Currency Translation</u>			<u>31.12.2010</u>
	<u>Opening Balance</u>	<u>Additions</u>	<u>Difference</u>	<u>Transfer</u>	<u>(Disposals)</u>	<u>Ending Balance</u>
Land	-	-	-	-	-	-
Buildings (*)	1.001.656	-	-	2.498	-	1.004.154
Infrastructure and land improvements	103.130	-	2.760	-	-	105.890
Plants, machinery and equipment	415.184	872.422	11.128	-	-	1.298.734
Vehicles	115.594	24.266	4.344	-	-	144.204
Furnitures and fittings						
-Purchasing	6.432.475	1.258.738	57.764	-	-	7.748.977
-Leasing	1.157.007	-	-	-	-	1.157.007
Other fixed assets	120.167	31.927	15	-	-	152.109
Leasehold improvement	480.634	-	138	-	-	480.772
Construction in Progress	-	-	-	-	-	-
Total	9.825.847	2.187.353	76.149	2.498	-	12.091.847
Accumulated Depreciation (-)						
Buildings	-	(20.083)	-	-	-	(20.083)
Infrastructure and land improvements(-)	(10.879)	(5.146)	(454)	-	-	(16.479)
Plants, machinery and equipment (-)	(95.560)	(100.256)	(3.397)	-	-	(199.213)
Vehicles (-)	(71.791)	(18.060)	(1.172)	-	-	(91.023)
Furnitures and fittings (-)						
-Purchasing	(2.665.660)	(1.187.917)	(34.239)	-	-	(3.887.816)
-Leasing	(118.947)	(118.947)	-	-	-	(237.894)
Other fixed assets (-)	(120.167)	-	-	-	-	(120.167)
Leasehold improvement (-)	(333.970)	(59.390)	(118)	-	-	(393.478)
Total	(3.416.974)	(1.509.799)	(39.380)	-	-	(4.966.153)
Property, Plant and Equipment, Net	6.408.873					7.125.694

As of December 31, 2010, Insurance guarantee is available in the amount of TRY 12.612.500 and USD 200.708 on the property, plant and equipment of the Group.

(*) The transfer amount of Buildings belongs to the group's part of the investment property that is recorded as fair value.

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

18. PROPERTY, PLANT AND EQUIPMENT (Continued)

	<u>01.01.2009</u>			<u>Foreign</u> <u>Currency</u> <u>Translation</u> <u>Difference</u>	<u>Transfer</u>	<u>(Disposals)</u>	<u>31.12.2009</u> <u>Ending Balance</u>
<u>Asset Amount</u>	<u>Opening</u> <u>Balance</u>	<u>Additions</u>	<u>Assets From Acquired</u> <u>Companies</u>				
Land	24.644.050	-	-	-	(24.644.050)	-	-
Buildings	-	-	-	-	1.001.656	-	1.001.656
Infrastructure and land improvements	103.867	-	-	(737)	-	-	103.130
Plants, machinery and equipment	127.766	287.650	-	(232)	-	-	415.184
Vehicles	172.502	-	-	(327)	-	(56.581)	115.594
Furnitures and fittings							
-Purchasing	3.574.295	1.251.587	7.593	(7.778)	1.621.018	(14.240)	6.432.475
-Leasing	-	1.157.007	-	-	-	-	1.157.007
Other fixed assets	120.167	-	-	-	-	-	120.167
Leasehold improvement	471.571	9.100	-	(37)	-	-	480.634
Construction in Progress	50.704.950	5.121.217	-	-	(55.826.167)	-	-
Total	79.919.168	7.826.561	7.593	(9.111)	(77.847.543)	(70.821)	9.825.847
<u>Accumulated Depreciation (-)</u>							
Infrastructure and land improvements (-)	(5.747)	(5.157)	-	25	-	-	(10.879)
Plants, machinery and equipment (-)	(74.378)	(21.187)	-	5	-	-	(95.560)
Vehicles (-)	(88.323)	(25.020)	-	50	-	41.502	(71.791)
Furnitures and fittings (-)							
-Purchasing	(1.719.687)	(949.209)	-	1.406	-	1.830	(2.665.660)
-Leasing	-	(118.947)	-	-	-	-	(118.947)
Other fixed assets (-)	(120.167)	-	-	-	-	-	(120.167)
Leasehold improvement (-)	(269.503)	(64.479)	-	12	-	-	(333.970)
Total	(2.277.805)	(1.183.999)	-	1.498	-	43.332	(3.416.974)
Property, Plant and Equipment, Net	77.641.363						6.408.873

The depreciation cost of Property, Plant and Equipment of current period is TRY 1.509.799.(2009: TRY 1.183.999) TRY 1.209.497 (2009: TRY 985.755) of this amount is in Cost of Goods Sold (Note 28) and TRY 300.302 (2009: TRY 198.244) is in general administrative expenses (Note 29).

ANEL ELEKTRİK PROJELERİ VE TİCARET A.Ş. VE İZİN VERİLEN ŞİRKETLERİNİN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2010

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

19. INTANGIBLE FIXED ASSETS

<u>Asset Amount</u>	<u>01.01.2010</u>			<u>31.12.2010</u>
	<u>Opening</u>	<u>Additions</u>	<u>(Disposals)</u>	<u>Closing Balance</u>
Rights	531.785	314.201	-	845.986
Total	531.785	314.201	-	845.986

Accumulated Amortization (-)

Rights	(447.054)	(83.144)	-	(530.198)
Total	(447.054)	(83.144)	-	(530.198)

Intangible Fixed Assets, Net 84.731 315.788

<u>Asset Amount</u>	<u>01.01.2009</u>			<u>31.12.2009</u>
	<u>Opening</u>	<u>Additions</u>	<u>(Disposals)</u>	<u>Closing Balance</u>
Rights	497.734	34.051	-	531.785
Total	497.734	34.051	-	531.785

Accumulated Amortization (-)

Rights	(401.593)	(45.461)	-	(447.054)
Total	(401.593)	(45.461)	-	(447.054)

Intangible Fixed Assets, Net 96.141 84.731

The amortization cost of intangible fixed assets is TRY 83.144. (2009: TRY 45.461). TRY 25.165 of this amount is in Cost of Goods Sold (2009: TRY 27.988) (Note 28) and TRY 57.979 is in general administrative expenses (2009: TRY 17.473) (Note 29).

20. POSITIVE / NEGATIVE GOODWILL

The company has increased the shares of Anelmarin Gemi Elektrik Elektronik. Sist. Ticaret ve Sanayi A.Ş. from 68% to 93% by purchasing new shares. That change creates a goodwill of TRY 173.385.

As of 31 December 2010 ve 31 December 2009 change of goodwill is as follows.

	<u>31.12.2010</u>	<u>31.12.2009</u>
Positive goodwill (net)		
Opening Balance	-	-
Interim goodwill from new purchases	173.385	-
End of the period	173.385	-

The goodwill related to the group's investments valued with equity method is reported with Investments According To Equity Method. (Note: 16)

21. GOVERNMENT GRANTS

None (31.12.2009: none)

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2010

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

22. PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES

Conditional Assets

Conditional assets for the electrical and mechanical projects are as follows;

Guarantees Received				<u>31.12.2010</u>
	<u>USD</u>	<u>EUR</u>	<u>TRY</u>	<u>TRY Amount</u>
Letters of Guarantees Received	553.750	1.358.602	90.000	3.730.009
Guaranteed Bill Received	339.347	178.906	782.302	1.673.529
Guaranteed Cheques Received	83.000	85.000	1.931.681	2.234.173
Total	976.097	1.622.508	2.803.983	7.637.711

Guarantees Received				<u>31.12.2009</u>
	<u>USD</u>	<u>EUR</u>	<u>TRY</u>	<u>TRY Amount</u>
Letters of Guarantees Received	78.960	1.680.760	90.000	3.839.836
Guaranteed Bill Received	244.311	36.977	486.906	934.646
Guaranteed Cheques Received	78.000	17.500	2.091.660	2.246.910
Total	401.271	1.735.237	2.668.566	7.021.392

Conditional Liabilities

				<u>31.12.2010</u>
	<u>USD</u>	<u>EUR</u>	<u>TRY</u>	<u>TRY Amount</u>
<u>Related to Electrical Projects</u>				
Letters of Guarantees Given	46.118.363	7.048.813	12.717.900	98.460.612
Bonds of Guarantees Given	149.297	8.526.600	601.000	18.303.668
Checks of Guarantees Given	-	211.420	-	433.221
<u>other</u>				
Mortgages given	-	48.000.000	-	98.356.800
Total	46.267.660	63.786.833	13.318.900	215.554.301

				<u>31.12.2009</u>
	<u>USD</u>	<u>EUR</u>	<u>TRY</u>	<u>TRY Amount</u>
<u>Related to Electrical Projects</u>				
Letters of Guarantees Given	32.681.540	9.944.874	5.499.013	76.191.519
Bonds of Guarantees Given	69.297	2.060.000	162.400	4.716.958
Checks of Guarantees Given	-	-	33.000	33.000
<u>other</u>				
Letters of Guarantees Given	-	-	60.800	60.800
Mortgages given	-	26.000.000	-	56.167.800
Total	32.750.837	38.004.874	5.755.213	137.170.077

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2010

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

22. PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES (continued)

Conditional Liabilities (continued)

The GPMs given by the group are breakdowned as follows.

	<u>31.12.2010</u>			
<u>The GPM(Guarantee-Pledged collateral-Mortgage)s</u> <u>given by the group</u>	<u>TRY</u> <u>Amount</u>	<u>USD</u>	<u>EUR</u>	<u>TRY</u>
1. Total amount of GPMs given for the company	209.459.821	46.235.593	63.644.133	7.566.400
2. Total amount of GPMs given for the companies consolidated	5.484.895	25.866	142.700	5.152.500
3. Total amount of GPMs given for the third parties In order to operate the usual trading activity	-	-	-	-
4. Total amount of other GPMs given	-	-	-	-
- Total amount of GPMs given for the main shareholder	-	-	-	-
- Total amount of GPMs given for the group companies not included in items 2 and 3.	609.585	6.200	-	600.000
- Total amount of GPMs given for the third parties not included in item 3.	-	-	-	-
Total	215.554.301	46.267.659	63.786.833	13.318.900

	<u>31.12.2009</u>			
<u>The GPM(Guarantee-Pledged collateral-Mortgage)s</u> <u>given by the group</u>	<u>TRY</u> <u>Amount</u>	<u>USD</u>	<u>EURO</u>	<u>TRY</u>
1. Total amount of GPMs given for the company	137.170.077	32.750.837	38.004.874	5.755.213
2. Total amount of GPMs given for the companies consolidated	-	-	-	-
3. Total amount of GPMs given for the third parties In order to operate the usual trading activity	-	-	-	-
4. Total amount of other GPMs given	-	-	-	-
- Total amount of GPMs given for the main shareholder	-	-	-	-
- Total amount of GPMs given for the group companies not included in items 2 and 3.	-	-	-	-
- Total amount of GPMs given for the third parties not included in item 3.	-	-	-	-
Total	137.170.077	32.750.837	38.004.874	5.755.213

23. COMMITMENTS

None. (31.12.2009: None.)

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2010

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

24. EMPLOYEE BENEFITS

Short-Term Employee Benefits

	<u>31.12.2010</u>	<u>31.12.2009</u>
Unused Annual Leave Provision	824.610	469.587

The movement of unused annual leave provision is below;

	<u>2010</u>	<u>2009</u>
Opening Balance	469.587	310.000
Current Period	355.023	159.587
End of period	824.610	469.587

Long-Term Employee Benefits

	<u>31.12.2010</u>	<u>31.12.2009</u>
Retirement Pay Provision	689.906	517.649

Under the Turkish Labor Law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, who is called up for military service, dies or who retires after completing 25 years of service (20 years for women)

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

	<u>31.12.2010</u>	<u>31.12.2009</u>
Discount Rate (%)	4,66	5,92
Retirement Probability (%)	88,25	87,34

Main assumption is that maximum liability amount increases parallel to inflation rate for every service year. Therefore, discount rate used is the expected real rate adjusted for the future inflationary effects. Because of this, provisions in the accompanying financial statements as of December, 31 2010 are calculated by estimating present value of probable liabilities arising due to retirement of employees.

Retirement pay provision of the Group is estimated by TRY 2.623 which is current maximum salary limit as of 1 January 2011

Severance Pay Provision are calculated as follows:

	<u>31.12.2010</u>	<u>31.12.2009</u>
Opening Balance	517.649	524.517
Current Period	356.855	89.861
Sum paid as compensation	(184.598)	(96.729)
End of period	689.906	517.649

25. RETIREMENT PLANS

None (31.12.2009: None)

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2010

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

26. OTHER CURRENT/NONCURRENT ASSETS AND LIABILITIES

<u>Other Current Assets</u>	<u>31.12.2010</u>	<u>31.12.2009</u>
Order Advance Given (*)	14.934.458	5.055.661
Prepaid Expenses	1.884.963	2.659.054
Income Accrual	43.180	13.217.493
VAT Carried Forward (**)	11.787.853	-
Prepaid Taxes and Funds	919.593	848.546
Advances given for business purposes	424.419	244.002
Advances given to personnel	134.827	29.193
Other	385.068	70.616
Total	30.514.361	22.124.565
<u>Other Non-current Assets</u>	<u>31.12.2010</u>	<u>31.12.2009</u>
Advances Given	112.460	117.902
Prepaid Expenses	516.940	1.239.327
Prepaid Taxes and Funds	2.901.046	244.001
Total	3.530.446	1.601.230
<u>Other Current Liabilities</u>	<u>31.12.2010</u>	<u>31.12.2009</u>
Order Advance Received (*)	54.198.590	8.382.843
Prepaid Income	1.259.818	419.442
Expense Accruals	2.999.883	2.304.061
Total	58.458.291	11.106.346
<u>Other Non-Current Liabilities</u>	<u>31.12.2010</u>	<u>31.12.2009</u>
Income related with future periods	2.894.755	3.757.242
Order Advance Received (*)	-	14.431.454
Total	2.894.755	18.188.696

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2010

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

27. CAPITAL

<u>Paid Capital</u>	<u>31.12.2010</u>		<u>31.12.2009</u>	
	<u>Share Amount</u>	<u>Share (%)</u>	<u>Share Amount</u>	<u>Share (%)</u>
Shareholders				
Rıdvan Çelikel	59.342.089	53,95	27.000.000	90,00
Avniye Mukaddes Çelikel	5.677.039	5,16	2.357.142	7,86
Mahir Kerem Çelikel	1.526.758	1,39	634.286	2,12
Turgut Alp Çolako lu	10.315	0,01	4.285	0,01
Mustafa Yazlıkiçi	10.315	0,01	4.285	0,01
Ahmet Bülent Batukan	7	0,00	2	0,00
Publicly Offered Shares (*)	43.433.477	39,48	-	-
Total	110.000.000	100,00	30.000.000	100,00

(*) Publicly offered shares of the Group are being traded in ISE (Istanbul Stock Exchange)

The Group use authorized capital system and the equity ceiling is TRY 110.000.000.

As of 31 December 2010, the Company's share capital in the statutory books, is TRY 110.000.000 (31.12.2009: TRY30.000.000), which consisted of 22.188.841 A-group shares and 87.811.159 B-group shares authorized and fully paid shares each having 1 TRY nominal value. A-group shareholders have two voting rights and B-group shareholders have one voting rights for each share owned at the General Assembly meeting. All of the A-group shares belong to Rıdvan Çelikel.

Share premium

	<u>31.12.2010</u>	<u>31.12.2009</u>
Share premium (*)	1.339.604	-
Total	1.339.604	-

(*) Orijinates from the initial public offering of shares of the group

Revaluation Reserves

	<u>31.12.2010</u>	<u>31.12.2009</u>
Revaluation Surplus of Tangible Fixed Assets	1.155.299	1.155.299
Repatriation Fund	-	500.002
Total	1.155.299	1.655.301

(*) Group has added the Repatriation Fund to its capital in the period.

Foreign Currency Translation Differences

	<u>31.12.2010</u>	<u>31.12.2009</u>
Foreign Currency Translation Differences	(56.660)	(2.130.073)
Total	(56.660)	(2.130.073)

Legal Reserves

Accumulated profits in statutory books can be distributed except for the following legal provision related to legal reserves. According to Turkish Commercial Code, legal reserves can be categorized as order I (first) legal reserves and order II (second) legal reserves. Order I (first) legal reserves are apportioned as 5% of statutory net profit to the extent that they reach to 20% of the company's paid-in capital. Order II (second) legal reserves equal to 10% of distributable profit exceeding 5% of paid-in capital. According to Turkish Commercial Code, legal reserves can only be used to set off losses as long as they do not exceed 50% of paid-in capital.

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2010

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

27. CAPITAL (continued)

Legal Reserves (continued)

	<u>31.12.2010</u>	<u>31.12.2009</u>
Legal Reserves	1.219.058	1.219.058
Total	<u>1.219.058</u>	<u>1.219.058</u>

Retained Earning/ (Loss)

	<u>31.12.2010</u>	<u>31.12.2009</u>
Retained Earning/ (Loss)	45.466.356	15.316.453
Total	<u>45.466.356</u>	<u>15.316.453</u>

Minority Interest

As of 31 December 2010 and 31 December 2009 the detail of the group’s minority interest is as follows:

	<u>31.12.2010</u>	<u>31.12.2009</u>
Opening Balance	24.911.751	13.100.735
Additions	300.000	12.680.000
Change related to consolidation	389.499	-
Attributable to Equity Holders of the Parent	1.169.821	(868.984)
Total	<u>26.771.071</u>	<u>24.911.751</u>

28. SALES AND COST OF SALES

<u>Sales Income (net)</u>	<u>01.01-31.12.2010</u>	<u>01.01-31.12.2009</u>
Domestic Sales	120.824.958	40.812.886
Export	272.513.121	183.905.238
Rental Income	2.891.338	3.380.807
Other Income	2.034.440	1.558.158
Total Income	<u>398.263.857</u>	<u>229.657.089</u>
Sales Return (-)	(78.930.144)	-
Sales Discount (-)	-	-
Sales Income, net	<u>319.333.713</u>	<u>229.657.089</u>
I – Cost of Goods Sold	(12.108.476)	(1.736.178)
II – Cost of Service Rendered	(267.381.889)	(175.537.767)
III – Cost of Other Sales	-	-
IV– Depreciation Cost	(1.209.497)	(985.755)
V– Amortization Cost	(25.165)	(27.988)
Cost of Sales (I+II+III+IV)	<u>(280.725.027)</u>	<u>(178.287.688)</u>
GROSS PROFIT/(LOSS)	<u>38.608.686</u>	<u>51.369.401</u>

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2010

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

29. RESEARCH AND DEVELOPMENT EXPENSES, MARKETING, SALES AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES

	<u>01.01-31.12.2010</u>	<u>01.01-31.12.2009</u>
Marketing, sales and distribution expenses (-)	802.275	-
General administrative expenses (-)	12.369.479	8.788.373
Total	<u>13.171.754</u>	<u>8.788.373</u>

30. EXPENSES BY FEATURE

Amortization Expenses

	<u>01.01-31.12.2010</u>	<u>01.01-31.12.2009</u>
Cost of sales	1.209.497	985.755
General administrative expenses	300.302	198.244
Total	<u>1.509.799</u>	<u>1.183.999</u>

Depreciation Expenses

	<u>01.01-31.12.2010</u>	<u>01.01-31.12.2009</u>
Cost of sales	25.165	27.988
General administrative expenses	57.979	17.473
Total	<u>1.592.943</u>	<u>1.229.460</u>

Personnel Costs

	<u>01.01-31.12.2010</u>	<u>01.01-31.12.2009</u>
salaries	45.506.029	33.049.489
Social security expenses	3.266.655	1.988.979
Provision For Severance Pay	356.855	86.861
Total	<u>49.129.539</u>	<u>35.125.329</u>

31. INCOME / EXPENSES FROM OTHER OPERATIONS

Income From Other Operations

	<u>01.01-31.12.2010</u>	<u>01.01-31.12.2009</u>
Unnecessary Provision	184.598	105.587
Increase in Value of Investment Properties	-	6.723.847
Rental Income	94.982	48.514
Department Participation Income	787.152	696.577
Other Incomes	219.187	460.496
Total	<u>1.285.919</u>	<u>8.035.021</u>

Expenses From Other Operations (-)

	<u>01.01-31.12.2010</u>	<u>01.01-31.12.2009</u>
Decrease in Value of Investment Properties	670.629	-
Other Expenses (-)	683.591	88.879
Total	<u>1.354.220</u>	<u>88.879</u>

32. FINANCIAL INCOMES

	<u>01.01-31.12.2010</u>	<u>01.01-31.12.2009</u>
Increase in Value of Financial Assets	94.608	96.570
Interest Income	3.192.495	684.530
Foreign Exchange Gain	24.078.047	7.598.369
Total	<u>27.365.150</u>	<u>8.379.469</u>

ANEL ELEKTRİK PROJELERİ VE TİCARET A.Ş. VE İZİN VERİLEN ŞİRKETLERİNİN VE İZİN VERİLEN ŞİRKETLERİNİN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2010

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

33. FINANCIAL EXPENSES

	<u>01.01-31.12.2010</u>	<u>01.01-31.12.2009</u>
Decrease in Value of Financial Assets (-)	60.806	46.669
Impairment loss of investments valued by equity method(-)	5.364.216	-
Foreign Exchange Losses (-)	20.251.962	6.811.743
Interest Paid on Loans (-)	11.959.909	10.382.165
Total	<u>37.636.893</u>	<u>17.240.577</u>

34. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

None (31.12.2009: none)

35. TAX ASSETS AND LIABILITIES

Tax Provision

	<u>31.12.2010</u>	<u>31.12.2009</u>
Provision for Period’s Corporation Tax (-)	(2.935.608)	(583.670)
Deferred Tax Income / (Expenses)	14.800.084	(10.373.978)
Total	<u>11.864.476</u>	<u>(10.957.648)</u>

As of 31 December 2010, corporate tax rate of Turkey is 20%. (31.12.2009: 20%). Taxable profits are calculated by addition of tax disallowed expenses to and deduction of tax exempt income from the profit disclosed in the statutory income. If dividend is not distributed there will be no other tax payable.

The corporations earning income from a company or a branch in Turkey do not pay any withholding tax on their dividends. Other dividend payments are subject to withholding tax of 15%. If profit is added to the capital, withholding tax is not applicable.

Corporations calculate and pay quarterly temporary corporate tax of 20%. The temporary taxes paid within the year will be offset against the final corporate tax liability for the year. The temporary tax can be offset against any other financial liability against the state.

Corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. But financial losses can not be offset against the prior year’s profits.

Tax liability table for the current period profit is as follows.

	<u>2010</u>	<u>2009</u>
1 January	583.670	877.779
Current period tax expense	2.935.608	583.670
Taxes paid	(583.670)	(877.779)
Foreign Currency Transition Effect	54.324	-
Profit of the period tax liability	<u>2.989.932</u>	<u>583.670</u>

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2010

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

35. TAX ASSETS AND LIABILITIES (continued)

As of the periods ending on 31 December 2010 and 2009, the reconciliation between the tax expense calculated legal tax rate on the profit before tax and the total tax provisions of the attached consolidated income statement is as follows:

	<u>31.12.2010</u>	<u>31.12.2009</u>
Profit / (Loss) Before Tax	10.072.493	40.792.877
Current corporate tax rate (20%)	(2.014.499)	(8.158.575)
Effect of tax rate of overseas branches and subsidiaries	1.838.509	(658.362)
Prior period overseas tax effect	14.317.316	(1.966.074)
Disallowable expenses	(273.378)	-
Changes in the prior period’s unused tax expense	(1.297.370)	-
Current period unused tax loss	(837.738)	-
Loss effect related the equity method	(1.004.473)	(174.637)
Effect of other corrections	1.136.109	-
	<u>11.864.476</u>	<u>(10.957.648)</u>

The principal tax rates of the tax authorities in Qatar 10% and in Georgia 15% used to calculate deferred taxes as of 31 December 2010 (31 December 2009: Qatar 10%-35%; Georgia 15%; Ukraine 25%)

Deferred Assets and Liabilities

Deferred tax is accounted for using the liability method in respect of temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable (statutory) profit.

Deferred tax is calculated using tax rates that have been enacted in the period in which assets acquired and/or liabilities carried out and included in the statement of income as income or expense.

	<u>Cumulative Timing</u> <u>Difference</u>		<u>Deferred Tax Asset/</u> <u>(Liability)</u>	
	<u>31.12.2010</u>	<u>31.12.2009</u>	<u>31.12.2010</u>	<u>31.12.2009</u>
<u>Deferred Tax Assets</u>				
Provision of Doubtful Receivable	545.532	465.540	107.580	94.264
The Difference Between Book Value and Tax Assessment of Tangible and Intangible Fixed Assets	13.151.885	7.444.898	2.630.320	1.488.979
Provision of Severance Pay	689.906	517.649	137.981	103.530
Provision of Unused Annual Leave	824.610	469.587	164.922	93.917
Unearned Credit Finance Income	539.702	62.313	107.940	12.462
Reversal of Prior Period Projects’ Income Accruals	174.297.917	48.900.672	27.843.368	12.979.538
Foreign Exchange Losses	528.314	42.331	105.663	8.466
Decrease in Value of Marketable Securities	-	46.669	-	9.334
Financing Expenses	715.253	36.567	117.457	7.313
Unused prior year’s losses	1.749.315	-	349.863	-
Other Adjustment	76.737	253.084	15.348	63.815
	<u>193.119.171</u>	<u>58.239.310</u>	<u>31.580.442</u>	<u>14.861.618</u>

ANEL ELEKTRİK PROJE TAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2010

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

35. TAX ASSETS AND LIABILITIES (continued)

	<u>Cumulative Timing</u>		<u>Deferred Tax Asset/</u>	
	<u>Difference</u>		<u>(Liability)</u>	
<u>Deferred Tax Liabilities</u>	<u>31.12.2010</u>	<u>31.12.2009</u>	<u>31.12.2010</u>	<u>31.12.2009</u>
The Difference Between Book Value and Tax Assessment of Tangible and Intangible Fixed Assets	(13.549.751)	(11.187.043)	(2.707.809)	(2.242.121)
Unrealized Credit Finance Expense	(178.200)	(29.899)	(35.640)	(5.980)
Projects' Period Income Accruals	(181.924.153)	(93.398.437)	(29.018.363)	(27.727.331)
Foreign Exchange Gain	(120.443)	(35.713)	(24.089)	(7.143)
Other Adjustments	(101.966)	(1.466)	(20.392)	(295)
	<u>(195.874.513)</u>	<u>(104.652.558)</u>	<u>(31.806.293)</u>	<u>(29.982.870)</u>
Deferred Tax Asset/ (Liability), net	<u>(2.755.342)</u>	<u>(46.413.248)</u>	<u>(225.851)</u>	<u>(15.121.252)</u>
Deferred Tax Income/(Expense)			14.895.401	
Foreign Currency Translation Effect			(95.317)	
Deferred Tax Income/(Expense) for the period between 01/01-31/12/2010			<u>14.800.084</u>	

As of 31 December 2010, the group has the unused tax loss of TRY 1.749.315 that can be subtracted from future profits. (31.12.2009: none)

Unused tax losses can not be subtracted from the profits after following years.

	<u>31.12.2010</u>	<u>31.12.2009</u>
Profit/(Loss) of the period	-	-
Unit of shares	-	-
Earnings per share	-	-
Earnings Per Share From Operating Activities	-	-
Profit/(Loss) of the period	-	-
Unit of shares	1.749.315	-
	<u>1.749.315</u>	<u>-</u>

36. EARNINGS PER SHARE

	<u>31.12.2010</u>	<u>31.12.2009</u>
Profit/(Loss) of the period	20.767.148	30.704.213
Unit of shares	73.835.616	30.000.000
Earnings per share	0,28	1,02
Earnings Per Share From Operating Activities	0,28	1,02

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2010

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

37. RELATED PARTY DISCLOSURES

There is no guarantee given or received for the transactions among related parties.

<u>Current Trade Receivables</u>	<u>31.12.2010</u>	<u>31.12.2009</u>
E Sistem Elektronik A.Ş.	41.876	61.300
Anel Ar. Ge. Dan. San. Ve Tic. A.Ş.	6.181	163.738
Anel Telekomünikasyon Elektronik Sist. San. Tic. A.Ş.	2.091.578	224.024
Aneles Elektronik Üretim Ve Paz. San. Ve Tic. A.Ş.	640.776	392.172
Anel Net Teknik Hizmetler Ltd. ti.	851.151	251.041
Anelsis Mühendislik. San. Tic. Ltd. ti	308.711	252.090
Çelikel Vakfı	2.122.097	4.213
Anel Sera Adi Ortaklığı	3.353.946	-
Other	46.315	42.424
Total	9.462.631	1.391.002

<u>Non-current Trade Receivables</u>	<u>31.12.2010</u>	<u>31.12.2009</u>
Anel Telekomünikasyon Elektronik Sist. San. Tic. A.Ş.	1.588.654	1.900.355
Total	1.588.654	1.900.355

<u>Current Other Receivables</u>	<u>31.12.2010</u>	<u>31.12.2009</u>
Anel Enerji Elek. Üretim San. Ve Tic. A.Ş.	-	111
Anel Sera Adi Ortaklığı	479.476	-
Anelmep Maintenance And Operations Llc	915.542	-
Total	1.395.018	111

There is no long-term other receivable from related party.

<u>Current Trade Payables</u>	<u>31.12.2010</u>	<u>31.12.2009</u>
Anelsis Mühendislik San. ve Tic. Ltd. ti.	487.744	4.940
E Sistem Elektronik San. Ve Tic. A.Ş.	47.359	767
Anel Telekomünikasyon Elekt. Sist. San. Ve Tic. A.Ş.	1.442.378	18.651
Anel Net Teknik Hizmetler Ltd. ti.	604.092	53.330
Aneles Elektronik Üretim Ve Paz. San. Ve Tic. A.Ş.	572.822	-
Sera Yapı Endüstrisi A.Ş.	3.708.524	-
Other	14.592	257.007
Total	6.877.511	334.695

There is no long-term trade payable to related party.

<u>Current Other Payables</u>	<u>31.12.2010</u>	<u>31.12.2009</u>
Anel Telekomünikasyon Elekt. Sist. San. Ve Tic. A.Ş.	2.518.798	1.379.350
Aneles Elektronik Üretim Ve Paz. San. Ve Tic. A.Ş.	21.163	-
Anelsis Müh. San. Ve Tic. Ltd. ti. Azerbaycan Cum. ub.	-	1.511
Sera Yapı Endüstrisi A.Ş.	363.804	-
Total	2.903.765	1.380.861

There is no long-term liability to related party.

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2010

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

37. RELATED PARTY DISCLOSURES (continued)

<u>Good and Service Sales</u>	<u>01.01-31.12.2010</u>	<u>01.01-31.12.2009</u>
Anel Telekomünikasyon Elektronik Sistemleri San. ve Tic. A.Ş.	6.071.497	5.885.158
Plastikkart Akıllı Kart İletim Sis. San. ve Tic. A.Ş.	2.724.306	38.440
Anelsis Mühendislik San. ve Tic. A.Ş.	323.344	258.295
Anelnet Teknik Hizmetleri Ltd. Şti.	1.770.059	271.716
E-Sistem Elektronik San. ve Tic. A.Ş.	45.246	65.829
Anelmak Makina ve Elektronik San. ve Tic. A.Ş.	19.250	49.480
Aneles Elektronik Üretim ve Paz. San. Tic. A.Ş.	904.708	978.069
Anel Ar-ge Danışmanlık San.ve Tic. A.Ş.	50.550	177.403
Anel Doğa Entegre Geri Dönüşüm Endüstri A.Ş.	22.256	-
Anelyapı Sera Adi Ortaklığı	1.687.382	-
Çelikel Vakfı	2.563.287	-
Other	7.074	90.046
Total	16.188.959	7.814.436

<u>Good and Service Purchases</u>	<u>01.01-31.12.2010</u>	<u>01.01-31.12.2009</u>
Anel Telekomünikasyon Elektronik Sistemleri San. ve Tic. A.Ş.	2.233.643	2.059.629
Anelsis Mühendislik San. ve Tic. A.Ş.	3.324.218	6.254.703
E-Sistem Elektronik San. ve Tic. A.Ş.	101.206	5.750
Anel-es Elekt. Ür. ve Paz.San.Tic.A.Ş.	6.691.819	140.099
Anelnet Teknik Hizmetleri Ltd. Şti.	1.535.332	109.868
other	23.418	408.340
Total	13.909.636	8.978.389

<u>Benefits Supplied to Key Management Personnel</u>	<u>01.01-31.12.2010</u>	<u>01.01-31.12.2009</u>
Short term benefits supplied to Employees	1.830.178	1.389.856
Benefits supplied for dischargings	-	-
Other Benefits	-	-
Total	1.830.178	1.389.856

There is no guarantees received or given for the transactions between related parties. (2009: None)

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2010

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

38. QUALITIES AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS

- Equity Risk Method

The aims of Group are to be beneficial for all shareholders and maintaining the best capital combination to reduce capital cost and keeping on entity when managing the capital.

The Group may change dividends that is paid to shareholders, give back the capital to shareholders, in order to save or rearrange capital combination, put new equities on the market and may sell assets to reduce debt proportion.

The Group uses Liabilities / Equity rate while they follow capital sufficiency. This rate is found by net liabilities divided by total equity. Net liabilities is counted by cash and cash equivalents minus total liabilities which appears in balance sheet.

	<u>31.12.2010</u>	<u>31.12.2009</u>
Total Liabilities	343.579.475	231.090.904
Less: Cash and Cash Equivalents	(83.493.170)	(13.299.192)
Net Liabilities	260.086.305	217.791.712
Total Equity	206.661.876	101.676.703
Liabilities / Equity Proportion	1,26	2,14

-Credit Risk,

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties. With respect to credit risk arising from the financial assets of the Group, which comprise cash and cash equivalents and trade receivables, the Group’s exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instrument. The group do not use derivative instruments. (31 December 2009: The group do not use derivative instruments.) As of 31 December 2010 and 31 December 2009 Exposure to credit risk in consideration of financial instruments are as follows.

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

38. QUALITIES AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (continued)

Credit Risk (continued)

Exposure to credit risk in consideration of financial instruments:

2010	Receivables				Cash and cash equivalents		Financial Investments
	Trade Receivables		Other Receivables		Time	Cheques	
	Related Parties	3rd Parties	Related Parties	3rd Parties			
The maximum amount of exposure to credit risk at the end of the reporting period (A+B+C+D+E) (1)	11.051.285	96.293.516	1.395.018	31.747.436	80.275.547	3.184.226	1.484.985
- Total receivable that have been secured with collaterals, other credit enhancements etc.	-	-	-	-	-	-	-
A. Financial assets that are neither past due nor impaired (2)	11.051.285	96.293.516	1.395.018	31.747.436	80.275.547	3.184.226	1.484.985
B. The amount of financial assets that would otherwise be past due or impaired whose terms have been renegotiated	-	-	-	-	-	-	-
C. The amount of financial assets that are past due as at the end of the reporting period but not impaired	-	-	-	-	-	-	-
- The amount that have been secured with collaterals, other credit enhancements etc.	-	-	-	-	-	-	-
D. The amount of financial assets that are impaired (*)	-	-	-	-	-	-	-
- Past due (Gross book value)	-	589.471	-	41.253	-	-	-
- The amount of impairment (-)	-	(589.471)	-	(41.253)	-	-	-
E. Off balance sheet credit risk amount	-	-	-	-	-	-	-

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

38. QUALITIES AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (continued)

2009	Receivables				Cash and cash equivalents		Financial Investments
	Trade Receivables		Trade Receivables		Time	Cheques	
	Related Parties	3rd Parties	Related Parties	3rd Parties			
The maximum amount of exposure to credit risk at the end of the reporting period (A+B+C+D+E) (1)	3.291.357	39.503.776	111	17.402.491	12.812.771	340.064	2.157.667
- Total receivable that have been secured with collaterals, other credit enhancements etc.	-	-	-	-	-	-	-
A. Financial assets that are neither past due nor impaired (2)	3.291.357	39.503.776	111	17.402.491	12.812.771	340.064	2.157.667
B. The amount of financial assets that would otherwise be past due or impaired whose terms have been renegotiated	-	-	-	-	-	-	-
C. The amount of financial assets that are past due as at the end of the reporting period but not impaired	-	-	-	-	-	-	-
- The amount that have been secured with collaterals, other credit enhancements etc.	-	-	-	-	-	-	-
D. The amount of financial assets that are impaired (*)	-	-	-	-	-	-	-
- Past due (Gross book value)	-	526.915	-	23.817	-	-	-
- The amount of impairment (-)	-	(526.915)	-	(23.817)	-	-	-
E. Off balance sheet credit risk amount	-	-	-	-	-	-	-

(1) It was not considered collaterals taken which is raising credit reliability when the amounts was determined.

(2) All of the trade receivables (31 December 2009: all) are receivables from clients. The Group management predicted that It would not be encountered any problem regarding Collection of Receivables because of considering their past experiences

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2010

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

38. QUALITIES AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (continued)

Credit Risk (continued)

Past Due and Overdue Receivables:

Current Period	Trade Receivables	Other Receivables
Overdue Between 1-30 days	-	-
Overdue Between 1-3 months	-	-
Overdue Between 3-12 months	-	-
Overdue Between 1-5 years	589.471	41.253
Overdue over 5 years	-	-
Overdue Receivables secured with collaterals	-	-
Prior Period	Trade Receivables	Other Receivables
Overdue Between 1-30 days	-	-
Overdue Between 1-3 months	-	-
Overdue Between 3-12 months	-	-
Overdue Between 1-5 years	526.915	23.817
Overdue over 5 years	-	-
Overdue Receivables secured with collaterals	-	-

- Liquidity Risk

Liquidity risk is the risk that an entity will be unable to meet its net funding requirements. The Group’s objective is to maintain a balance between current assets and liabilities through close monitoring of payment plans and cash projections. The Group manages short, medium and long term funding and liquidity management requirements by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profile of financial assets and liabilities. The table below summarizes the maturity profile of the Group’s financial liabilities based on contractual payments. The Group does not have any derivative liabilities.

Current Period

Terms According to Agreements	Book Value	According to the Contracts Total Cash Outflows (=I+II+III+IV)	Up to 3 months (I)	3 to 12 months (II)	1 to 5 years (III)	Over 5 years
Non-derivative financial liabilities	214.128.840	214.128.840	69.292.785	70.742.936	29.141.976	44.951.143
Bank Loans						
Leases	113.384.449	113.384.449	17.530.261	22.355.170	28.547.875	44.951.143
Factoring Payables	803.236	803.236	49.461	159.674	594.101	-
Trade Payables	22.791.255	22.791.255	-	22.791.255	-	-
Other Payables	67.867.593	67.867.593	47.781.493	20.086.100	-	-
Non-derivative financial liabilities	9.282.307	9.282.307	3.931.570	5.350.737	-	-

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2010

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

38. QUALITIES AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (continued)

Prior Period

Terms According to Agreements	Book Value	According to the Contracts	Up to 3 months (I)	3 to 12 months (II)	1 to 5 years (III)	Over 5 years
		Total Cash Outflows (=I+II+III+IV)				
Non-derivative financial liabilities	167.860.552	167.860.552	68.505.428	62.002.471	21.850.409	15.502.244
Bank Loans						
Leases	134.664.262	134.664.262	44.665.794	53.424.741	21.071.483	15.502.244
Factoring Payables	951.938	951.938	40.475	132.537	778.926	-
Trade Payables	8.261.725	8.261.725	8.261.725	-	-	-
Other Payables	20.685.948	20.685.948	13.640.438	7.045.510	-	-
Non-derivative financial liabilities	3.296.679	3.296.679	1.896.996	1.399.683		-

Market Risk

The market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

The group is subject to foreign currency risk because of international purchasing and FX denominated loans. That risk is tried to minimise by setting the sale price in terms of FX as in last year.

- Foreign Currency Risk

	FOREIGN CURRENCY POSITION					
	Current Period			Prior Period		
	TRY Equivalent	USD	EUR	TRY Equivalent	USD	EUR
1. Trade Receivables	55.892.725	400.461	26.974.580	11.628.352	1.037.542	4.659.596
2a. Monetary Financial Assets	92.405.832	20.309.242	29.772.946	36.216.167	19.030.878	3.500.150
2b. Non-Monetary Financial Assets	9.598.412	861.560	4.034.181	1.505.119	32.073	674.363
3. Other	-	-	-	-	-	-
4. Current Assets (1+2+3)	157.896.969	21.571.263	60.781.707	49.349.638	20.100.493	8.834.109
5. Trade Receivables	1.588.653	-	775.293	1.900.353	-	879.671
6. Other	-	-	-	1.311.334	870.913	-
7. Non-Current Assets (5+6)	1.588.653	-	775.293	3.211.687	870.913	879.671
8. Total Assets (4+7)	159.485.622	21.571.263	61.557.000	52.561.325	20.971.406	9.713.780
9. Trade Payables	21.777.233	4.203.770	7.456.056	11.947.726	3.104.164	3.367.026
10. Financial Liabilities	36.370.264	9.660.036	10.461.104	44.719.423	22.429.906	5.067.219
11a. Other Monetary Financial Liabilities	-	-	-	1.512	1.004	-
11b. Other Non-Monetary Financial Liabilities	30.069.313	983.992	13.932.000	10.960.979	2.938.109	3.026.000
12. Current Liabilities (9+10+11)	88.216.810	14.847.798	31.849.160	67.629.640	28.473.183	11.460.245
13. Financial Liabilities	74.093.118	384.282	35.868.927	36.539.041	517.319	16.553.309
14. Non-Monetary Other Liabilities	33.650	-	16.422	5.833	-	2.700
15. Noncurrent Liabilities (13+14)	74.126.768	384.282	35.885.349	36.544.874	517.319	16.556.009
16. Total Liabilities (12+15)	162.343.578	15.232.080	67.734.509	104.174.514	28.990.502	28.016.254
17. Net Foreign Currency asset/(liability) position (8-16)	(2.857.956)	6.339.183	(6.177.509)	(51.613.189)	(8.019.096)	(18.302.474)
18. Net Foreign Currency asset/(liability) position of the monetary items	17.646.594	6.461.615	3.736.732	(43.462.829)	(5.983.973)	(15.948.137)

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2010

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

38. QUALITIES AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (continued)

Foreign Currency Risk (continued)

Sensitivity to Foreign Currency				
Current Period				
	Profit/(Loss)		Equity Capital	
	Appreciation of Foreign Currency	Devaluation of Foreign Currency	Appreciation of Foreign Currency	Devaluation of Foreign Currency
In case of % 10 change in USD against TRY:				
1- US Dollar net assets/liabilities	980.038	(980.038)	-	-
2- The amount of USD Hedging (-)	-	-	-	-
3- US Dollar Net Effect (1+2)	980.038	(980.038)	-	-
In case of % 10 change in EUR against TRY:				
4- Euro net asset/liabilities	(1.265.833)	1.265.833	-	-
5- The amount of EUR Hedging (-)	-	-	-	-
6- Euro Net Effect (4+5)	(1.265.833)	1.265.833	-	-
TOTAL (3+6)	(285.795)	285.795	-	-
Prior Period				
	Profit/(Loss)		Equity Capital	
	Appreciation of Foreign Currency	Devaluation of Foreign Currency	Appreciation of Foreign Currency	Devaluation of Foreign Currency
In case of % 10 change in USD against TRY:				
1- US Dollar net assets/liabilities	(1.207.435)	1.207.435	-	-
2- The amount of USD Hedging (-)	-	-	-	-
3- US Dollar Net Effect (1+2)	(1.207.435)	1.207.435	-	-
In case of % 10 change in EUR against TRY:				
4- Euro net asset/liabilities	(3.953.883)	3.953.883	-	-
5- The amount of EUR Hedging (-)	-	-	-	-
6- Euro Net Effect (4+5)	(3.953.883)	3.953.883	-	-
TOTAL (3+6)	(5.161.318)	5.161.318	-	-

The Group has not hedged its foreign Exchange liabilities using derivative financial tools.

Interest Rate Risk

The Group should handle the risk of interest rate occurred as a result of the variations in the prices of financial instruments being affected by the changes in the market interest rates. This risk is managed by holding in short term the assets being affected by the changes in the interest rates.

The Group’s exposure to the risk of changes in market interest rates relates primarily to the Group’s debt obligations with floating interest rates.

Interest Rate Risk			Current Period	Prior Period
Financial Instrument with fixed rate				
Financial Assets	Fair Value		1.463.985	-
	Financial Assets		74.406.790	10.476.450
Financial Liabilities			38.198.439	102.769.392
Financial Instrument with floating rate				
Financial Assets			-	-
Financial Liabilities			75.989.248	41.108.533

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2010

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

38. QUALITIES AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (continued)

As of December 31, 2010 if the interest rate of floating rate instrument was 1 % more or less and all other variables stand same, profit before tax would be TRY 585.489 higher / lower. (December 31,2009: TRY 313.477)

Since the average maturity of time deposits of the Group is just 18 days, the Group is not exposure to Interest rate risk arising from Time Deposits.

Price Risk

The Group is exposed to market risk arising from price changes in Stock Market. As of December 31, 2010 If the prices of Equities which are traded in ISE increases/decreases by 10 % and other variables stand the same , Income of the Group would be TRY 500 higher / lower. (December 31,.2009: TRY 60.244)

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

39. FINANCIAL INSTRUMENTS

	Financial assets at Amortized Cost	Loans and Receivables	Financial Assets Evaluated by Cost Value	Financial Assets At Fair Value Through Profit or Loss	Financial Liabilities at Amortized Cost	Carrying Value	Fair Value	Note t
31 December 2010								
Financial Assets								
Cash and Cash Equivalents	83.488.169	-	-	5.001	-	83.493.170	83.493.170	6
Trade Receivables	-	107.344.801	-	-	-	107.344.801	107.344.801	10,37
Financial Investments	-	-	21.000	1.463.985	-	1.484.985	1.484.985	7
Financial Liabilities								
Financial Liabilities	-	-	-	-	136.978.940	136.978.940	136.978.940	8
Trade Payables	-	-	-	-	67.867.593	67.867.593	67.867.593	10,37
Other Financial Liabilities	-	-	-	-	2.989.932	2.989.932	2.989.932	35
31 December 2009								
Financial Assets								
Cash and Cash Equivalents	13.299.192	-	-	-	-	13.299.192	13.299.192	6
Trade Receivables	-	42.795.133	-	-	-	42.795.133	42.795.133	10,37
Financial Investments	-	-	1.547.540	610.127	-	2.157.667	2.157.667	7
	-	-	-	-	-	-	-	
Financial Liabilities								
Financial Liabilities	-	-	-	-	143.877.925	143.877.925	143.877.925	8
Trade Payables	-	-	-	-	20.685.948	20.685.948	20.685.948	10,37
Other Financial Liabilities	-	-	-	-	583.670	583.670	583.670	35

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2010

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

40. POST BALANCE SHEET EVENTS

On 10 January 2011 The Board of Directors has decided to participate the capital increase of Anel Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş. with TRY1.057.500 in order to keep the share of 70.50% after the capital increase of the company from TRY1.000.000 to TRY2.500.000.

The Board of Directors has decided to acquire 90% of the capital (nominal value of RUB9.000) of “Anel - Technological Company, Limited Liability Company” for TRY318.617.

The Board of Directors has decided to increase the capital of the company using internal resources from TRY50.000.000 to TRY110.000.000 and to apply to Turkish Capital Markets Board(CMB) for its permission to increase equity ceiling of the authorized capital system from TRY50.000.000 to TRY200.000.000.

41. DISCLOSURE OF OTHER MATTERS

None.

31.12.2010

None.

31.12.2009

None.