AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

ANNUAL REPORT 2010

AKKÖK

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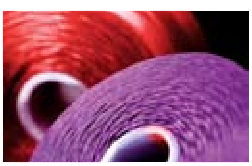

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KEY FINANCIAL AND OPERATIONAL FIGURES

NET SALES (COMBINED) (US$ MILLIONS)

Akkök Group's combined net sales increased by 23% reaching US$ 2,675 million, thanks to the contributions of our companies in the chemicals sector, the acquisition of SEDAŞ in February 2009 and its effect to the combined net sales for the year 2010.

'10	**2,675**
'09	2,166
'08	1,634

NET SALES (CONSOLIDATED) (US$ MILLIONS - IFRS)

Akkök Group's consolidated net sales increased by 57%, reaching US$ 1,444 million thanks to the contributions of our companies in the chemicals sector, the acquisition of SEDAŞ in February 2009 and its effect to the consolidated net sales for the year 2010.

'10	**1,444**
'09	917
'08	1,238

EBITDA (COMBINED) (US$ MILLIONS)

The Group's combined earnings before interest, taxes, depreciation and amortization (EBITDA) was realized at US$ 230 million.

'10	**230**
'09	244
'08	253

EBITDA (CONSOLIDATED) (US$ MILLIONS - IFRS)

The Group increased its consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) by 22%, reaching US$ 98 million in 2010.

'10	**98**
'09	80
'08	73

NET PROFIT (COMBINED) (US$ MILLIONS)

2010 was a profitable year for Akkök Group, registering US$ 121 million in combined net profit. The profitability of the previous year was mainly affected by share sales.

'10	**121**
'09	310
'08	211

NET PROFIT (CONSOLIDATED) (US$ MILLIONS - IFRS)

The year 2010 was a profitable year for Akkök Group, registering US$ 43 million in consolidated net profit. The profitability of the previous year was mainly affected by share sales.

'10	**43**
'09	173
'08	112

TIMELINE AND MILESTONES

THE 1950's

Aksu was established in Bakırköy, Istanbul in 1952, as the Group's first industrial investment. It was followed by Ariş, also established in Bakırköy. The establishment of Dinarsu was completed in Eyüp, Istanbul in 1955.

THE 1960's AND 1970's

Aksa was established in Yalova in 1968 and commenced production in 1971. In 1974, the Ak-Al Yalova Plant was set up and inaugurated. A year later, the Dinarsu Çerkezköy Facilities were founded followed by Dinkal, the Group's company involved in the production and marketing of textiles; it started operations as Ariş Sanayi ve Ticaret A.Ş. During the same year, Akmeltem and Ak-Pa were founded and started their operations. In 1977, Ak-Kim started producing sulfur dioxide as Aksa achieved its first exports. In 1978, Aksu opened the Çerkezköy Plant followed by Ak-Kim's Persulfates Facility also in Çerkezköy.

THE 1980's

Ak-Kim changed its production from sulfur dioxide to sodium metabisulphite for convenience in usage and storing. In April, the Çerkezköy Plant started its operations with an annual production capacity of 1,100 tons. In 1981, Ak-Kim realized the production of persulfates solely with its own technology. Ak-Al Bozüyük Plant was established in 1982; Akmerkez Etiler Ordinary Partnership was set up in 1985. Ak-Tops was established in 1986 and Aksa was listed on the Istanbul Stock Exchange (ISE) in March; Ak-Al was listed on the ISE in September of the same year. In 1986, Ak-Kim Organic Facilities were founded and inaugurated. In 1989, Akenerji and Aktem were established and Ak-Kim started to produce methylamines.

THE 1990's

In 1990, Dinkal was restructured as an insurance consultation and brokerage corporation and Ak-Kim began producing dimethylformamide. In 1991, Aksu moved all production to Çerkezköy; Akenerji Yalova Power Plant started operating with an installed capacity of 21 MW. In 1992, Akenerji Yalova Power Plant's cogeneration unit was commissioned with an installed capacity of 17 MW. In the same year, Ak-Kim Chlorine-Alkaline Facility started its production. In November 1993, Aksu was listed on the Istanbul Stock Exchange (ISE) and the Ak-Al Alaplı Factory was established and started production. The first cogeneration unit of Akenerji Çerkezköy Power Plant was commissioned with an installed capacity of 21.5 MW. Akmerkez was inaugurated on December 18, 1993.

1995-1996

In 1995, the second cogeneration unit of Akenerji Çerkezköy Power Plant was commissioned with an installed capacity of 43.5 MW. In the same year, Akmerkez was selected the "Best Shopping Center in Europe" in Vienna, Austria and Ak-Kim was granted the ISO 9001:1994 Quality Management System Certificate. In 1996, Akenerji reached a total installed capacity of 98 MW with the commissioning of its Alaplı Power Plant with an installed capacity of 6.3 MW along with the third cogeneration unit of Çerkezköy Power Plant with an installed capacity of 33 MW. In the same year, Akmerkez Lokantacılık launched Paper Moon and was later chosen as the "Best Shopping Center in the World" in Las Vegas.

1997-1999

In 1997, Akenerji commissioned its Bozüyük Power Plant with a total installed capacity of 132 MW. In 1998, Akport launched the Tekirdağ-Trieste Ro-Ro line and Ak-Kim's Hydrogen Peroxide Facility became operational which is the first of its kind in Turkey. The following year, Akrom Ak-Al Textile Romania SRL was established.

2000's

In July 2000, Akenerji was listed on the ISE and the Akrom Romania Plant started production as Ak-Kim began producing polyaluminium chloride. In 2001, Akenerji commissioned its Çorlu Power Plant with an installed capacity of 10.4 MW, Orhangazi Power Plant with an installed capacity of 5.08 MW, Denizli Power Plant with an installed capacity of 15.6 MW, Uşak Power Plant with an installed capacity of 16 MW, and Yalova Ak-Al Power Plant with an installed capacity of 10.4 MW. Moreover, two new units of Gürsu Power Plant were commissioned with an installed capacity of 10.4 MW. In 2002, Ak-Kim started exporting its know how & technology and Akenerji commissioned another unit at the Gürsu Power Plant with an installed capacity of 5.2 MW, boosting its total installed capacity to 15.6 MW.

2003-2004

Aksa Egypt was established in Alexandria, Egypt and Akenerji commissioned its Izmir-Batıçim Power Plant with an installed capacity of 45 MW; it was selected as the "Most Successful Cogeneration Facility" by the Turkish Cogeneration Association. The same year, Ak-Kim Monochloroacetic Acid Facility was established. Aksa established Fitco B.V., paving the way for new investments; it became the first Turkish company to participate in the Premiere Vision Fair. In 2004, Akenerji Elektrik Enerjisi İthalat İhracat Toptan Ticaret A.Ş. was established. With a turnkey project constructed near the Dead Sea, Ak-Kim delivered a chlorine-alkaline plant to JBC, a US-Jordanian joint venture and also the Company was granted the ISO 14001:1996 Environmental Management System Certificate in the same year.

2005-2006

In April 2005, Akmerkez was listed on the ISE and Aksa Egypt started production. Dinarsu was sold to Merinos Carpet Industry Group; Akenerji commissioned the Izmir Kemalpaşa Power Plant with an installed capacity of 127.2 MW. In 2006, Akenerji acquired Akkur Enerji Üretim Ticaret ve Sanayi A.Ş. and in September, Paper Moon, Ankara was inaugurated. The same year, Akiş was founded to develop and manage the Group's real estate investments and Ak-Kim started production of sodium percarbonate, for the first time in Turkey .

2007

In 2007, Aktek was established and Akiş began construction of Akkoza. A protocol was signed for the construction of Yalova Raif Dinçkök Cultural Center. In the same year, Akenerji acquired MEM Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş.
Ak-Kim delivered the Hydrogen Peroxide Plant built in Sitara, Pakistan and inaugurated Turkey's first dimethylethylamine facility. The book, Yadigâr-ı Istanbul, consisting of photographs from Yıldız Palace albums, was published with the contribution of Akkök. Aksa was named the "Most Responsible Company in Turkey" by Capital magazine.

2008

In 2008, AkCez Consortium, a partnership between Akkök, Akenerji and CEZ, was awarded the tender held by the Privatization Administration for Sakarya Elektrik Dağıtım A.Ş. (SEDAŞ). The same year, Akkök Holding signed a strategic equal partnership on Akenerji with the Czech energy company, CEZ.
Ak-Kim started isopropylamine production, the first of its kind in Turkey. Ak-Kim also delivered its turnkey chlorine-alkaline plants to Jana and cristal, which are located in Saudi Arabia. A groundbreaking ceremony for Yalova Raif Dinçkök Cultural Center was held and Aksa was awarded KalDer's National Quality Grand Prize.

2009

The AkCez Consortium took over Sakarya Elektrik Dağıtım A.Ş. (SEDAŞ) from the Privatization Administration. Akiş became the sole owner of Akbatı Residences and Akbatı Shopping and Lifestyle Center by acquiring the partnership interests of Garanti Koza and Corio in the Akkoza Project. Aksa commissioned the carbon fiber production facility, with a capacity of 1,500 ton/year. Akenerji commissioned the Ayyıldız Wind Power Plant with an installed capacity of 15 MW, in Bandırma, Balıkesir. Aksu and Ak-Al merged under the Ak-Al roof and Ak-Kim was certified with the OHSAS 18001:2007 Occupational Health and Safety Management and also the Company received the "Best Supplier" award from Cargill. Akkök Firefly Mobile Learning Unit Project was initiated in Yalova.

2010

Together with the restructuring efforts in the HR departments of Akkök Group, the Talent Management Process was initiated to include all senior and middle level managers and specialists. Aksa, the carbon fiber production facility with a capacity of 1,500 ton/year, made the investment decision for the second facility, which will have a capacity of 1,700 ton/year. Akenerji commissioned the hydroelectric power plants Akocak, Bulam, Burç, Uluabat and Feke II. The total electricity capacity of Polat Enerji's wind power plants yielding a production of 100 MW were procured. The Tekirdağ-Muratlı railroad line connecting to the Akport Tekirdağ Port started to operate. In line with the organizational changes at Ak-Kim, the Company logo was revised and the Company was granted the "Highest Performing Supplier of 2009" award in the Domestication Category at the Petkim Quality Day and 45th Anniversary. Ak-Kim completed the REACH registration for its eight products of which the final registrations must be completed by December 1, 2010.

MESSAGE FROM THE BOARD OF DIRECTORS

Despite the fluctuations in the global economy, Akkök Group has displayed a successful performance, with the principle of sustainability that sets the foundation for all of its activities.

2010 was a year in which all aspects of the economic recovery were discussed as the central banks of developed economies in Europe, the USA and Japan adopted expansionary monetary policies with an effort to revive their economies. While the negative effects of the 2008 crisis started to abate, certain risks still prevail in the global economy. **The ongoing debt crisis that continues in Europe presents a major problem.**

Globally, the general expectation is that the negative effects of the crisis will diminish soon. Despite the pleasing developments in the global economy and the ensuing positive evaluations, negative developments observed mainly in European countries continue to impact the overall economy. Accordingly, our country is also affected by this global instability. However, the stability Turkey has maintained is an indication that our country can stand up to global effects. The sustained stability and determination in the governance of our country will provide the reassurance required to make the right decisions at the right time along with the necessary arrangements.

The debt crises, which initially occurred in Greece and then in Ireland, were followed by speculations regarding Spain, Portugal and Italy, causing serious fluctuations in the markets. As a result of these developments, countries such as Spain, Italy, the UK and France have started to implement policies to decrease their debts. After Greece and Ireland applied to the European Financial Stability Fund, there was an increasing pressure on Portugal to benefit from monetary supports, as well. In addition to these developments, credit rating agencies significantly dropped the credit scores of certain European countries. Some countries in the Euro Zone have been placed under negative watch by these agencies.

Germany, the greatest economy in Europe, has come through 2010 in a very different manner. Unlike other European countries, Germany did not resort to expansionary monetary policies, thanks to a 3.6% GDP growth it has achieved in the first three quarters of 2010 in addition to the successful measures taken by the government to prevent unemployment. However, it is expected that this situation will cause a conflict of interest between Germany and other European countries, which experience financial difficulties.

The global crisis also had a negative impact on international trading; and the global trade volume contracted by 11% in 2009 over the previous year. In 2010, the global trade volume increased by 11.4% and yet this improvement will only compensate for the losses of the previous year. Therefore, the global trade volume must be further increased in order to attain sustainable growth at high rates.

Even though our major trade partners have experienced economic problems in 2010, we surpassed our targets and reached US$ 114 billion in exports.

The differences between developed and developing countries that occurred in various areas during the recovery stage are also evident in inflation rates. Due to boosted domestic demand and increased commodity prices, inflation rates in some developing countries have soared to levels almost equivalent to the pre-crisis period. Inflation rates in developed economies continue to remain low due to inadequate domestic demand and a high idle capacity. The inflation rates in developed and developing countries are estimated to be 1.1% and 5.9%, respectively at the end of 2010 while the inflation rate in Turkey stood at 6.4%.

The global economy, which contracted last year with the impact of the crisis in 2008, has grown by 5% in 2010 according to IMF data. Developed countries grew by 3%, whereas developing countries registered a growth rate of 7.3%. **In this new era, also known as the New Normal, developed countries are expected to experience weak growth, while many developing countries, including Turkey, will enter a period of robust growth.**

Achieving a growth of 8.9% in 2010, the Turkish economy has surpassed all expectations and progressed to a higher position in the global ranking. **With a GDP of US$ 735.8 billion, Turkey has become the 16th largest economy among 30 OECD countries.** The current growth trend observed in developing countries is expected to continue in 2011 as well, though in a decelerating manner.

Thanks to its insightful approach and dynamic nature that allow it to quickly adapt to changes, Akkök Group continued to progress toward its targets in 2010 without slowing down in the face of the impacts of the global crisis. The sustainability principle, which sets the foundation of all Group activities, has a major role in the fact that Akkök was affected by the crisis at a minimum level.

Since its establishment, our Group and its affiliated companies have significantly contributed to our country’s economy; while at the same time displaying a sensitive approach to the needs of our society with various social responsibility projects in the areas of education, environment, culture and arts. Projects such as the Raif Dinçkök Cultural Center, Yadigar-ı Istanbul and Firefly Mobile Learning Unit served as models for many companies during 2010.

As always, we plan to closely monitor the economic conditions in Turkey and in the world. We will maintain our innovative approach and get closer to our targets in 2011, without compromising our principles of openness, transparency and integrity. In addition to our contributions to the economy together with all our companies operating in various sectors, we will also continue to carry out activities that add value to our shareholders, business partners, stakeholders and all sections of our society.

Despite the fluctuations in the global economy in 2010, Akkök Group successfully performed in all the sectors in which it operates. We owe this achievement primarily to our employees, who are dedicated to the success of their companies. We would like to thank our valuable staff and their managers, who carry Akkök to the future with their devoted work and to all our social and economic stakeholders, who always empower us in our activities with their support and trust.

Akkök Board of Directors

MESSAGE FROM THE CEO

In 2010, our Group continued its investments in chemicals, energy and real estate sectors and also focused on the development of new products to meet the demands in other sectors.

Ayça Dinçkök
Member of the Executive Board

Mehmet Ali Berkman
Chief Executive Officer

Raif A. Dinçkök
Member of the Executive Board

The global economic crisis in 2008 is considered as the most serious global crisis since the Great Depression in 1929 and it continues to affect our country's economy and the global economy. In a period when all countries around the world were in a slow recovery process, the debt crisis that broke out in Greece also spread to other European countries such as Spain, Portugal, Ireland, Italy, England, Hungary and Bulgaria. Therefore, 2010 was marked as a year of serious economic fluctuations.

Even though a partial recovery was observed in the world economy during the previous year, the effects of the global crisis are expected to continue throughout 2011, though in a decreasing manner. This is due to the ongoing public debt situation in Europe, the risks brought about by these nations' current account deficits, unsteady recovery in the economy and high unemployment rates.

The economic recovery in Turkey is continuing with both positive and negative signals. Our economy contracted by 4.7% in 2009 and yet an unexpectedly good performance was achieved in 2010 when our economy grew by 8.9%. The lax monetary policies of the Central Bank and the reductions in interest rates played a significant role in this growth. It must be also mentioned that the growth was supported by domestic demand. In accordance with the strong domestic demand, the unemployment rate, which was 16.1% in February 2009, dropped to 11.3% in September 2010. While assessing this situation, one should not forget that unemployment rate in Turkey have never dropped below 9.2% in the past five years. In order to achieve sustainable improvements in employment rates, our country must consider making certain structural changes. During 2010, the current account deficit increased by 246% over the previous year and soared to US$ 48,424 million from US$ 13,991 million. The current deficit, which is considered as Turkey's weak point, can only be controlled by attracting foreign direct investments to our country, consequently making Turkey an investable market.

Leaving 2010 behind

In 2010, our Group continued investing in chemicals, energy and real estate sectors and also focused on the development of new products to meet the demands of other sectors. During last year, we also conducted restructuring activities both in terms of production and organization in our Group companies. Among these activities were the establishment of strategic business units to independently track key financial indicators in the chemicals sector, such as revenue and profitability.

Akkök Group's consolidated net sales increased by 53% reaching TL 2.2 billion thanks to the contributions of our companies in the chemicals sector, the acquisition of SEDAŞ in February 2009 and its effect to the consolidated net sales for the year 2010. After neutralizing the effects of last year's share sales, consolidated net profit decreased by 42%; however, Akkök Group's net profit for 2010 was still positive at TL 65 million. Despite the positive effects on profitability of our companies operating in the chemicals and service sectors and also of SEDAŞ, our profit for the period decreased due to increased financing, foreign currency transaction, depreciation and amortization costs of our companies currently at the investment stage, primarily in the energy and real estate sectors.

Aksa will strengthen its leadership position in 2011

Maintaining its powerful and competitive position in the global acrylic fiber sector in 2010, Aksa continued to lead the market with a global share of 13.2%. The Company also maintained its dominance in the Turkish market with a 67% share and continues to work on developing high value-added products in line with its strategy. Aksa achieved a 53% increase in US$ terms in its revenue from net sales in 2010 and managed to reflect the increased costs in ACN, its primary raw material, to its sales prices. The Company also succeeded in attaining revenue from energy generation and carbon fiber production.

Aksa aims to obtain a 10% market share from the global carbon fiber sector in the coming period. Accordingly, the Company decided to invest in a second production line, which will have a capacity of 1,700 ton/year.

To date Aksa has invested approximately US$ 24 million in environment-related projects.

Ak-Kim is focusing on performance chemicals

Operating in organic, inorganic and performance chemicals, Ak-Kim has been mostly successful in basic chemicals in 2010, thanks to its innovative approach. The Company has also taken crucial steps in high value-added areas such as textiles, paper, water and construction chemicals. As a result, Ak-Kim managed to increase its 2010 revenue mainly by expanding its volume.

In 2011, Ak-Kim aims to transform its product-focused sales strategy to a more service oriented strategy. The Company plans to increase its revenue from high value-added sectors such as textiles, paper, water, cement grinding, construction chemicals and concrete additives. The Company also endeavors to further advance in exports.

Our renewable energy investments are continuing

The efficiency of the power plants and the diversity in resources have become even more important in 2010 for companies that want to succeed in the energy sector. Despite the 7.9% electricity demand increase over 2009, market competition increased, capacity utilization rates of hydroelectric power plants (HPP) rose to 40% and the electricity spot prices decreased in 2010. The reasons behind these developments were the reduction in the eligible customer limits, the Day-Ahead Market that was put into effect under the Balancing and Settlement Regulation (BSR) and the commissioning of new capacities by the private sector.

Being one of the first companies to invest in renewable energy in our country, Akenerji started to operate its new hydroelectric power plants in 2010, the investments of which have been going on for the last four years. Within the frame of HPP investments that aim resource diversity, Akocak, Bulam, Burç, Uluabat and Feke II hydroelectric power plants were commissioned in 2010. Together with these five plants with a capacity of 286 MW, the total installed capacity reached 658.2 MW and the installed capacity from renewable resources reached 301 MW.

Akenerji increased the share of renewable resources in its portfolio to 46% and expanded its energy portfolio through new plants as well as through procurement contracts made with various energy companies. Thus, the Company has realized the management and selling of energy far exceeding its own production capacity. The Company procured the total electricity capacity of Polat Enerji, the leading wind energy producer in Turkey, with a production capacity of 100 MW. The term of the contract is extended to cover 2011.

We offer customer oriented projects in the distribution of energy

SEDAŞ delivers 24-hour uninterrupted energy distribution services to a total of 1.5 million customers and to a population of approximately three million in 1,451 villages, 45 districts, 66 municipalities and four cities. Within the framework of the Transformation Project implemented throughout 2010, SEDAŞ accelerated its activities to achieve company brand building and to increase service quality. Two customer service centers were opened in Kocaeli and Sakarya at the end of 2010; the Company aims to increase the number of its customer service centers to 21, by opening 19 new centers in Sakarya, Kocaeli, Bolu and Düzce in 2011. For the purpose of increasing customer satisfaction and service quality, 54 SEDAŞ Bill Collection Points, which comply with the Company's modern corporate identity, have been opened in all city centers and districts in only two months.

In order to provide electricity distribution services in the best way possible, SEDAŞ invests in the infrastructures of energy transmission lines underground and above ground. Additionally, the Company continues to add value to the region by making investments that increase the commercial and technical quality of energy.

SEDAŞ endeavors to attain high efficiency, superior service quality and unconditional customer satisfaction in its efforts to bring "high quality and continuous light" to its customers.

We introduce new approaches to the real estate sector

The year 2010 was a year of recovery for the real estate sector. And our Group company, Akiş, operating in the real estate sector performed well in sales and leases as expected and reached its targets. Our Company aims to develop unique projects matching world standards and continued its projects in Istanbul Esenyurt, Bahçeşehir and Acıbadem in 2010.

Akiş is the sole owner of Akbatı Residences & Akbatı Shopping and Lifestyle Center project that is being built on a construction site of 242 thousand m^2 in Esenyurt- Bahçeşehir. The project features a shopping center with a net leasable area of 63,500m^2 and 348 residential apartments. Akbatı Project will open a new window to the shopping and lifestyle of the city; its construction will continue in 2011.

Another project of Akiş is the Akasya project, located in Acıbadem on an area of 182 thousand m^2. The Akasya project is composed of three segments; the Koru (woodland), the Göl (lake), and the Kent (city). The project's total construction area is 650 thousand m^2 and features a shopping and lifestyle center with a gross leasable area of 85 thousand m^2, 1,433 upscale housing units as well as sports, recreation and social facilities. Akkök Group holds a 35% share in this project. The units completed and sold in Koru and Göl segments will be delivered to customers in 2011. The construction of the Kent segment has started and the sales of residential units will commence in the first quarter of 2011. The shopping center is expected to open in the last quarter of 2012.

Thanks to the major changes made in the interior design, Akmerkez, another company of Akkök Group received the "Interior Design 5 Star" award in 2010 Europe and Africa Property Awards category, granted as part of International Property Awards that are acknowledged as the "Oscars of Real Estate".

Practices that create value

As one of the most important investments of our Group in the textiles sector, Ak-Al maintained its pioneering position both in domestic and international markets, thanks to its highly qualified work force, marketing and sales know-know spanning over 37 years and R&D activities.

Evaluating strategic financial opportunities, Ak-Al considered the leasing offer for its knitwear yarn production facility in Çerkezköy as a value-adding opportunity for its shareholders. Accordingly, the production in Çerkezköy was terminated and the facility was leased.

Akport, our world-class port facility is developing

Akport, our Group's port operations company, has become an exemplary port facility with its high quality standards, thanks to the investments that have been made by Akkök Group since 1997.

In line with the changes in the region and in the structure of world trade, the Group immediately started expansion and new pier investments which costed a total of US$ 65 million.

Tekirdağ Port had a single pier in 1997; as a result of all the investments it became a huge port facility with a berth capacity for 12 ships, serving international and domestic Ro-Ro vessels, featuring a berth length of two kilometers enabling container and bulk cargo handling with a total terminal area of 130 thousand m^2.

As a result of these investments, we are able to serve international Ro-Ro vessels, cruising between Tekirdağ and Trieste (Italy) and Toulon (France).

In addition to these developments, we are able to offer weekly container services thanks to the contract signed with Arkas in the last part of the year. This service is highly appreciated by companies that are especially located in important industrial regions, such as Çerkezköy and Çorlu.

Akport Tekirdağ Port is the only port in the Thrace Region that is connected to a railroad. The railroad line between Tekirdağ and Muratlı was inaugurated in August and new railroad and platform investments will serve train ferries cruising between Tekirdağ-Derince and Tekirdağ-Bandırma. The Port is expected to host a minimum of 55 thousand wagons per year.

Leasing expenses are extremely high in today's economy and adequate compensation payment amounts determined according to a high exemplary value create a negative impact on the Company's net profit. When the disputes with public agencies regarding these expenses are resolved, it is expected that the profitability of the Company will improve.

Akkök's difference in the services sector
With its Paper Moon Restaurants, Akmerkez Lokantacılık offers meticulous service and delicious food to its customers in an area of exclusive ambiance while making them feel at home. Reflecting Akkök quality in all aspects from its cuisine to its interior design, Paper Moon introduced a new style to urban living in Istanbul and Ankara.

Aktek, another company of our Group, specialized in information technology services, has become a prominent brand via promotional activities. Thus, the Company was successful in expanding its experience beyond the Group. The Company's revenue and profit targets set for the year 2010 were fully achieved.

Dinkal, our company operating in the insurance sector for over 30 years, closed the year with a powerful position in its sector, thanks to marketing activities and competitive proposals to expand its portfolio.

Our employees are our most important resource.
Akkök Group places great importance in implementing up-to-date practices in the area of human resources management. With this in mind, HR departments within the Group were restructured; in 2010 the Talent Management Process was initiated to include all senior and middle level managers and specialists. Another project that we will prioritize in 2011 is the "Akkök Leadership Roadmap" that aims to prepare our employees for their future roles in the Group that will carry our Group to its targets. In addition to these HR practices, the recruitment processes at our Group companies were revised and enriched last year by conducting different tests, competency based interviews and via the assessment-development center.

As part of the "Akkök Seeds of Talent" project launched in 2010, we met with university students at nine universities. Within the framework of this project, we applied the Fresh Graduate Recruitment Process to applicants who have less than three years of work experience. Consequently, 23 applicants were recruited and began working in Group companies.

Akkök Group believes in the principle of creating projects that add value not only to economy, but also to social development. Therefore, our Group carried out various social responsibility projects in the areas of education and environment throughout 2010.

Our targets for 2011...
In 2011, Akkök Group plans to make a total investment of approximately US$ 700 million in the energy, chemicals and real estate sectors. The Group anticipates to increase its combined revenue by 10% compared to 2010 and to reach an EBITDA margin of 12%.

The dynamic and flexible nature of our Group will be evident in 2011 as well through our R&D practices, productivity oriented efforts, new products that will set an example in their sectors, modern HR processes and IT investments.

A large part of the credit for our success belongs to our business partners who have faith in us, valuable customers, shareholders, and to our employees who continue to create value with their devoted work. I would like to thank them all on behalf of the Executive Board.

Sincerely,

Mehmet Ali Berkman
Chief Executive Officer

AKKÖK BOARD OF DIRECTORS IN 2010

Ömer Dinçkök
Chairman
Born in Istanbul, in 1948, Ömer Dinçkök graduated from Robert College, Department of Business Administration and Economy and received his Masters degree in England in 1971. He began his professional career at Akkök Group of Companies and currently serves on the boards of Akkök Group companies.

Ali Raif Dinçkök
Vice Chairman
Born in Istanbul, in 1944, Ali Raif Dinçkök graduated from Austrian High School and Aachen University, Department of Textile Engineering in 1969. Subsequently, he began his professional career at Akkök Group of Companies and currently serves on the boards of Akkök Group companies.

Nilüfer Çiftçi
Board Member
Born in Istanbul, in 1956, Nilüfer Çiftçi graduated from Sainte Pulchérie French High School in 1970 and continued her education in Switzerland. She graduated from St. Georges School in 1976. Çiftçi serves as a member of the Board of Akkök Sanayi Yatırım ve Geliştirme A.Ş.

Mehmet Ali Berkman
Executive Member of the Board of Directors and CEO
Born in Malatya, in 1943, Mehmet Ali Berkman graduated from METU Faculty of Administrative Sciences, Department of Industrial Management. He later obtained a scholarship from Syracuse University, USA, received his MBA in Operations Research, and began his professional career in 1972. He served as General Manager of Arçelik A.Ş. between 1994 and 2000. In August 2000, he was promoted to President of Strategic Planning at Koç Holding A.Ş. and to President of Human Resources at Koç Holding A.Ş. in February 2001. Berkman has been a Board member and the CEO of Akkök Sanayi Yatırım ve Geliştirme A.Ş. since 2005. He also serves on the boards of Akkök Group companies.

Ayça Dinçkök
Board Member and Executive Committee Member
Born in Istanbul, in 1973, Ayça Dinçkök graduated from Boston University, Department of Business Administration. She began her professional career at Akkök Group of Companies in 1994 and has assumed various positions in Group companies. Ayça Dinçkök is currently a member of the Executive Board and the Board of Directors of Akkök Sanayi Yatırım ve Geliştirme A.Ş. She also serves on the boards of Akkök Group companies.

Raif Ali Dinçkök
Board Member and Executive Committee Member
Born in Istanbul, in 1971, Raif Ali Dinçkök graduated from Boston University, Department of Business Administration in 1993. Subsequently, he began his professional career at Akkök Group of Companies and worked at the Procurement Department of Ak-Al Tekstil San. A.Ş. between 1994 and 2000. He later served as Coordinator of Akenerji between 2000 and 2003. Raif Ali Dinçkök is currently a member of the Executive Board and the Board of Directors at Akkök Sanayi Yatırım ve Geliştirme A.Ş. He also serves on the boards of Akkök Group companies.

Hüsamettin Kavi
Board Member (June 2010)
Born in Istanbul, in 1950, Hüsamettin Kavi received his graduate degree from Istanbul Technical University, Department of Civil Engineering in 1972 and began his professional career in 1975. Kavi is among the founders of Young Businessmen Association of Turkey. He served on the Board at Türk Telekom A.Ş. between 2003 and 2005 and has participated in the privatization of Türk Telekom. Kavi is currently on the Board at Akkök Sanayi Yatırım ve Geliştirme A.Ş.

Gamze Dinçkök Yücaoğlu
Board Member (December 2010)
Born in Istanbul, in 1981, Gamze Dinçkök Yücaoğlu graduated from Harvard University, Departments of Psychology and Economy in 2004. Subsequently, she began her professional career at Akenerji Elektrik Üretim A.Ş., working in the departments of Finance, Accounting and Budgeting between 2004 and 2006. Yücaoğlu served as Assistant General Manager in charge of Finance and Accounting between 2006 and 2009; she has been serving as the Financial Auditing and Risk Management Director since 2009. She also serves on the boards of Akkök Group companies.

Alize Dinçkök Eyüboğlu
Board Member (December 2010
Born in Istanbul, in 1983, Alize Dinçkök Eyüboğlu graduated from Suffolk University, Sawyer School of Management, Department of Business Administration in 2005. Subsequently, she began her professional career as Strategic Planning Specialist at Ak-Al Tekstil Sanayi A.Ş. In 2006, she started at Akiş Gayrimenkul Yatırımı A.Ş. following its establishment and served as Project Coordinator, Sales and Marketing Manager, Assistant General Manager in charge of Sales and Marketing, respectively. She currently serves on the boards of Akkök Group companies.

Aksa

Aksa Carbon Fiber Plant

Ak-Kim

CHEMICALS

COUNTRY LEADERSHIP WITH HIGH VALUE-ADDED PRODUCTS...

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AKSA

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

Aksa maintained its powerful and competitive position in the sector during 2010, confidently progressing on the road to excellence with an approach sensitive to efficiency, the people and the environment.

A reliable, powerful and competitive position in both Turkish and global markets in 2010

In 2010, sharp price fluctuations were noted in the acrylic fiber market that triggered a chain reaction and affected various interrelated sectors. The price increase for ACN, the primary raw material of acrylic fiber, caused by the fluctuations in the supply and demand balance was the most critical development of the previous year. While the ACN supply was limited, the demand for acrylic fiber increased, resulting in unprecedented high prices. The price differences between acrylic fiber and substitute fibers increased and as a result, the demand shrinked unexpectedly in the Far Eastern markets, followed by other markets. The prices of natural and synthetic fibers have increased rapidly from the beginning of October and the usual seasonal demand was restored, minimizing the negative impacts of the shrinking demand between June and September. As a result of all these developments, the capacity utilization rate of Aksa was realized as 86% in 2010.

Aksa maintained its powerful and competitive position in the sector confidently progressing on the road to excellence with an approach sensitive to efficiency, the people and the environment. The Company stood out in the world market with a share of 13.2% and holds a leading position in the Turkish market with a share of 67%. Aksa is the largest acrylic fiber producer in the world, operating under a single roof; and it plays a major role in Turkey becoming the second largest acrylic fiber market after China. Aksa aims to achieve the same success in the carbon fiber sector as well and plans its investments and lays it strategy accordingly.

Carbon fiber is considered as the strategic material of the future because of its strength and lightness as well as increasing efficiency and offering environmentally compatible and sustainable solutions. Carbon fiber has been an area of focus for Aksa both in 2009 and 2010. The carbon fiber produced by Aksa under the AKSACA brand has a competitive cost, a reliable supply process and high quality. The brand has a prominent position in the market and has increased the share of special products in total sales last year. In the last quarter of 2009, the Company started to operate its carbon fiber facility with an annual production capacity of 1,500 tons. The facility operated at full capacity throughout 2010 and achieved high sales figures surpassing targets.

The use of carbon fiber is expected to further increase mainly in two sectors; in line with increasing investments in ECO friendly vehicles in the automotive sector and also in line with the increased use of composite materials in newly launched aircraft models in the aviation industry. When all these indicators are evaluated together with the market growth, the global carbon fiber market is estimated to reach an annual volume of 150 thousand tons, in ten years from now. The projections are supported by the fact that the global market has doubled in the past ten years, reaching 43 thousand tons/year.

Aiming to secure a 10% share in the carbon fiber market by 2020, Aksa decided to invest in the second production line and increase the capacity of the current production line by 300 tons. The second production line with an annual capacity of 1,700 tons will start operations in July 2012.

"Hall Of Fame" 2010

Aksa was awarded by Palladium with the prestigious Hall of Fame prize in 2010 Aksa was the third Turkish company to receive an award in this category. The selection criteria for the Hall of Fame 2010 award is based on how and to what extent a corporation implements "strategy focused" practices and the impact of these practices on business results for the overall sector. The world-renowned Harvard Business Review publishes the practices implemented at companies who have received this award; these practices are then taught as case studies at Harvard Business School.

Competitiveness Awards

Aksa was granted the Merit Award in the "Most Competitive Company of the Year" category, during the Competitiveness Awards organized this year for the first time by SEDEFED (Federation of Industrial Associations) at the Competition Congress. The competition model Aksa maintains under all circumstances had a major role in winning this award. The evaluation criteria for the Competitiveness Award are some basic indicators such as export and growth performance, added value and profit performance, as well as other performance related to customers, society, HR, technology, innovation, environment and sustainable strategies.

Customer tailored practices, high value-added products

As part of its profit increasing strategies, Aksa produces special products as well as products and services for various sectors. Accordingly, the Company continued to closely monitor the needs and expectations of its customers in 2010. The newly launched products, "Super Bright" and "Micro Pillout" met customers' expectations and received positive reactions from the market.

In 2010, the Company added the homopolymer acrylic fiber, used in hot gas filtration systems to its technical fiber products portfolio. This new product was a major step in developing high value-added products not only for the textiles sector but also for other industrial sectors. The product proved to be high quality at the product tests conducted in the European market. Aksa's product is being tried out at major power plant tenders. Additionally, the Oeko-Tex 100 certification was secured for this product in 2010.

Environmentally friendly investments

In 2010, Aksa continued it investments toward maintaining its position as the supplier offering the most competitive cost. The Company spent a total of US$ 96 million in 136 projects that are classified as "cost reduction", "new product development and increased profitability", "new technology and process" and environment and sociely".

Aksa places much importance on carrying out every stage of production in an environmentally friendly and efficient manner and at high performance levels. Therefore, energy generation investments and improvement activities were major focus areas for the Company in 2010. In this regard, the Company's largest investment is the energy generation plant with a capacity of 100 MW to realize its strategic targets. This facility will startup operations in the first quarter of 2011 and is expected to increase Aksa's total installed capacity to 170 MW.

Aiming to maintain its low cost advantage and sector leadership, Aksa carried out many projects related to cost reduction and new technology and process development. In 2010, the energy generarion plant with a capacity of 100 MW and the carbon fiber production facility with an annual capacity of 1,500 tons, took the largest share from the investment budget allocated to 136 projects.

In 2010, Aksa focused on developing new products for various sectors. Accordingly, the Company carries out its R&D activities in the R&D Center, simultaneously and in coordination with market research and its effort to secure the raw material supply.

WORLD MARKET SHARE

13.2%

With its market penetration covering five continents and serving the industries in more than 50 countries, Aksa increased its world market share from 12.5% in 2009 to 13.2% by the end of 2010.

AK-KİM KİMYA SANAYİ VE TİCARET A.Ş.

Ak-Kim markets its products to countries where its competitors have established production facilities. Thanks to its customer oriented products, the Company maintains its competitive edge in international markets where it competes with global giants.

A successful year surpassing expectations

Ak-Kim leads the chemicals industry with its innovations. The Company initiated a structural transformation in its corporate profile and greet the year 2011 that has been pronounced the "Year of Chemistry". This restructuring process reflects the Company's openness to change and its pioneering role in the sector.

In the second half of 2010, the prices of raw materials began to soar and certain commodities were difficult to supply; as a result, the market demand was not fulfilled totally. Despite these negative developments and the ongoing effects of the global crisis, Ak-Kim realized an export volume of US$ 25 million in 2010 and achieved a performance beyond expectations. The Company successfully completed the REACH and CLP registrations that are extremely important to exporting to Europe.

Ak-Kim grew by 10% over the previous year, including both domestic and foreign markets and reached 295th place in the listing of 500 industrial companies of Turkey. The Company aims to be among the first 250 companies by 2011 and 2012.

An annual production capacity of 580 thousand tons and a portfolio of over 200 products.

Having a wide range of products, Ak-Kim has focused on performance chemicals, while continuing to produce basic chemicals as before. The Company is the sole producer of sodium percarbonate. In its two separate facilities located in Yalova and Çerkezköy, Ak-Kim produces over 200 inorganic, organic and performance chemicals (textiles, paper and water, cement grinding, construction chemicals and concrete additives). Potential customers of the Company have been growing rapidly and now include enterprises operating in such diverse sectors as textiles, metals, food, cleaning products, petro chemistry, water treatment, corrosion and scale prevention, paper, pharmaceuticals and construction.

Ak-Kim's basic chemical product portfolio serves to major and driving sectors of Turkey. For example; caustic and hydrochloric acid are used as raw materials in energy, metal and textile industries; polyaluminium chloride is used in water treatment and paper industries; sodium metabisulfite is used in food, leather and textile industries; dimethylacetamide is used in pharmaceutical and textile industries; dimethylformamide is used in electronic and textile industries; sulphona amine and sodium aluminate-based products and polycarboxylate type chemicals are utilized as inputs by the construction sector.

Competing with the global giants in international markets

Ak-Kim markets its products in countries where its competitors have established production facilities. Thanks to its customer oriented products, the Company maintains its competitive edge in international markets where it competes with global giants.

The Company exports to nearly 40 countries on five continents. Half of its exports go to EU countries while the other half is split between Pakistan, Israel, Iran, the USA, Canada and Korea. The Company generally exports basic chemicals, mainly dimethylformamide, sodium metabisulfite, dimethylacetamide, persulfates. Additionally, the Company is a leading global supplier of sodium percarbonate used by many multinational companies.

Supplying clients that operate in diverse sectors such as textiles, metals, food, cleaning products, petro chemistry, water treatment, corrosion and scale prevention, paper, pharmaceuticals and construction and also the end producers in these sectors, Ak-Kim has domestic market shares ranging from 30 - 90% in different product groups.

Aktem Uluslararası Mümessillik ve Ticaret A.Ş.

In operation since 1989, Aktem is engaged in the import of many chemical products such as various raw materials used in paints, food and textile sectors.

Turnkey services to companies abroad

In addition to product exportation, Ak-Kim also provides companies abroad with basic and detailed engineering and technology services alongside the delivery of turnkey plants.

The Company has provided turnkey projects to a chlor-alkali plant (NCI) installed in Jordan (JBC), completed the rendering of engineering services to a hydrogen peroxide plant in Pakistan (Sitara), and installed two turnkey chlor-alkali plants in Saudi Arabia (Cristal and Jana).

Ongoing projects and new contracts in 2010:

- A contract signed in 2008 with Adwan, a Saudi Arabian company, about all engineering and procurement services (EPS) of its chlor-alkali plant with a caustic soda capacity of 25 thousand tons/year in Algeria. Operations carried out according to the contract has continued in 2010 as well. 98% of the project was completed in 2010; and the project is foreseen to be completed as a whole in May 2011.
- A contract signed in May 2009 with Phosphate Kabodan Chemical Company (PKCC) for engineering and procurement (EP) of equipment of its chlor-alkali plant in Iran and its auxiliary facilities, with a caustic soda capacity of 33 thousand tons/year; 70% of the project was completed by the end of 2010 and the final delivery is planned for October 2011.
- In addition to the EPS contract with Adwan, Ak-Kim has also undertook the manufacturing and export of steel structures and machinery hardware, worth approximately US$ 2.5 million, for which Adwan had decided to make the sourcing from Turkish companies. The commitments shall be completed in April 2011.
- In May 2010, Ak-Kim signed a contract with Kapachim to provide the engineering and procurement (EP) of equipments for its HCl facility with an annual capacity of 3,370 tons, in Greece. 60% of the project was completed by the end of 2010 and the final delivery is planned for April 2011.

2011 targets that will create change, efficiency and synergy

Closing the year 2010 successfully, Ak-Kim aims to focus on technical services in the new year. Previously, the Company's main focus had been on products in its sales and export targets. In 2011, Ak-Kim aims to increase its sales quantity (tons) by 9%. The Company targets to increase its exports share in total revenues from 20% to 30% in the following five years. Additionally, the Company plans to restructure its sales, marketing and R&D organization as part of the structural transformation process and to increase its market share.

The partnership of Ak-Kim and Aksa for selling carbon fiber in the domestic market reflects the Company's openness to cooperate with other Group companies to exploit synergies in the coming period. The purpose of this project coordinated by Ak-Kim and Aksa is to expand the use of carbon fiber in building reinforcement.

ENERGY

SOUND INVESTMENTS IN RENEWABLE ENERGY FROM A LEADING COMPANY IN THE SECTOR ...

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akenerji

AKENERJİ ELEKTRİK ÜRETİM A.Ş.

Akenerji strengthens its position as a leading energy company with its visionary strategies as well as operational competence, and sets an example in the industry with its investments in renewable resources.

A leading company in the energy sector

As one of the first private sector enterprises to generate electricity, Akenerji started its operations in 1989 as an auto producer group in electricity generating sector. Akenerji provides industrial enterprises, trade companies, organized industrial zones and Balancing and Settlement System (BSR), as well as eligible consumers with electricity.

Maintaining a steady growth due to over 21 years of experience, its total of 658.2 MW power generating capacity and robust capital structure Akenerji closely monitors the developments in the liberated energy sector and implements strategic decisions with a proactive approach. Akenerji strengthens its position as a leading energy company with its visionary strategies as well as operational competence, and sets an example in the industry with its investments in renewable resources.

Proceeding with its operations with an integrated approach, Akenerji focuses its whole operations on the timely and regular analyses of market risks and implementing the right strategy at the right time. Realizing the impact of the complete structural changes that took place in the industry at the end of 2009 would have on 2010, the Company rapidly increased the number of its customers and attained one of the most extensive portfolios in the sector. As well as launching new power plants, Akenerji has been managing and selling power over its existing capacity as part of the power purchase agreements with various energy companies.

Renewable energy investments are yielding results...

Akenerji, in order to diversify its sources of generation and to manage fuel resources risks, besides its investments in natural gas, has been one of the first private power generation companies to invest in renewable energy. In 2005, when the Energy Market Regulatory Authority (EMRA) managed its first tenders to build hydroelectric power plants, Akenerji began to invest in these kinds of projects. Launching its first renewable energy generation plant, Ayyıldız Wind Power Plant in 2009, Akenerji has also launched Akocak, Bulam, Burç Bendi, Feke II and Uluabat Hydroelectric Power Plants in 2010 increasing its installed capacity on renewable resources to 301 MW and total installed capacity to 658.2 MW. Commissioning a total of five hydroelectric power plants in one year, Akenerji increased its renewable energy share within the total installed capacity to 46%. Thus the Company took a major step towards its target to diversify its fuel portfolio.

TOTAL INSTALLED CAPACITY

658.2 MW

2010 was a year that Akenerji reaped the fruits of renewable energy investments as five hydroelectric power plants began operations. Akenerji's installed capacity from renewable resources reached 301 MW and its total installed capacity reached 658.2 MW.

Without slowing down its tempo of investment in renewable energy, Akenerji purchased İçkale Enerji Elektrik Üretim ve Tic. A.Ş., the license holder for the Kemah Dam and Hydroelectric Power Plant, which has an installed capacity of 160 MW. Being the biggest HPP project in Akenerji's portfolio, the Kemah Dam and the HPP project is due to be completed and operational by 2015. Feke I, Himmetli and Gökkaya HPP projects, which are still under construction, are planned to be commissioned in 2012.

Akenerji has also license applications, for two wind power plants with a 170 MW capacity in Çanakkale apart from its hydroelectric plants already under construction. In addition, Akenerji has four geothermal research exploration licenses for four areas in the Aegean Region and one in Bursa; relevant studies are being carried out in these areas.

Powerful strategic partnership

In October 2008, a strategic partnership contract based on equal shares at Akenerji was signed between Akkök Group, one of the Turkey's the longest established and most stable group of companies and CEZ, the leading energy company in Central and Eastern Europe. Within the frame of this contract, 50% of Akenerji's exclusive shares were transferred to CEZ Group for US$ 303 million. Akenerji, as a result of this strategic partnership, further strengthened its position in the sector having gained the support of two forces, Akkök and CEZ.

Akenerji formed a consortium with Akkök, the Czech power company CEZ under the title of "AkCez'' and won the tender for the privatization of Sakarya Elektrik Dağıtım A.Ş. (SEDAŞ) with a bid of US$ 600 million. As of February 2009, Akenerji became an integrated company by taking over electricity distribution in the region of Sakarya, Kocaeli, Bolu and Düzce, in the heartland of the nation's industry, serving the end consumer.

The first investment in power generation following the strategic partnership with CEZ is Egemer Combined Cycle Natural Gas Power Plant project. Planned to be established in the Erzin township of Hatay, the 900 MW capacity natural gas plant project is one of the most important projects of the strategic partnership of Akkök-CEZ. The project was designed by Egemer Elektrik Üretim A.Ş., a subsidiary of Akenerji and it is expected to generate an annual average of 6.7 billion kWh of electricity. The project aims to bring an environment-friendly, highly efficient and a modern power plant to the region; additionally, it will have a crucial role in overcoming Turkey's rapidly increasing energy deficit. The Egemer Project is to be built costing approximately US$ 1 billion.

Pioneering steps towards Turkey's Energy Trading Platform

Akenerji has been actively conducting its operations in power supply to eligible consumers, wholesale power trading, electric power distribution and retail power sales. Supplying its clients with affordable electricity power, having the required generation capacity and market vision to consistently maintain the advantages it provides, Akenerji supplies its corporate clients that are operating in industry, health, communications, information technologies, tourism, banking and shopping center sectors and many more with electric power. As of year-end 2010, Akenerji's commercial portfolio reached nearly 1,000 corporate clients and 10 thousand subscribers.

Akenerji is preferred in the market for its competitive edge and continues to expand its energy portfolio via power supply contracts with other energy companies. Akenerji conducts the sales of "Green Power" that is generated by wind and hydroelectric power plants, jointly with companies having a green power policy and boosts the contribution of its investment to the environment.

Leading the electricity energy sector in Turkey, Akenerji aims to create the biggest energy trading platform in Turkey, while offering its customers the Akenerji guarantee, which stands for high quality and customer satisfaction.

Leadership in emissions trading in Turkey

Akenerji is well aware of its responsibilities towards society and environment and thus takes all necessary precautions to prevent pollution and to preserve natural resources, leading the way for the whole sector with its commitment. Akenerji is also one of the leading companies in the sector in the field of emissions trading, which is the subsidization of projects contributing towards the reduction of carbon emissions via carbon credits. In this regard, Akenerji signed an agreement with Global Tan Energy in order to carry out the carbon certification process for all its renewable energy investments.

Akenerji applied for a Voluntary Emission Reduction (VER) for all its renewable energy projects and made tremendous progress in its efforts for carbon certification in 2010. Akenerji registered the Ayyıldız Wind Power Plant, commissioned in September 2009, as Gold Standard. The Company then completed the certification processes for Akocak, Burç, Feke I, Feke II and Uluabat hydroelectric power plants in 2010. Uluabat HPP is the largest hydroelectric power plant with a dam, registered according to the Voluntary Carbon Standard (VCS) in Turkey.

When all renewable energy investments start to operate, Akenerji will be preventing one million tons of carbon emission each year.

Two awards from the League of American Communications Professionals (LACP)

Akenerji's 2009 Annual Report won the gold medal at 2009 Vision Awards by receiving 97 points out of 100 in its category over 4,000 applications from 25 countries. Prepared in cooperation with Finar Kurumsal, 2009 Annual Report also won the Bronze Award in the "Most Progressed" category in the Europe-Africa-Middle East Region. LACP is a forum established in 2001 with the purpose of uniting the pioneers in public relations and has been granting awards under various categories since 2002.

SEDAŞ SAKARYA ELEKTRİK DAĞITIM A.Ş.

SEDAŞ delivers 24-hour uninterrupted energy distribution services to a population of approximately three million in 1,451 villages, 45 districts, 66 municipalities and four cities.

Uninterrupted, high-quality electricity distribution services

The Privatization Administration under the Prime Ministry of the Republic of Turkey held a tender for the privatization of 100% of the shares of Sakarya Elektrik Dağıtım A.Ş. The tender was won by the Akkök-Akenerji-CEZ (AkCez) Consortium upon its proposal of US$ 600 million; the Company was taken over by the Consortium on February 11, 2009. According to the structure of the consortium partnership, Akenerji Elektrik Üretim A.Ş. owns 45% of the total shares, whereas Akkök Sanayi Yatırım ve Geliştirme A.Ş. and CEZ Group hold the rest of the shares equally, each one with a 27.5% share.

SEDAŞ delivers 24-hour uninterrupted energy distribution services to a population of approximately three million in 1,451 villages, 45 districts, 66 municipalities and four cities. Additionally, the Company constructs and operates distribution facilities, contracts to have facilities built and operated, makes connection agreements with electricity consumers, delivers services under retail sale contracts, conducts activities to achieve efficient and uninterrupted service delivery, identifies, assesses and collects fees for energy consumption.

SEDAŞ' total installed power is 3,050 MVA; its point power is 1,825 MW. By the end of 2010, the number of employees at SEDAŞ was 2,014. Among these employees, 740 were company staff and 1,274 were hired under service contracts. Household customers constitute 80% while private enterprises constitute 15% of SEDAŞ' volume. In 2010, SEDAŞ purchased 7,964,775,813 Kwh of energy and sold 7,473,528,416 Kwh. The Company's loss/unlicensed use rate is 6.2% in its energy sales.

SEDAŞ will continue its investments and operations in electricity distribution until 2036 in the cities of Sakarya, Kocaeli, Bolu and Düzce the heartland of the Turkish industry and where 6% of the nation's electricity consumption is carried out.

A year of achieving targets

SEDAŞ increased the diversity and improved the quality of services delivered to its customers, while keeping its expenses under control. Thus, in 2010, SEDAŞ recorded a positive financial performance. In 2010, SEDAŞ reached its electricity purchase and sale targets as well as assessment, collection and loss/unlicensed use targets. The income, expenditure and profitability targets preset for 2010 were achieved, making 2010 a successful year for SEDAŞ.

2010: Customer oriented approaches during the transformation process

Within the framework of the Transformation Project implemented throughout 2010, SEDAŞ accelerated its activities to achieve company brand building and to increase service quality. The Company invested TL 23.2 million to revamp and improve the electricity distribution networks in its service region. SEDAŞ opened two Customer Service Centers in Kocaeli and Sakarya; the number of Customer Service Centers will reach 21 in four cities by the end of 2010. While the Company established new units necessary for its organization, collection activities were also revised as part of the efforts toward Restructuring Customer Services. In this regard, 54 SEDAŞ Bill Collection Points, reflecting SEDAŞ quality and guarantee, were opened, allowing convenient bill payments for subscribers. SEDAŞ Bill Collection Points will expand to all cities and districts in which the Company operates.

With a modern management approach, SEDAŞ opened its Call Center in the Gebze Facility in February 2010, to serve its customers better, increase efficiency and to provide more effective and faster maintenance-repair services. The Company started the customer service line and the VIP line and established the required infrastructure via investing in information technologies. As a result of the revamping and improvement efforts that aim to increase customer satisfaction and to meet expectations at a maximum level, the response rate increased to 94%. When the number of employees, all professionals and specialists, was doubled, the Call Center was able to resolve problems faster. Now the Call center can serve SEDAŞ subscribers on a 24/7 basis for defective and unlicensed use notices, debt, bill, rate information and subscription services. In 2010, approximately 850 thousand calls were responded to; the target for 2011 is 1,2 million calls.

Another initiative as part of the Transformation Project, was the implementing the first phase of the Automatic Meter Reading System (AMR) in 2010. This project enables the automatic collection and billing of consumption via electronic meters over the Internet, without traveling hundreds of kilometers.

Aiming to offer more efficient and faster service to its customers in 2010, SEDAŞ adopted the use of hand-held computers with GPRS in meter readings. SEDAŞ customers are able to pay their bills at SEDAŞ Bill Collection Points, PTT Branches and contracted banks after the reading is done. Additionally, readings are now carried out on the electronic port, which enables faster, more accurate and more efficient reading of the electronic meters with hand-held computers. Accrued information can be transferred online to the teller’s screen at the time of the reading; customers are sent bills instead of notices.

The project for registering the electricity distribution network as numeric and live data on geographical maps over electronic medium is nearly completed. Additionally, SEDAŞ continued its investments in the areas of assembling power analyzers in its distribution network and controlling the system via energy analyzers placed on feeder outputs and also enabling relay coordination in order to limit the losses and regional power interruptions.

HR investments will continue in 2011

SEDAŞ will continue to implement its strategic plans that aim to achieve maximum customer satisfaction, reinforce brand trust in its energy services and improve the quality of its services, in 2011 as well.

Cultivation of qualified, experienced and well-trained staff takes about five to ten years in the electricity distribution business. A competent work force plays a major role in operating electricity distribution facilities, which have the utmost importance in terms of a country’s economy and the quality of life for the populace, in a profitable, efficient and reliable manner. The Company endeavors to restructure and improve its customer services and distribution processes while continuing to improve its human resources in terms of both quality and quantity.

2011 and beyond: An exemplary brand in the sector

With sensitivity toward customer expectations and the developments in a globalized competitive market, SEDAŞ has identified the structure and investment requirements of the current distribution network in its service region; the Company’s planned investments for 2011 amount to TL 62.6 million. SEDAŞ plans to realize an investment totaling to TL 313 million in its service region until 2015 has been approved by EPDK. Thanks to the ongoing restructuring efforts stemming from its philosophy of continuous development and change, the Company aims to become an exemplary brand in the sector by strengthening its corporate image and brand identity.

REAL ESTATE

PRESTIGIOUS PROJECTS TO IMPROVE QUALITY OF LIFE...

23 AKİŞ GAYRİMENKUL YATIRIMI A.Ş.

24 AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

26 AK TURİZM VE DIŞ TİC. A.Ş.

AKİŞ

AKİŞ GAYRİMENKUL YATIRIMI A.Ş.

Akiş aims to develop original concepts of world-class quality, which not only offer high-quality living, but also serve as profitable investments.

Original and prestigious projects in real estate

In 1993, Akkök Group of Companies blazed a trail in the real estate sector with its Akmerkez investment. The Group considers the real estate sector among its five primary business areas, in line with the strategic plans defined in 2005. Akkök Group continues to invest in real estate with the total construction area of 1.2 million m^2. To bring its knowledge and experience gained with the Akmerkez for future projects of high quality and prestige, the Group established Akiş in 2006.

In consideration of the constantly changing trends and socioeconomic developments in the sector as well as the market expectations, Akiş aims to develop original concepts of world-class quality, which not only offer high-quality living, but also serve as profitable investments. The Company continues investments with its Akasya project in Acıbadem, Istanbul, Akbatı Residences & Akbatı Shopping and Lifestyle Center project in Esenyurt-Bahçeşehir, a district of Istanbul that is rapidly growing and showing increasing value and the first and second phases of the Akkoza Houses are in the same district.

Following a challenging period that started with the global crisis in 2008 and continued throughout 2009, significant recovery was observed in the real estate sector in 2010. While the impact of the crisis started diminishing at this period, Akiş performed well in sales and leases as expected and reached its targets.

Akasya: A project of prestige nested in the nature

Akasya project is located in Acıbadem on a land of 182 thousand m^2. The Akasya project is composed of three segments; the Koru (woodland), the Göl (lake), and the Kent (city). The project's total construction area is 650 thousand m^2 and it features a shopping center with a gross leasable area of 85 thousand m^2, 1,433 upscale housing units as well as a 25 thousand m^2 park that will be allocated to sports, recreation and social facilities.

The sales in the Koru and the Göl segments have been completed in 2010. The construction of these two segments is progressing rapidly; they will be delivered in 2011. Sales in the Kent segment will commence in the first quarter of 2011 due to the modifications made to the architectural design.

Akbatı and Akkoza: Projects that improve quality of life

Akbatı Residences & Akbatı Shopping and Lifestyle Center has a construction area of area of 242 thousand m^2. The project aims to be one of the largest and most extensive Shopping and Lifestyle Centers in Istanbul. Akbatı is a 100% owned Akiş project.

Featuring a net leasable area of 63,500 m^2, a parking area with a capacity of 3,000 vehicles as well as with its brand mix and modern design, Akbatı Shopping and Lifestyle Center will bring a new meaning to the shopping experience in western Istanbul.

Akbatı Residences towering over the Akbatı Shopping and Lifestyle Center, features 348 residential apartments offering unique privileges such as social facilities, residence services, high quality and comfort to its residents. The project has made a difference in the region and attracted a lot of attention.

The Akkoza Project is a major venture of Akiş in partnership with Garanti Koza. The construction of the first and second phases totaling a construction area of 335 thousand m^2 are a partnership with Garanti Koza holding 75% of the shares and Akiş with 25% of the shares.

2011: Getting closer to the targets...

In 2011, Akasya Project has no plans to slow down and will continue both its construction and sales activities also the first and second phases of the Akkoza project are planned to be delivered.

The construction of the Akbatı Project which will bring a new meaning to the shopping and life centers in Istanbul will continue into 2011 and 348 residences will be delivered in December 2011. Akbatı Shopping and Lifestyle Center will open its doors to visitors in August 2011 and will satisfy an important need in the western part of the city.

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

Embracing the notion of "adding value to time and life", Akmerkez inspired many investors thanks to its exemplary and superior performance.

OCCUPANCY RATE IN THE PAST 10 YEARS

98%

Operating during the last decade with an average occupancy rate of 98%, Akmerkez is a benchmark venture for the region with its achievements.

A shopping mall that adds value to time and life

Inaugurated in 1993 as a joint venture between the Akkök, Tekfen and İstikbal Groups, Akmerkez presents a comprehensive life center combining a shopping center, residences and office units. Akmerkez has been enriching social life in Istanbul and in Etiler since its inauguration.

Thanks to its central location in Istanbul, the quality of the construction and overall design, the building technology utilized, the diversity of its shops and the superior understanding of quality and service that appeal to even the most selective tastes, Akmerkez has acquired a distinct position in the sector.

Embracing the notion of "adding value to time and life" in all of its social activities, Akmerkez appeals to more and more visitors every day. Recent research shows that 35% of people visiting Akmerkez come to the venue more than once a week.

In addition to physical renovations, Akmerkez regularly conducts customer research and revises its shop mix accordingly. Additionally, various social responsibility activities and art events are organized during the year, as part of the policy of investing in the future and benefitting the public.

A success chart that sets a model for investors

Operating during the last decade with an average occupancy rate of 98%, Akmerkez is a benchmark venture for the region with its achievements. For years, the value of the buildings around Akmerkez has been determined by the proximity to the shopping center.

Since its IPO in 2005, Akmerkez has attracted many foreign investors and has contributed to the steadily increasing tendency of the Akkök Group to invest in real estate. The exemplary and superior performance of Akmerkez has been an inspiration for numerous investors who seek new investment ideas.

The notion of comfort in the new era is displayed in the first example of residential complex in Turkey ...

Akmerkez Residence was designed with the notion of modern and quality living. Its residences that combine elegance with functionality have always appealed to selective guests.

Built for matchless comfort and utilizing a contemporary management philosophy, the complex offers a distinguished life center for its guests, who cannot abandon city life and yet occasionally wish to escape the weary atmosphere of the city and spend some peaceful time whenever they want. The convenience of having a shopping center occupying the same living complex allows Akmerkez residents to benefit from the hairdresser, super market, pharmacy, tailor, cinema, restaurant and all other services without having to leave the complex.

Akmerkez wins the interior design award at the "Real Estate Oscars"

The pioneer of shopping and life center concept in Turkey, Akmerkez won the "Interior Design 5 Star" award in 2010 Europe and Africa Property Awards category, granted as part of the International Property Awards that are acknowledged as the "Oscars of Real Estate".

Akmerkez has meticulously modified its interior design as part of the renovation project and welcomes its guests in a brand new living space. The new interior design concept was developed by Concept-i Corporate, a design studio with headquarters in Bangkok, has won numerous architecture awards. Technology was the main focus in the new design and the project was managed by the Technical Staff and the Renovation Department of Akmerkez.

First of its kind in shopping malls: Akmerkez Concierge+ Service

In 2010, Akmerkez, the pioneer of innovations, has developed a new service that offers convenience to its visitors and satisfies their needs during their visit. Akmerkez Concierge+ service was launched in July and is the first of its kind in shopping mall management.

Akmerkez Concierge+ service aims to offer practical solutions to individuals who complain from lack of time in urban life. Accordingly, the assigned Akmerkez Concierge+ team provides to the visitors certain services such as, shopping on behalf of the visitor as asked, delivering the goods to the desired spot, following up product returns and alterations, providing information about campaigns and special products. Visitors can obtain information about stores' locations, leave their stuff in the luggage office and stroll in the mall freely and can hire a chauffeur to drive his/her car or a VIP car offered by Concierge+ while leaving Akmerkez.

Akmerkez Concierge+ also offers other services that add value to life, such as style and shopping consultancy, organizing surprise events, advisory services on cinema, concerts, restaurants, a comprehensive travel consultancy that include providing information on tour prices and making reservations.

Activities that color life

Since 2003, Akmerkez has been hosting "Sanat Akmerkez'de" (Art in Akmerkez) events that have made art an indispensable part of daily life. In 2010, Akmerkez displayed the works of eminent Turkish and foreign artists to art lovers in an area of distinguished ambiance.

In April, Akmerkez initiated the "FashiOnAir" event that has brought a fresh look to the world of fashion. As the first segment of the Akmerkez FashiOnAir Project, the Akmerkez FashiOnAir Pop-Up Store was produced and arranged in a venue already suitable in terms of "pop-up" criteria. The young designers' creations that come in various categories such as textiles, industrial design, accessories, decoration items were presented to fashion aficionados and a refreshing breeze blew through Akmerkez. This event had a significant impact in the fashion world and press. Three more Pop-Up Stores followed: the Akmerkez FashiON The Beach Pop-Up Store 2, to celebrate the summer; the Akmerkez Fashion Up Western Country Pop-Up Store 3, held in the fall; and the next month, December's Akmerkez FashiOnNewYear Pop-Up Store 4, with a collection of 45 designers. These uniquely themed pop-up stores are being followed with increasing interest by the fashion world and press.

Akmerkez never leaves out its young visitors in its activities; it continued to organize fun events for kids that help stimulate their creativity, during vacation times and weekends throughout 2010.

AK TURİZM VE DIŞ TİCARET A.Ş.

A fully equipped conference center and a health/lifestyle center will be built on Kaşık Island, which is close to the city center and yet away from the hubbub. The project is planned to preserve the natural environment of the island.

TRAVEL TIME FROM THE CITY

40 MINUTES

Kaşık Island, on which Ak Turizm plans to build a fully equipped conference center and a health/lifestyle center, is only 40 minutes to the city yet away from the hubbub of the city and offers natural vistas.

Investments on Kaşık Island, conveniently located 40 minutes from city center

Ak Turizm was established by Akkök Group to carry out tourism investments on Kaşık Island. The investment plans are shaped according to the needs of the city and sensitivity toward the environment.

Kaşık Island offers rich investment opportunities by being close to the city center and yet presents an opportunity to escape from the hubbub, noise pollution and heavy traffic. The idea for the creation of a fully equipped conference center and a health/lifestyle center has been a top priority.

When evaluating its investment decisions, a primary issue for Ak Turizm has been the desire to preserve the natural environment of Kaşık Island. With this goal in mind, only 7,600 of the total 52 thousand m^2 site have been allotted for construction.

TEXTILES

COMPETITIVE EDGE WITH PRODUCTS THAT OFFER HIGH QUALITY, COST AND SERVICE RELATED ADVANTAGES...

28 AK-AL TEKSTİL SANAYİİ A.Ş.

29 AK-TOPS TEKSTİL SANAYİ A.Ş.

31 AKSA EGYPT ACRYLIC FIBER INDUSTRY S.A.E.

AK-AL TEKSTİL SANAYİİ A.Ş.

Ak-Al surpasses its competitors with the quality of its yarn and its dyeing facility which can process small amounts in short periods. The dyeing facility in the Alaplı Plant of the Company has secured 5,000 new colors on a yearly average and has proved its success in this sector.

Leader in domestic and foreign markets with its value added products

Ak-Al is one of the Akkök Group's critical investments in the textiles sector. A competent and qualified work force, sales & marketing know-how spanning more than 37 years and R&D practices have been a major contribution to Ak-Al's leadership in domestic and foreign markets. The Company produces acrylic and acrylic mixed yarn for the sock and knitwear industry and exports by prioritizing high quality, fast service and customer focus.

Ak-Al continues its production activities at its Alaplı Plant, which is able to meet market demands rapidly with high quality products. At this Plant, the Company produces 100% acrylic and acrylic mixed worsted yarns (Kamgarn). Ak-Al sells 50% of its production in the domestic market and exports the balance.

Ak-Al has never compromised quality since its establishment and has received the ISO 9001:2000 Quality Management System Certificate, as well as Oeko-Tex Standart 100 and TSE 18001 (OHSAS) Occupational Health and Safety Management Certificate. Ak-Al surpasses its competitors with the quality of its yarn and its dyeing facility which can process small amounts quickly. The dyeing facility in the Alaplı Plant of the Company has secured 5 thousand new colors on a yearly average proving its success in this sector.

Ak-Al continuously improves its quality in line with demands and suggestions of its customers. The Company is fully aware that sustainability is only possible by achieving customer satisfaction and places much importance on after-sales services.

Ak-Al has recently initiated a restructuring process. In this regard, the Company has made certain decisions in 2010 to improve its profitability. Çerkezköy Plant has been leased and some of the buildings in Yalova were leased to Ak-Kim.

While closely monitoring new technology in the textiles sector, Ak-Al aims to maintain its position in the domestic market and to increase its export volume by expanding its product portfolio with value-added products. The Company endeavors to increase its operational profitability continuously in order to maintain its competitive edge.

ak-tops

AK-TOPS TEKSTİL SANAYİ A.Ş.

Ak-Tops has adopted a customer-focused management style since its establishment in 1986; it is one of the first 100 companies to receive the TS EN ISO 9000 Quality Management System Certification in Turkey.

Innovative practices that create a competitive edge

Ak-Tops has the world's largest production capacity in its field. In 2010, the Company continued to offer quality, cost and service related advantages to its customers operating in knitwear, fabrics, blanket and carpet industries.

Ak-Tops products fall into several categories: acrylic color tow, acrylic ecru and color staple fiber, acrylic bleaching, acrylic and wool optic dyeing, acrylic and wool dyeing and acrylic and wool tops/bumps. Steadfast in its application of quality policies to all business processes, Ak-Tops was one of the first 100 enterprises in Turkey to receive the TS EN ISO 9000 Quality Management Systems Certification. Subsequently awarded the TS EN ISO 9001:2008 QMS Certificate, the Company was the first in Akkök Group to implement the TS 18001 Occupational Health and Safety Management System in 2006. Additionally, Corporate Resource Planning applications, part of the 6-Sigma business methods, are of crucial importance to the Company. Since it started the 6-Sigma applications, the Company has achieved earnings of over US$ 4 million.

Like all other Akkök Group companies, Ak-Tops is aware that creating added-value is possible not only via production but also by showing respect to society and the environment. In line with this awareness, the Company successfully adopted the TS EN ISO 14001:2004 Environmental Management System in 2008. As a proof of its sensitivity toward preserving ecological balance, the system of industrial waste elimination employed at Ak-Tops avoids risk and ensures compliance with the preservation of ecological balance. According to the results of weekly analyses made at the Company's wastewater treatment facility, the average need for chemical oxygen amounts to 100-110 mg/l.

Ak-Tops has adopted a customer-focused management since its establishment in 1986. Accordingly, the Company closely monitors the technological advancements in the sector and develops products that maintains its competitive edge in a constantly changing market environment and to fully satisfy customer expectations.

A healthy work environment in line with the "Humans First" policy

Within the framework of the "Humans First" approach in its HR management, the Company attaches great importance to occupational health and safety practices in all production processes; it ensures the participation of all employees in these efforts. The Company continued to diligently improve the occupational safety practices in 2010. Ak-Tops' performance in terms of accident frequency rate/ratio was close to the average statistics of Turkey's Social Security Administration; the Company's accident severity rate and frequency was 72% below the average.

PRODUCTION INCREASE IN THE STAPLE FIBER DEPARTMENT IN 2010

18.6%

The production of the staple fiber department increased by 18.6% in 2010.

Ak-Tops closely monitors the developments in the sector and accordingly conducts regular training programs for its employees to ensure an ongoing development of their competencies and professional skills while enabling them to attain new skills.

2010: A year in which investments were successfully realized

Despite the negative impact of the 2008 global crisis felt in Turkey and around the world, Ak-Tops acted with insight and was able to avoid the worst of the crisis during 2010. The Company achieved all of its targets, apart from department based production quantities and closed the year successfully. 2010 figures reveal that the production at dyeing departments and the Tops department decreased by 4.2% and 8.6%, respectively. On the other hand, the production of the staple fiber department increased by 18.6%.

In 2010, Ak-Tops successfully realized its planned investments and further increased efficiency with regard to dyeing, energy and labor costs. Operating in a sector where market conditions continuously change and a competitive edge becomes more and more important, Ak-Tops maintained its success in 2010, thanks to its innovative approach, competent employees, product diversity, timely deliveries of orders and superior quality advantages.

2011: A productive year with an increased pace in production

Ak-Tops makes its production and investment plans in line with changing circumstances in Turkey and around the world. Thus in 2011, the Company plans to achieve production targets in all of its departments. Ak-Tops cooperates with Aksa in the efforts of increasing Tops orders and in developing new products to meet customer expectations. This cooperation between Ak-Tops and Aksa is a model of synergy among Group companies.

Among Ak-Tops' 2011 targets are also increasing the work force and energy efficiency by making the press investment in its staple fiber department and decreasing the operational costs per unit production.

AKSA EGYPT ACRYLIC FIBER INDUSTRY S.A.E.

The Aksa Egypt Production Plant in Alexandria has a total capacity of 12 thousand tons/year and produces tops and bumps at a rate of 1,500 tons/year. The Plant features flexible and a market-compliant machinery.

Aksa Egypt, the main production base of Akkök Group in North Africa, continued its activities in 2010 to maintain and strengthen the presence of its parent company Aksa Akrilik Kimya Sanayii A.Ş. in the North African textiles market. The Company quickly achieved an exclusive and privileged position in North Africa, particularly in Egypt, thanks to Aksa's extensive know-how, competent staff and high product quality that is well known both in domestic and international markets.

The Aksa Egypt production plant in Alexandria occupies a total area of 45 thousand m^2. It has an indoor area of 5,500 m^2 allocated for acrylic fiber dyeing activities and 1,200 m^2 allotted for tops and bumps production. Aksa Egypt produces dyed tow at a capacity of 12 thousand tons/year; it produces tops and bumps at a rate of 1,500 tons/year. The plant features a flexible and a market-compliant machinery. The production of raw-white and dyed bumps began in December 2008.

A positive outlook on 2011 following a market compliant year

The contraction in the Egyptian market in 2010 required Aksa to revise its production targets and decrease them by 17%. As a result, the production capacity of the Company shrunk by 2,000 tons.

Despite negative circumstances in the market, Aksa Egypt was more successful when compared with its competitors. The 2010 revenue of the Company reached US$ 32,926 million.

In 2011, Aksa Egypt aims to sustain its presence and superiority in the market by managing its production capacity in the most optimum way, according to the latest political developments in Egypt as well as in other North African and Middle Eastern countries.

SERVICES

SUPERIOR SERVICE WITH AN EVER-INCREASING SUCCESS RATE...

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akPORT

AKPORT TEKİRDAĞ LİMAN İŞLETMESİ A.Ş.

With its high-capacity, modern container terminal, Akport has become the primary choice of shipowners in terms of the container traffic in Thrace and Eastern Europe. Akport continues to improve its heavy cargo and project-based loading/unloading services annually.

A world class and award-winning port complex

In 1997, Akkök Group took over Tekirdağ Port from the Privatization Administration and has transformed it into a modern, high-capacity port complex. The container terminal construction started right after the privatization was completed in 2009. With huge investments, Akkök Group transformed what was once a small pier in the 90's into a high-quality and exemplary port complex with experienced staff and world-class features.

Serving as the main maritime gateway to the region, in 2009 Akport won the "Port/Terminal of the Year" award at the Lloyd's List Turkish Maritime Awards, organized by Lloyd's List. Lloyd's List is the world's leading daily newspaper for the maritime industry.

With sufficient machinery and equipment on site, Akport Tekirdağ Port has a total area of 130 thousand m^2, a berth length of two kilometers, an annual bulk cargo handling capacity of three million tons and a container handling capacity of 300 thousand TEU/year, providing extensive opportunities to the industries in the region. Also serving as a container port, Akport will continue to be the primary choice of manufacturers in the coming years as well, thanks to its proximity to the facilities and easy access.

A modern container terminal providing shipment advantages to companies

Bulk and General Cargo Handling Services, Container Handling Services, Ro-Ro Services from Tekirdağ to South Marmara, International Ro-Ro Services, Pilotage Service, Storage and Warehouse Service and Bunker Services (fuel sales exempt from SCT) are among the services provided by Akport to industrial companies in the region as well as to importing and exporting companies.

With its high-capacity, modern container terminal, Akport has become the primary choice of shipowners in terms of the container traffic in Thrace and Eastern Europe. Akport continues to improve its heavy cargo and project-based loading/unloading services every year. Heavy cargo going to, or transiting from the entire Southern Marmara, Thrace in particular, is disembarked at Akport Tekirdağ Port. Thanks to its location, the port provides significant access to commercial activities conducted with neighboring countries such as Greece and Bulgaria. The Port also provides industrial enterprises based in Thrace with the opportunity to arrange their production according to available loading capacity thereby increasing exports.

As a result of the investments aiming to provide superior service, Akport Tekirdağ Port offers customers the following logistical benefits:

Cost advantage

The rapid and safe loading/unloading operations provided by Akport Tekirdağ Port creates advantages for its clients in terms of ship renting, transportation and logistical costs.

Thanks to its high-capacity and modern structure, there is no heavy traffic at Akport, as opposite to many other ports and thus high storage and overtime expenses are out of question. This is another cost saving advantage for importing and exporting companies.

Shipment convenience in seasonal products

Shipping and distribution to the hinterland for seasonal products (fertilizers, bran, etc.), which were previously transported through land route, are now possible.

Fast access

Ro-Ro vessels cruising between Tekirdağ-Bandırma, Tekirdağ-Erdek, Tekirdağ-Karabiga, Tekirdağ-Adalar, serve as landlines connecting Northern and Southern Marmara. Thanks to daily alternating voyages, the traffic problem has been eliminated and trucks can quickly access Thrace or Southern Marmara.

International Ro-Ro services

As of 2010, the Port has been serving international Ro-Ro vessels, cruising between Tekirdağ and Trieste (Italy) and Toulon (France).

Shipment advantage with the container terminal

With the construction of the modern and large container terminal, the Port can offer shipment advantages to the companies in the Thrace. Akport is now able to offer weekly container services thanks to the contract signed with Arkas, the leading maritime group in Turkey, in the last quarter of 2010. This service is highly appreciated by companies that are located in important industrial areas, such as Çerkezköy and Çorlu.

Long-term storage

As the first port accredited in Turkey by the London Metal Exchange, Akport provides companies registered on this Exchange with the opportunity for long-term storage of their iron products in its warehouses. In addition to iron products, other metal loads, mainly being steel and aluminum, are also being stored in A-type warehouses.

2010: A successful year of investments

In a period when the global crisis and the economic fluctuations hit almost every sector, Akport successfully closed the year 2010 without any slumps in its revenue. The cement factory that was commissioned in 2009 played a major role in this achievement because cement exporting from the Port contributed greatly to Akport's revenues throughout the year.

With the commissioning of the second terminal that was completed at the beginning of 2010, Akport Tekirdağ Port has reached a total area of 130 thousand m^2 and a berth length of two kilometers. Thanks to the new investment, a draft of 14 kilometers, a berth of 700 meters and a terminal area of 20 thousand m^2 were added to the Port.

The global shipment system now includes even larger transportation networks. In this regard, the ability to offer various transportation options such as highway, maritime lines, airlines and railway lines in a combined manner has become even more important for manufacturers. Railway connections to ports, important components of the transportation system due to being long-distance shipment stops, are a necessary infrastructure in this type of combined transportation.

Following the inauguration of the Tekirdağ-Muratlı railway in August 2010, Akport became the sole port with railway connection in Tekirdağ and was able to offer combined transportation services. The new railroad and platform investments to serve wagon carrying Ro-Ro's were completed in September 2010. The new railroad and the platform serves the "train ferries" cruising between Tekirdağ-Derince and Tekirdağ-Bandırma. The port is expected to host a minimum of 55 thousand wagons per year. Business development efforts for the management of the new railroad are currently being carried out by TCDD (Turkish State Railways) and by other logistics companies. Following the commissioning of new investments in the first half of 2011, the industrial companies in Çerkezköy, Çorlu, and Muratlı regions will have the opportunity of fast and low-cost transportation. With the completion of the Marmaray line, railway cargo between Europe and Asia will be transported by ship navigating between the Akport and Derince Ports. Akport will assume a historic role with its contributions to the country's industry.

Sustainable targets for 2011

In 2011, Akport plans to diversify its port activities and further increase the quality of its services, thus increasing customer satisfaction. The Company focuses on sustainable targets while determining its strategies and establishes its infrastructure accordingly.

The year 2010 was marked by critical investments for Akport. The Company is expecting to yield results from these investments during 2011 and Akport's new targets for the new year are:

- Completing the construction of the railroad connection
- Restructuring domestic Ro-Ro transportation
- Establishing the organization for international Ro-Ro transportation
- Operating the container port in full capacity

Akport will attain the forecasted operational structure with the new container terminal and with the commencement of international Ro-Ro transportation. In addition to these developments, a significant increase in storage activities is also expected. Akport aims to become the main maritime container gateway in Thrace in 2011, adding significant value to Tekirdağ's economy.

paper moon

AKMERKEZ LOKANTACILIK GIDA SAN. VE TİC. A.Ş.

Since 1996, Akmerkez Lokantacılık has been the restaurateur of Paper Moon, a distinguished and prestigious brand that added a novel, distinct taste and style to Ankara's culinary scene, following in the footsteps of Istanbul Akmerkez.

Paper Moon: Mediterranean warmth blended with savory high quality

Following Milano and New York, Paper Moon, a world-renowned Italian restaurant was opened in Istanbul Akmerkez in 1996. Since then it has been owned and managed by Akmerkez Lokantacılık. With its chic interior design, tranquil ambiance, meticulous service and savory cuisine, Paper Moon has become an Istanbul classic in a very short time.

Thanks to the diligent management and service quality of Akmerkez Lokantacılık, Paper Moon is today one of Istanbul's most select and prestigious names for fine dining. A staff of 77 serves under the direction of Italian chef, Giuseppe Pressani. All employees are subject to two-week appraisals of their skills by the Italian consultant Paolo Lattanzi four times a year, ensuring the continuity of food and service quality, along with a select ambiance.

Paper Moon offers a special environment to its customers thanks to its central location, interior design and lighting, all of which were acknowledged with various awards. Paper Moon's success and high quality were acknowledged in 1997 with the "Interior Design Award" from Restaurants and Institutions-New York and with the "Interior Lighting" award by Lumens-New York in 1998.

Paper Moon Ankara

Launched in September 2006, Paper Moon Ankara added a novel, distinct taste and style to Ankara's culinary scene, combining Italian cuisine with superior service. Paper Moon Ankara ensures the continuity of food and service quality with a staff of 31 working under the consultancy of Paolo Lattanzi and the management of chef Ellio Magrograssi. Assistant directors from Paper Moon Istanbul appraise the service quality of Paper Moon Ankara by visiting the premises on a rotating basis every week.

The main goal of Akmerkez Lokantacılık is to provide its customers with the comfort of their homes together with high-quality service. Akmerkez Lokantacılık closed the year 2010 successfully with a revenue of TL 11,295,930 and aims to grow even further in 2011.

AK-PA TEKSTİL İHRACAT PAZARLAMA A.Ş.

With 30 years of experience in the market, Ak-Pa is one of Turkey's leading companies with strengths such as reliability, flexibility and dominance in world markets.

Competitive edge with over 30 years of experience

Ak-Pa is one of Turkey's strongest textile exporters and currently exports to over 70 countries on five continents. The Company's competitive edge is due to strengths such as reliability and flexibility; it is one of Turkey's leading companies with over 30 years of experience.

In 2007, Ak-Pa started importing textile products and hence became a strong player in the market with its product portfolio consisting of yarns (cotton, polyester, nylon, viscose and mixed) and fibers (bamboo, wool).

2010: Reaching targets

Ak-Pa reached all of its targets for 2010 and closed the year with an export volume of US$ 340 million and an import volume of US$ 22.5 million. Export operations of the Group companies have been carried out with superior service and the same success was also attained in trading targets for products outside the Group.

Success chart will be maintained in 2011 as well

In 2011, Ak-Pa aims to further advance its know-how and high quality in the supply of textiles and raw materials. The Company does not plan any investments other than in its sector.

Having specific know-how and experience in this field, Ak-Pa aims to continue its export operations services provided to Group companies. With an export target of 10 thousand tons/year for products outside the Group, the Company will be among the strongest players in the market in 2011.

Superior performance acknowledged with awards

Ak-Pa stands out among its competitors with its superior performance in the export business and has been granted various awards in this area. In 2009, the Company earned the Export Performance award and Istanbul Textile and Raw Material Exporters' Union (İTHİB) Successful Exporters Award, both of which prove the Company's achievements in its sector.

In cooperation with DHL Turkey and under the sponsorship of Akbank, the newspaper Dünya organized a contest entitled "Stars of Export" to promote companies' export endeavors. In the contest, among the international trade companies, Ak-Pa was awarded the "Export Performance" prize, which is given to companies with the greatest increase in exports compared to the previous year.

Additionally, in a ceremony held by İTHİB, where companies with the largest amount of exports in 2009 receive awards, Ak-Pa was the first company among 22 companies entitled to receive a platinum plaque.

AKTEK BİLGİ İLETİŞİM TEKNOLOJİSİ SAN. VE TİC. A.Ş.

Apart from raising the standards of information technologies of the Group companies, Aktek has also started to expand its non-Group customer portfolio as of 2010.

SHARE OF NON-GROUP COMPANIES IN REVENUE

18%

In 2010, 18% of Aktek's total revenue was generated from non-Group customers. While Group companies were carrying out projects with other companies such as Yapı Merkezi and TSPAKB, Aktek started to work with non-Group companies such as Acıbadem Health Services, BankPozitif, Beypiliç, Ekol Logistics, MEF Schools, Nitelikli Eğitim Kurumları, Anadolubank, Organik Kimya and Limak Group of companies.

Akkök Group places a great deal of importance on information technologies. As a result of the Groups' accumulated efforts in this area spanning 11 years, Aktek was established to centralize the information technology services of the Group. Today the Company is taking sound steps toward becoming a prominent force in the information sector.

Aktek creates projects that will keep the technical infrastructure of the Group companies updated and raise the standard of information technologies via R&D activities. Additionally, the Company has been focusing on expanding its non-Group customer portfolio as of 2010 and is becoming a prominent brand in the information sector.

2010: Surpassing targets

Aktek achieved and surpassed its revenue and profit targets set for 2010.

The Company carried out the information technology projects listed below for Group companies in 2010:

Aksa Egypt ERP project was completed and commissioned in April, as planned.

New versions were installed in the ERP systems used at Aksa Akrilik and Aktops; these systems were integrated to operate as one. On January 1, 2011, the system went live.

The MS CRM (Customer Relations Management) project was initiated at Aksa Akrilik. Following the set up of document archiving and management system, the initial project was realized together with the legal department of Akkök.

The systems room, located at Akhan and the critical applications of all Akkök Group companies was revised and transformed into a modern information center. Additionally, printer consolidation was achieved at Aksa and Akhan.

A surveillance system was set up at Akport Tekirdağ Port in order to monitor and record with 85 IP cameras.

Oracle HR project was completed for Akkök and an occupational health and safety system was set up at Aksa, Ak-kim and Akhan.

All switchboards at Akkök Group companies were consolidated and the five-digit number system was installed. MS OCS application was integrated with switchboards so that all calls can be made over the current switchboard wherever there is an Internet connection. Additionally, fax servers were integrated in the system, the content filtering and safety system used for Internet connections was revised, system tracking and inventory management software was installed.

Website infrastructures for all Group companies and mainly for Akkök were carried over to SharePoint; an Intranet system was initiated to allow all Group employees to socialize in a shared platform.

Steady steps toward becoming a brand in 2010

In 2010, 18% of Aktek's total revenue was generated from non-Group customers. While Group companies were carrying out projects with other companies such as Yapı Merkezi and TSPAKB, Aktek started to work with non-Group companies such as Acıbadem Health Services, BankPozitif, Beypiliç, Ekol Logistics, MEF Schools, Nitelikli Eğitim Kurumları, Anadolubank, Organik Kimya and Limak Group of companies.

In 2010, Technology Day was organized with high attendance in Bursa to increase Company awareness. The Company also opened a booth at Onlysoft Expo, which brings together the software world and was organized for the first time in Turkey. Interviews and ad placement studies were carried out with the leading magazines in this sector. In addition to these marketing activities, a press conference was held regarding the MoreVRP software of which the Company has undertaken the distributorship in Turkey.

Aktek is granted the 2010 CIO Award 2010

Akkök Holding ClO (Aktek General Manager) Mehmet Hakan Korkmaz received an award at the event organized by CIO Turkey magazine, that was published in March. The awards were bestowed to a total of 16 CIOs from companies that utilize information technologies in the most innovative ways in order to increase profitability and competitive edge, to optimize work processes and strengthen customer relations.

Continuing growth in 2011

The Company aims to further advance its superior performance in 2011 and boost its recognition and reliability in the market through customer visits as well as marketing and advertisement activities. In this regard, the Company will continue to work on strategies to expand its fields of service.

DİNKAL

DİNKAL SİGORTA ACENTELİĞİ A.Ş.

While providing strategic support to Akkök Group, Dinkal also offers meticulous and creative insurance services to non-Group companies.

2010 GROWTH PERFORMANCE

23%

Despite tough competition in 2010, Dinkal achieved 23% growth in line with its growth decision included in the five-year strategic plan.

Vast know-how of 35 years in the sector

Dinkal has been providing insurance services in all branches of coverage, particularly fire, accident (air travel included), health and transport since its establishment in 1976. It has become one of the most effective players in the insurance sector thanks to know-how and rapid growth. While providing strategic support to Akkök Group, Dinkal also offers meticulous and creative insurance services to non-Group companies.

Customer-specific, creative solutions

Designing privileged solutions to meet the insurance needs of various customer segments, Dinkal distincts itself in the sector. The Company displays a customer-oriented approach different from the standard solutions offered in the market and provides its customers with customized advantages, thanks to its corporate stature and strength of its premium production.

Customer oriented services designed and offered by Dinkal are:

Consultation services

Dinkal offers free consultation services for all insurance segments and thus shares its long-standing experience, technical know-how and robust infrastructure with its customers.

Risk assessment and management services

Dinkal offers services in identifying the coverable risk and conveying it accurately to insurance companies, which is not only crucial in terms of maintaining company safety and efficiency, but is also essential in preventing and controlling loss.

Policy management services

Examination of existing policy and coverage structure to identify missing and/or excess coverage provides major advantages for its clients. Undertaking this task on behalf of the clients, Dinkal ensures that developments concerning insurance companies are closely monitored, existing policies are updated and relevant changes concerning risks are reflected in the policies.

Damage management services

It is essential to accurately appraise the risk to the insurance company. It is likewise essential to ensure full repayment in the event of damage. Dinkal outlines what specific damage is assigned under each coverage and under what conditions they will be claimed. Dinkal ensures that damages are paid out as soon as possible without placing its customers at a disadvantage.

A strong player in the sector in 2010

While the negative impacts of the global crisis showed signs of slowing in 2010 compared to the previous year, the insurance sector began to recover from the wounds of the 2008 crisis. However, a full recovery was not observed and the real growth rate in the insurance sector in 2010 was below the growth rate of the Turkish economy. The overall sector could not achieve technical profitability in 2010 and the number of profitable branches significantly decreased.

Notwithstanding these developments, Dinkal stayed focused on its targets in 2010. With the intent to expand its portfolio, the Company continued to visit non-Group customers regularly besides making competitive price proposals, thus becoming a significant player in its own category in the sector. Despite tough competition in 2010, Dinkal achieved 23% growth in line with its five-year strategic plan.

Dinkal achieved a growth rate of 46% in the non-Group premium category, which is considered a main target for growth; the rate of non-Group premium production in total volume of premiums was 30%; both are quite promising indicators. In 2010, the Company increased its employees to 18 and successfully closed the year with a total policy production of 13,500 and a premium production totaling to US$ 12.7 million.

Sound steps toward becoming a corporate company

As part of its vision to be a preferred company by its customers, employees and solution partners, Dinkal designs customer-specific solutions in its service procedures and displays a corporate and reliable stature in all of its activities. Accordingly in 2010, the Company took significant steps toward expanding and organizing all activities in a corporate manner. While consistently expanding its staff, Dinkal runs its operations with specialist teams in all areas of the business.

Continuing growth in 2011

The year 2011 has a certain significance in the sense that it is the 35th anniversary of Dinkal. The Company's deep-rooted experience will be effectively communicated via various activities throughout the year.

As always, Dinkal will maintain the rapid growth that was preset in its strategic plan in 2011 and concurrently will take steps toward becoming the distinctive brand in the sector in terms of service standards. Additionally, the Company plans to improve both the quantity and quality of its human resources to meet the expectations of its customers in an exceeding manner and to ensure effective delivery of its services.

As marketing and sales activities show, Dinkal has the potential to grow further in the sector, thanks to its ownership by a reliable group, its corporate stature, current premium volume as well as its effective communication with insurance companies. In light of these observations and insights, it is expected that the coming years will prove to be even more positive for Dinkal.

TOTAL POLICY PRODUCTION IN 2010

13 THOUSAND

In 2010, the Company increased its employees to 18 and successfully closed the year with a total policy production of 13,500 and a premium production totaling to US$ 12.7 million.

HUMAN RESOURCES

Akkök Group of companies continuously develops human resources processes in line with changing conditions as it increases the loyalty of employees.

Talent Management

In 2010, the Talent Management Process was initiated to include all senior and middle level managers and specialists at Akkök Group of Companies. This project is planned to be completed in the first quarter of 2011. Consequently, the current human resources of Akkök Group will be accessed with modern tools, employee-specific development plans will be prepared and talent pools will be established. Akkök Leadership Roadmap, which is a manager development programme, will be among the top priority HR projects for 2011. This project aims to train employees who have expertise to carry the Group among its strategic targets for their future roles.

Recruitment

Career opportunities for fresh graduates via the Akkök Talent Seeds Project

In 2010, the Akkök Talent Seeds, a new project targeting fresh graduates was launched. As part of this project, a platform was established for Akkök to meet with university students via communication activities organized at nine universities and named Akkök City Competition. Following these activities, a Fresh Graduate Recruitment Process was conducted for applicants who have less than three years of work experience. Within the frame of this process, certain tests (Numerical and Verbal Aptitude Tests, English Level Test, Personality Inventory) that are compatible with international standards were applied to the applicants. Additionally, the competency levels of the applicants were observed via presentation exercises and group workshops organized at the Assessment Center with the participation of Akkök senior managers. At the last stage of the recruitment process, competence based interviews were held by the relevant managers and HR department. Consequently, 23 applicants, who successfully completed these stages, were recruited. They began to work in Group companies, in line with Akkök's HR policy of placing the right people in the right positions.

New practices in selection and evaluation processes

All professionals who want to take part in Akkök Group are expected to join in standard and common processes within the Group, especially for specialist and managerial positions. This process was restructured and enriched in 2010 by conducting different tests, competency based interviews and via the assessment-development center practice.

Training and Development

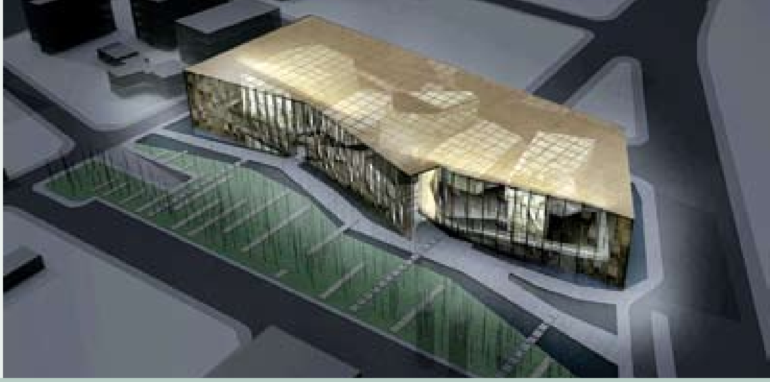
Investments for continuous development

Akkök Group of companies aims to develop human resources continuously in line with changing conditions and to increase the loyalty of employees. Due to this, the Group started Finance and English training programs in 2010. In order to train employees in the finance area, specialists and managers from all Group companies attended a two-day training program titled "Managing Enterprises Today." This training provided an understanding of financial issues; networking opportunities were provided in the groups formed by employees from various companies.

Another development opportunity that was offered to employees was the English language-training course. Accordingly, "Akkök English Language Development Project" was initiated in the second half of 2010. Within the frame of this project, first, the English language levels of some Group employees were determined through tests and subsequently, those employees who needed to improve their English language skills started courses at contracted private companies that provide foreign language learning. For the purpose of securing continuity and topicality in English language-training, the system was structured as a procedure and language training companies were selected accordingly.

HR policies that support Akkök Group's strategies are given below:

ORGANIZATIONAL DEVELOPMENT	Providing equal opportunities for everyone
SELECTION AND PLACEMENT	Placing and assigning the right people to right positions
SALARY MANAGEMENT	Applying policy of equal salaries to equal jobs/ the effect of performance and competency
PERFORMANCE MANAGEMENT	Achievement based assessment
REWARDING	Timely recognition and appraisal
INDUSTRY RELATIONS	Increasing productivity by maintaining harmony in the workplace
COMMUNICATION	Timely, accurate, open and versatile informing Organizing events to inform about work processes.



CORPORATE SOCIAL RESPONSIBILITY

VALUABLE CONTRIBUTIONS TO CULTURE, THE ARTS, EDUCATION AND THE ENVIRONMENT...

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CORPORATE SOCIAL RESPONSIBILITY

Akkök Group of Companies has always been sensible toward the needs of society as evidenced by its contributions to various projects related to education, environment, culture and the arts.

Raif Dinçkök Cultural Center

Sustainability approach to social responsibility

Since its establishment, Akkök Group of Companies, together with all of its companies has significantly contributed to the national economy and has always displayed sensitivity toward the needs of society by supporting various projects related to education, environment, culture and the arts.

The social responsibility projects Akkök carries out in cooperation with local bodies, professionals and non-governmental organizations of which it is a member, covers all regions of Turkey, predominantly the regions where the Group operates.

Akkök concentrates its social responsibility efforts in the areas of education, environment, society and culture and acknowledges that sustainability is as essential for a healthy future as it is for production. With this understanding, the Group carries out projects that support a healthy future for coming generations as well as a well-educated society and that can be characterized as sustainable.

In deciding upon the investments it will undertake or the projects it will support in the area of social responsibility, Akkök Group takes care to prioritize the needs of the society. At the same time, Akkök places great importance on ensuring that these projects are compatible with the values that constitute its corporate culture.

Another factor that is considered in the selection of social responsibility projects is its accessibility to large audiences. Keeping this objective in mind, Akkök Group establishes strong and long-term collaborations with non-governmental organizations and supports the projects of various foundations.

CULTURE AND ARTS

For the development of culture and the arts, Akkök Group has completed many significant social responsibility projects, particularly the Raif Dinçkök Cultural Center, opening in 2011, to serve the people of Yalova.

The book of photographs compiled from the photograph albums of Yıldız Palace Library, Yadigâr-ı Istanbul was published in March 2007, sponsored by Akkök under the supervision of Nurhan Atasoy, PhD acting as consultant for the project. The second edition of the book was published in 2010 for art-lovers.

One of the more comprehensive projects undertaken was the exhibit entitled “Turks” organized by the Royal Academy of Arts in London. Another project entitled the “Study of Turkey” was organized in collaboration with the Republic of Turkey and Oxford University’s Islamic Research Center. Finally, Yadigar-ı Istanbul (Souvenirs of Istanbul) was a book and exhibit project.

Raif Dinçkök Cultural Center is opening in 2011

The Raif Dinçkök Cultural Center is a gift to the citizens of Yalova from Akkök Group where it has been operating since 1969. Groundbreaking took place on February 14, 2008 and a total of US$ 8 million was invested in the project. The Center will host cultural activities on the 10 thousand m^2 site with a total floor area of 4 thousand m^2 for buildings and inter-block walkways, lounges, exhibition halls, scenic views and terraces including 6 thousand m^2 set aside as a green area. The Cultural Center consists of four separate buildings connected by pedestrian bridges and was designed by the Emre Arolat Architectural Workshop. Upon completion in 2011, the Center will bring together events in the area of culture and the arts as well as social activities and training sessions. The multi-purpose conference hall will offer a very much needed venue for cultural and artistic activities in Yalova. It will hold exhibitions that will create a tremendous impression worldwide such as the exhibition of printed works by İbrahim Müteferrika in the planned paper museum, which will be the first of its kind in Turkey and one of the rare examples in Europe. Hence, the Center will significantly contribute to the cultural life in Yalova.

Akkök Group's sensitivity toward the environment as evident in all of its activities is also reflected in the construction of Raif Dinçkök Cultural Center. All construction materials have been meticulously selected and COR-TEN A (weathering steel), a durable and recyclable material, has been used for the siding. This material forms a stable rust-like appearance due to the copper alloy and has a protective layer on its surface under the influence of the weather. COR-TEN requires neither painting nor maintenance and continuously renews itself year after year. This material represents a new concept for Yalova and will integrate all industrial and natural riches of the city. In addition, eco-friendly choices were made for air conditioning and lighting systems.

For its second edition, Yadigâr-ı Istanbul met with art lovers once again.

The book, consisting of over 36 thousand photographs was compiled from the photograph albums of Yıldız Palace Library; Yadigâr-ı Istanbul was published in March 2007 with the sponsorship of Akkök Group. The second edition of the book was published in 2010 and met with art enthusiasts once again. The photographs in Yadigâr-ı Istanbul were individually selected by Prof. Atasoy beginning in the 1970s, from the albums of Yıldız Palace Library. The albums go back to the era of Sultan Abdülhamid and have gradually become a collection composed of 36,535 photographs from 430 photographers. With photographs dating back to the time of Sultan Abdülaziz and Sultan Reşad and a majority originating from the reign of Sultan Abdülhamid II, the book not only reflects an Istanbul from that period, but it also displays the Palace's perception of the city.

Yadigâr-ı Istanbul also gives insight into the emergence and spread of photography in the Ottoman Empire. It provides new information about the introduction of photography into Ottoman life, the establishment of photography houses, the incentives and rewards given to photographers, the publication of journals teaching photography, photographic documentation of various locations throughout the country, photography in the police force, the use of photographs in identification certificates and passports, the photographic documentation of criminals, granting foreigners permission to take photos and the participation in photography exhibitions.

The "Turks" Exhibition

In 2005, Akkök Group supported an important project promoting Turkish culture by joining the board of sponsors for the "Turks" exhibition. The exhibition, held by the Royal Academy of Arts from January 22 until April 12, 2005, in London, reflected the millennial heritage of all aspects of Turkish culture. The Group played a part in bringing this valuable collection to many audiences.

"The Study of Turkey"

Akkök Group has supported the promotion of Turkey's national history and national identity through financial contributions for this study, jointly conducted with the Republic of Turkey and the Oxford Center for Islamic Studies, an organization which aims to explore historical, cultural and contemporary relations between Turkey, Europe and the Islamic world.

EDUCATION

Akkök Group of companies is fully aware that well-educated individuals are fundamental for a country's healthy future. With such awareness, in its social responsibility efforts the Group mainly invests in the education of young generations. To date, Akkök Group has financed the building of Aksa Technical and Vocational High School in Yalova, Raif Dinçkök and Güzin Dinçkök Elementary Schools in Istanbul, Istanbul Technical University Maslak Dormitory, ISOV Career Training Center and Social Facilities. In addition to school constructions, Akkök also supports TEV İnanç Türkeş High School by donating time and professional expertise. Established as a private high school, the institution aims to provide an appropriate educational environment for exceptionally gifted and talented students who have financial difficulties.

Using all its resources, the Group will continue to be actively involved in the improvement of national education standards, offering good education to needy students and providing solutions to the difficulties in this area.

Akkök's Gift to the Children of Yalova: Akkök Firefly Mobile Learning Unit

In 2009, Akkök Group created the Firefly Mobile Learning Unit Project with the support of Turkish Education Volunteers Foundation (TEVF) and in October 2010 the project completed its first year successfully. With this project, Akkök contributes to personal development and the increase of inquisitive qualities of children, who represent the future of the country. The Group provided support for the creation of a more conscious and enlightened generation.

The Firefly Mobile Learning Unit Project of TEVF provides educational support to those children living in regions that do not have educational parks and learning units. In October 2009, Akkök brought the Project to Yalova, where the Group companies Aksa, Ak-Kim and Ak-Tops operate.

The Firefly Mobile Learning Unit, which consists of trailers that include an information and technology center with 12 computers, one leisure time activity room and a living space, is proof that education can be supported everywhere and by all means. In addition to developing computer literacy skills, students participate in a variety of educational activities supported by volunteers, such as book reading activities. The project is planned to run for the next five years.

In 2010, Akkök gave out seeds to its young guests at the Firefly Mobile Learning Unit in order to increase their environmental awareness. Aiming for a greener and a more sustainable world, the Group has given out 60 thousand seeds to date. Akkök has also donated books to the libraries of the schools that were visited during the 2009-2010 term. The Group has given out wisdom books and black pine seeds to the students at these schools. Approximately 9 thousand seeds were given to a total of 3 thousand students during this project.

Akkök takes into consideration environmental compatibility in all of its projects; therefore recyclable materials were used in all Firefly Mobile Learning Unit trailers. Thanks to this application, 80% of the materials used in the trailers will be recycled after they are used. These eco-friendly materials were specially produced by Otokar for the Project.

The Opening Ceremony of the Firefly Mobile Learning Unit

Akkök's Education Adventure from Peking to Paris

Organized for the first time in 1907, the "Peking -Paris Motor Challenge" is among the most exciting events of our day and attracts the attention of the public. In 2010, ninety racers from participating countries including the UK, the USA, Australia, France, the Netherlands and New Zealand took part in the rally.
For the first time, a Turkish team also participated with an Anadol branded car. Istanbul, the European Capital of Culture in 2010, was one of the stops en route. Taking the Peking-Paris Motor Challenge to a higher level with a responsible attitude, Akkök Group was among the sponsoring companies. The revenue generated from the corporate sponsors was donated to the Turkish Education Volunteers Foundation to create funding for scholarships. Within the scope of this project, 50 university students, between 17-24 years of age, who were successful but also in need, were able to obtain scholarships to support their education.

ENVIRONMENT

At a time when the effects of global warming are felt deeper every day, it is unacceptable that manufacturing and industrial companies remain insensitive to the matter. Being fully aware of the rapid exhaustion of natural resources, Akkök Group places a great deal of importance on sustainability and eco-compatibility in all of its activities.
The Group wants to leave a healthy environment for coming generations and aims to create environmental awareness in all of its production and service processes as well as social responsibility projects.

Akkök Group companies have carried out several effective projects for the protection of ecological balance; the Group is especially sensitive to the effects of its investments on the environment and natural resources.

The threat of the depletion of natural resources led Akkök Group to launch an environmental project during 2008. The project aims to raise the environmental awareness of employees and lead them to act accordingly both in their working processes and their daily lives. A Waste Paper Recycling Project was initiated in Akhan, the headquarters of Akkök Group.

Additionally, an awareness raising activity was carried out with all employees at the headquarters as well as at all production units to separate used batteries from ordinary waste.

In 2010, Akkök headquarters participated in the Earth Hour, a global event organized by the World Wide Fund (WWF) on March 27, displaying a responsible attitude about global warming.

Triple Responsibility Project continues

Aksa and Ak-Kim, two companies affiliated with the Group, continued their efforts under the Triple Responsibility Project, throughout 2010 as well. Since 2004, Aksa has been publishing reports about its environmental and economic activities in the Global Reporting Initiative (GRI) reporting format. These reports are accessible on the corporate website of Aksa. Aksa, the first Turkish chemical plant to sign the UN Global Compact Principles in 2006, was also the sponsor of the Workshop on the Global Compact Principles (Global Compact) that was held at the National Quality Congress organized by KalDer.

Aksa calculates its carbon footprint

Although there are currently no legal requirements in Turkey, Aksa began calculating its carbon footprint in 2010, acting as a pioneer in this area and displaying its environmental sensitivity. The Company assembled a committee to closely monitor the recent developments in the EU and Turkey, about global warming and to take actions to this end.

As its first initiative, the Committee issued the carbon inventory for the July 2009-July 2010 period, in compliance with ISO 14064-1. The established management system and the issued “Greenhouse Gas Inventory Report” were inspected by the British Standards Institution (BSI) in Germany and in Turkey, to be certified according to ISO 14064-1 standard. As a result, Aksa was the first company in Turkey certified by the BSI in terms of high-level safety. The efforts to reduce greenhouse gas emissions will continue at Aksa as well as at supplier and subcontractor companies.

Environmentally sensitive initiatives from Ak-Kim

Ak-Kim, another signatory to the Triple Responsibility Commitment, became one of the first Turkish companies to implement this program. The Commitment emphasizes the sensitivity of the chemical sector to environmental, human health and technical safety issues and is based on the principle of voluntarism.

Ak-Kim also signed the UN Global Compact Principles in 2007 and committed to aligning its operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. The Company published its first Progress Report (COP) according to its commitment to the UN Global Compact and this report is accessible on the corporate website of Ak-Kim.

In 2008, Ak-Kim initiated the waste recycling project intended for the Taşköprü Municipality and the surrounding villages. Under the project, training seminars have been provided to the local community on the importance of the separating and recycling of waste material. Support has been provided to local administrations to acquire a supply of waste cans and trash bags. With regard to environmental activities conducted by Ak-Kim in the region, Ak-Kim Memorial Forests in Kılıç, Subaşı and Denizçalı villages have been maintained and additional trees have been planted.

Akenerji supports World Environment Day

Akenerji displays its responsibility toward society and the environment not only by its production processes but also through its contributions to social life. The Company sponsored the events organized in Adıyaman for the World Environment Day on June 5, demonstrating its sensitivity for the environment.

Akmerkez fights global warming together with the whole world

As with all other Akkök Group companies, Akmerkez also carries out its activities with sensitivity toward society and the environment. Akmerkez participated in the Earth Hour event organized by WWF on March 27, simultaneously with the whole world showing their responsible attitude toward global warming. Designated as the Best Shopping Mall in the World and in Europe, Akmerkez extended its support to the Earth Hour event, symbolizing the fact that millions of people on the world can “stop” global warming if they act as one. With this action, Akmerkez sent a message to leave a better world for the upcoming generations.

Ak-Tops prioritizes the environment in its waste management efforts

Ak-Tops was one of the first 100 enterprises in Turkey to receive the TS EN ISO 9002 Quality Management Systems Certification. Ak-Tops acknowledges the importance of adding value by showing respect to society and the environment. With such awareness, the Company successfully adopted the TS EN ISO 14001 Environmental Management System in 2008. As a proof of its sensitivity to preserve the ecological balance, the system of industrial waste elimination employed at Ak-Tops avoids risk and ensures compliance with the environment. According to the results of weekly analyses made at the Company’s wastewater treatment facility, the average need for chemical oxygen amounts to 100-110 mg/l.

SOCIAL PROJECTS

Transparency toward social stakeholders and accountability toward the public with regard to the Group's activities constitutes an important aspect of Akkök corporate culture. To display this responsibility, Aksa organizes Open House Days four times a year. Members of the press, the residents of Yalova and neighboring cities, students from around the world, customers and other stakeholders are invited to the Open House Days, organized with the participation of the Triple Responsibility team members. During the Open House Days, the guests are informed about business processes, environmental management systems and Aksa's contribution to the province. Guests are taken on a tour to the production facilities, raw material storage area and wastewater treatment facility. Open House Days continued in 2010 as well.

Akkök Group considers non-governmental organizations and local bodies as strategic business partners in all of its social responsibility projects. The Group takes care to establish long-term communications with these associations and organizations. The Group also plays an active role in professional associations and shares its accumulated knowledge and expertise for the benefit of the entire sector.

Akkök Group significantly contributes to the Turkish economy thanks to the achievements of its companies operating in various sectors. The Group will continue to add value to the future of the society and nature through its social responsibility projects.

GLOBAL COMPACT PRINCIPLES

The idea of the creation of a shared and collective culture of development among all the world's inhabitants is the basis of the UN Global Compact Principles. The Global Compact introduces universal principles and defines a brand new corporate responsibility based on full voluntarism. It emphasizes the necessity for the social and environmental sustainability of development and creates an opportunity for public, private and non-governmental organizations to come together around a common ideal within a network of corporate citizenship.

The significance of the private sector, which fundamentally determines the dynamics of the world economy, is increasing day by day. The Global Compact Principles are an appeal by the UN, which draws attention to the above-mentioned process, to the leaders of the business world to render the global economy sustainable, to support the creation of necessary environmental and social basis and to make global investments for the sake of all people around the world. This appeal was officially made in July 2000.

Aksa was the first Turkish chemical plant to sign the UN Global Compact Principles in 2006 and since then, the Company has voluntarily contributed to numerous projects that aim to support and increase awareness about the Global Compact on a large scale in Turkey.

Akkök Group, which aims to raise the level of its corporate responsibility approach to progressive norms, signed the UN Global Compact Principles in 2007. In doing this, Akkök Group integrated global principles into its activities and pledged to manage its work processes within a framework of respect for human and workers' rights, in a clean society and within a carefully protected environment. During these two years, following a series of radical undertakings, Group companies have made the necessary transformations in line with global principles. Akkök Group will diligently carry on its activities under the UN Global Compact Principles.

The UN Global Compact Principles

Human Rights

1. Businesses should support and respect the protection of internationally proclaimed human rights and
2. make sure that they are not complicit with regard to human rights abuses.

Labor Standards

3. Businesses should uphold freedom of association and the effective recognition of the right to collective bargaining;
4. eliminate all forms of forced and compulsory labor;
5. effective abolition of child labor and
6. the elimination of discrimination with respect to employment and occupation.

Environment

7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility and
9. encourage the development and diffusion of environmentally friendly technology.

Anti-Corruption

10. Businesses should work against corruption in all of its forms, including extortion and bribery.

AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2010 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

(ORIGINALLY ISSUED IN TURKISH)

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Akkök Sanayi Yatırım ve Geliştirme A.Ş.

1. We have audited the accompanying consolidated financial statements of Akkök Sanayi Yatırım ve Geliştirme A.Ş. ("Akkök") and its subsidiaries and joint ventures (together the "Group") which comprise the consolidated balance sheet as at 31 December 2010, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

2. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 consolidated financial statements.

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

Basis for qualified opinion

4. There are differences between the trade receivables data obtained from the accounting and accrual/collection departments of Sakarya Elektrik Dağıtım A.Ş. ("SEDAŞ"), one of Akkök's joint ventures, which use different and non-integrated computer applications. The unreconciled differences between the detailed listing of trade receivables and accounting records amount to TL 12,220 thousand and TL6,455 thousand as of 31 December 2010 and 2009, respectively. Therefore, we were not able to perform the related audit procedures for trade receivables of SEDAŞ.

Opinion

5. In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Akkök Sanayi Yatırım ve Geliştirme A.Ş. and its subsidiaries and joint ventures as of 31 December 2010, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

6. As explained in Note 2.2 to the consolidated financial statements, the consolidated financial statements include the accounts of the parent company, its subsidiaries and joint ventures. Subsidiaries are companies in which Akkök has power to control the financial and operating policies for the benefit of Akkök through the exercise of voting power relating to the shares held by Akkök and its subsidiaries together with the voting power which Akkök effectively exercises relating to the shares held by Dinçkök family members and enterprises controlled by them. Joint ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by Akkök and its subsidiaries and one or more other parties. In effect the Dinçkök family members allow Akkök to exercise voting power in respect of their shares held in these companies. In the accompanying consolidated financial statements, the shares held by Dinçkök family members are treated as non-controlling interests. Our opinion is not qualified in respect of this matter.

Other matter

7. The consolidated financial statements of the Group before the restatement adjustments, as described in Note 2.4, as at and for the year ended 31 December 2009 were audited by another independent auditor whose report, dated 9 April 2010, expressed a qualified opinion due to certain matters identified as part of the audit of the financial statements of SEDAŞ.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers

Ediz Günsel, SMMM
Partner

Istanbul, 16 May 2011

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CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2010, 2009 AND 2008

(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

	Notes	2010	Restated (*) 2009	Restated (*) 2008
ASSETS				
Current assets:				
Cash and cash equivalents	8	267,333	241,882	243,284
Trade receivables	9	471,619	508,024	620,401
Due from related parties	10	68,578	191,163	79,962
Financial assets	11	5,272	18,726	-
Inventories	12	235,936	170,288	172,348
Other current assets	19	144,145	163,434	63,823
Total current assets		**1,192,883**	**1,293,517**	**1,179,818**
Non-current assets:				
Trade receivables	9	35,929	36,652	12,916
Financial assets	11	19,414	12,354	-
Due from related parties		-	-	51,905
Financial investments	13	21,896	17,337	15,866
Investments in associates	14	19,392	19,286	19,617
Investment property	15	249,161	172,904	52,492
Property, plant and equipment	16	1,102,965	923,611	1,125,391
Intangible assets	17	212,448	204,838	69,823
Goodwill	6, 18	173,075	173,075	-
Deferred income tax assets	23	4,204	7,068	8,372
Other non-current assets	19	48,284	88,478	113,233
Total non-current assets		**1,886,768**	**1,655,603**	**1,469,615**
Total assets		**3,079,651**	**2,949,120**	**2,649,433**

These consolidated financial statements were authorised for issue by the board of directors on 10 May 2011.

(*) Refer to Note 2.4

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2010, 2009 AND 2008

(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

	Notes	2010	Restated (*) 2009	Restated (*) 2008
LIABILITIES AND EQUITY				
Current liabilities:				
Trade payables	21	262,818	311,619	182,739
Due to related parties	10	51,307	48,838	45,723
Borrowings	20	413,440	289,539	211,921
Derivative financial instruments	22	6,211	4,795	8,507
Income taxes payable	23	5,978	5,518	11,433
Other current liabilities	19	276,603	194,248	76,306
Total current liabilities		**1,016,357**	**854,557**	**536,629**
Non-current liabilities:				
Trade payables	21	20,135	-	-
Due to related parties	10	51,328	16,677	-
Borrowings	20	449,924	396,614	507,697
Provision for employee benefits	24	32,015	29,372	23,411
Deferred income tax liabilities	23	44,906	48,014	43,493
Other non-current liabilities	19	16,285	97,334	6,205
Total non-current liabilities		**614,593**	**588,011**	**580,806**
Total liabilities		**1,630,950**	**1,442,568**	**1,117,435**
Equity:				
Share capital	25	13,098	13,098	13,098
Adjustment to share capital	25	168,630	168,630	168,630
Total paid-in capital		181,728	181,728	181,728
Available-for-sale investments		5,384	1,740	-
Hedging reserve		(4,801)	(3,948)	(6,457)
Revaluation funds		6,044	6,044	-
Retained earnings	26	625,476	694,373	479,935
Equity attributable to owners of the parent		813,831	879,937	655,206
Non-controlling interests		634,870	626,615	876,792
Total equity		**1,448,701**	**1,506,552**	**1,531,998**
Total equity and liabilities		**3,079,651**	**2,949,120**	**2,649,433**

(*) Refer to Note 2.4

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

	Notes	2010	Restated (*) 2009
Sales, net	27	2,165,063	1,418,124
Cost of sales	28	(1,902,653)	(1,222,594)
Gross profit		**262,410**	**195,530**
General and administrative expenses	29	(126,636)	(84,062)
Marketing, selling and distribution expenses	30	(68,267)	(50,091)
Research and development expenses		(3,955)	(10,038)
Other operating income, net	31	48,121	231,687
Operating profit		**111,673**	**283,026**
Share of profit from associates	14	4,098	11,724
Financial expenses, net	32	(22,763)	(1,725)
Profit before income tax		**93,008**	**293,025**
Income tax expense	23	(28,170)	(25,584)
Profit for the year		**64,838**	**267,441**
Other comprehensive income/(loss):			
Cash flow hedges		(853)	353
Available-for-sale financial assets		3,644	1,740
Total comprehensive income for the year		**67,629**	**269,534**
Profit attributable to:			
Owners of the parent		21,740	187,235
Non-controlling interests		43,098	80,206
Total		**64,838**	**267,441**
Total comprehensive income attributable to:			
Owners of the parent		24,531	189,328
Non-controlling interests		43,098	80,206
Total		**67,629**	**269,534**

(*) Refer to Note 2.4

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

	Attributable to owners of the parent								
	Share capital	Adjustment to share capital	Available-for-sale investments	Hedging reserve	Revaluation funds	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2009 (as previously reported)	**13,098**	**163,143**	**-**	**-**	**-**	**537,269**	**713,510**	**940,931**	**1,654,441**
Effect of restatements (Note 2.4)	-	5,487	-	(6,457)	-	(57,334)	(58,304)	(64,139)	(122,443)
Balance at 1 January 2009 (restated)	**13,098**	**168,630**	**-**	**(6,457)**	**-**	**479,935**	**655,206**	**876,792**	**1,531,998**
Changes in consolidation scope (Note 2.2)	-	-	-	2,156	6,044	27,203	35,403	(326,718)	(291,315)
Dividends paid	-	-	-	-	-	-	-	(3,665)	(3,665)
Total comprehensive income for the year (restated)	-	-	1,740	353	-	187,235	189,328	80,206	269,534
Balance at 31 December 2009 (restated)	**13,098**	**168,630**	**1,740**	**(3,948)**	**6,044**	**694,373**	**879,937**	**626,615**	**1,506,552**
Balance at 1 January 2010 (as previously reported)	**13,098**	**163,143**	**1,740**	**-**	**-**	**732,588**	**910,569**	**621,128**	**1,531,697**
Effect of restatements (Note 2.4)	-	5,487	-	(3,948)	6,044	(38,215)	(30,632)	5,487	(25,145)
Balance at 1 January 2010 (restated)	**13,098**	**168,630**	**1,740**	**(3,948)**	**6,044**	**694,373**	**879,937**	**626,615**	**1,506,552**
Changes in consolidation scope (Note 2.2)	-	-	-	-	-	(66,237)	(66,237)	(18,860)	(85,097)
Dividends paid	-	-	-	-	-	(24,400)	(24,400)	(15,983)	(40,383)
Total comprehensive income for the year			3,644	(853)	-	21,740	24,531	43,098	67,629
Balance at 31 December 2010	**13,098**	**168,630**	**5,384**	**(4,801)**	**6,044**	**625,476**	**813,831**	**634,870**	**1,448,701**

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

	Notes	2010	Restated (*) 2009
Profit before income tax		**93,008**	**293,025**
Adjustments for:			
Depreciation and amortisation	15, 16, 17	87,325	75,282
Provision for employee benefits	24	11,944	4,152
Actuarial losses	24	1,179	1,026
Interest expenses	32	37,028	42,844
Interest income	32	(31,883)	(11,783)
Provision for/(reversal of) impairment of inventories, net	12	(2,578)	3,567
Provision for/(reversal of) impairment of receivables, net	9	(6,844)	36,992
Share of profit from associates	14	(4,098)	(11,724)
Gain on sale of share in subsidiary	31	-	(155,329)
Net cash generated from operating activities before changes in working capital		**185,081**	**278,052**
Changes in working capital:			
Restricted cash		(4,634)	(1,402)
Decrease in trade receivables		43,972	51,649
Decrease/(increase) in due from related parties		122,585	(59,296)
Increase in inventories		(63,070)	(1,507)
Decrease/(increase) in financial assets		6,394	(31,080)
Decrease/(increase)in other assets		60,114	(80,574)
(Decrease)/increase in trade payables		(28,666)	128,880
Increase in due to related parties		37,120	19,792
(Decrease)/increase in derivative financial instruments		1,416	(3,712)
Increase in other liabilities		81,294	26,261
Employment termination benefits paid	24	(11,441)	(2,713)
Income taxes paid		(28,652)	(43,958)
Net cash generated from operating activities		**401,513**	**280,392**
Investment activities:			
Purchases of property, plant and equipment and intangible assets	16, 17	(299,683)	(317,914)
Purchases of investment property	15	(64,308)	(145,056)
Proceeds from sale of property, plant and equipment and intangible assets	16, 17	5,050	64,435
Proceeds from sale of investment property	15	8,395	17,561
(Increase)/decrease in financial investments		(20)	704
Change in effective interest in joint venture	2	(85,097)	-
Acquisition of joint venture		(83,378)	(182,491)
Sale of share in subsidiary		-	249,176
Dividends received	14	3,992	5,358
Interest received		31,268	17,501
Net cash used in investing activities		**(483,781)**	**(290,726)**
Financing activities:			
Proceeds from borrowings		289,228	108,711
Repayment of borrowings		(126,072)	(31,250)
Change in revolving borrowings		14,055	(36,618)
Dividend paid to owners of the parent		(24,400)	-
Dividend paid to non-controlling interests		(15,983)	(3,665)
Hedging reserve		(1,066)	441
Interest paid		(32,677)	(30,089)
Net cash generated from financing activities		**103,085**	**7,530**
Net increase/(decrease) in cash and cash equivalents		20,817	(2,804)
Cash and cash equivalents at beginning of year	**8**	**240,480**	**243,284**
Cash and cash equivalents at end of year	**8**	**261,297**	**240,480**

(*) Refer to Note 2.4

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2010

(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 1-ORGANISATION AND NATURE OF OPERATIONS

Akkök Sanayi Yatırım ve Geliştirme A.Ş. ("Akkök") was established in 1979.

Akkök and its subsidiaries, joint ventures and associates (together "the Group") mainly operate in the chemicals, energy, real estate and textile sectors and engage in manufacturing of all kinds of raw materials, auxiliary materials and intermediate substances, artificial, synthetic and natural fibres, carbon fibres, filament and polymers, and any equipment, machinery or spare parts used in the production, processing or storage of these, importing and exporting, establishment of domestic, foreign and international branches, marketing and trading, establishment and start-up and rental of energy generation plant, electricity generation and sale of generated electricity or capacity to customers and purchase and sale of or investing in real estate properties. Akkök has also shareholdings in restaurant management, marketing, air transport, port management, information technology, insurance agency and tourism companies.

The Group's ultimate parents are A.R.D Holding A.Ş., N.D.Ç Holding A.Ş. and Atlantik Holding A.Ş., which are being controlled by Dinçkök family (Note 25).

Akkök Sanayi Yatırım ve Geliştirme A.Ş. is registered in Turkey and the address of the registered office is as follows:

Miralay Şefik Bey Sokak
No: 15 Akhan
Gümüşsuyu 34437 Istanbul

Subsidiaries

The subsidiaries of Akkök, the countries they are registered in, the nature of their businesses together with reportable segments are as follows:

Subsidiaries	Registered country	Nature of business	Reportable segment
Akiş Gayrimenkul Yatırımı A.Ş.	Turkey	Real estate development	Real estate
GAC Gayrimenkul Yatırımı A.Ş. ("GAC")	Turkey	Real estate development	Real estate
Ak-Kim Kimya Sanayi ve Ticaret A.Ş.	Turkey	Chemicals	Chemicals
Akmeltem Poliüretan Sanayi ve Ticaret A.Ş.	Turkey	Chemicals	Chemicals
Aksa Akrilik Kimya Sanayii A.Ş. ("Aksa")	Turkey	Chemicals	Chemicals
Ak-Tem Uluslararası Mümessillik ve Ticaret A.Ş.	Turkey	Chemicals	Chemicals
Ak-Al Tekstil Sanayii A.Ş.	Turkey	Textile	Textile
Ak-Tops Tekstil Sanayi A.Ş.	Turkey	Textile	Textile
Çerkezköy Tekstil Sanayi ve Ticaret A.Ş.	Turkey	Textile	Textile
İstasyon Tekstil ve Sanayi Ticaret A.Ş.	Turkey	Textile	Textile
Akdepo Lojistik ve Dış Ticaret A.Ş.	Turkey	Tourism	Other
Ak Havacılık ve Ulaştırma Hizmetleri A.Ş.	Turkey	Air transport	Other
Akmerkez Lokantacılık Gıda Sanayi ve Ticaret A.Ş.	Turkey	Restaurant management	Other
Ak-Pa Tekstil İhracat Pazarlama A.Ş.	Turkey	International trade	Other
Akport Tekirdağ Liman İşletmeleri A.Ş.	Turkey	Port management	Other
Aktek Bilgi İletişim Teknolojisi San. ve Tic. A.Ş.	Turkey	Information technologies	Other
Ariş Sanayi ve Ticaret A.Ş.	Turkey	Trade	Other
Dinkal Sigorta Acenteliği A.Ş.	Turkey	Insurance agency	Other
Zeytinliada Turizm ve Ticaret A.Ş.	Turkey	Tourism	Other

Standalone financial statements of Akkök are classified in "Other" reportable segment (Note 34).

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2010

(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

Joint ventures

The joint ventures of Akkök, the countries they are registered in, the nature of their businesses together with reportable segments and joint venture partners are as follows:

Joint ventures	Registered country	Nature of business	Reportable segment	Joint venture partner
Ak-El Yalova Elektrik A.Ş.	Turkey	Energy	Energy	CEZ a.s.
Akcez Enerji Yatırımlar Sanayi ve Ticaret A.Ş. ("Akcez")	Turkey	Energy	Energy	CEZ a.s.
Akka Elektrik Üretim A.Ş.	Turkey	Energy	Energy	CEZ a.s.
Akenerji Doğalgaz İthalat İhracat ve Toptan Ticaret A.Ş.	Turkey	Energy	Energy	CEZ a.s.
Akenerji Elektrik Enerjisi İthalat-İhracat ve				
Toptan Ticaret A.Ş.	Turkey	Energy	Energy	CEZ a.s.
Akenerji Elektrik Üretim A.Ş. ("Akenerji")	Turkey	Energy	Energy	CEZ a.s.
Akkur Enerji Üretim Tic. ve San. A.Ş.	Turkey	Energy	Energy	CEZ a.s.
Egemer Elektrik Üretim A.Ş.	Turkey	Energy	Energy	CEZ a.s.
İçkale Enerji Elektrik Üretim Ticaret A.Ş.	Turkey	Energy	Energy	CEZ a.s.
Mem Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş.	Turkey	Energy	Energy	CEZ a.s.
Sakarya Elektrik Dağıtım A.Ş.	Turkey	Energy	Energy	CEZ a.s.
Akfil Holding A.Ş. ("Akfil Holding")	Turkey	Holding	Real estate	Garanti Koza İnşaat

Associates

The associates of Akkök, the countries they are registered in, the nature of their businesses together with reportable segments are as follows:

Associates	Registered country	Nature of business	Reportable segment
Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş.	Turkey	Real estate development	Real estate
Garanti Koza-Akiş Adi Ortaklığı	Turkey	Real estate development	Real estate
Saf Gayrimenkul Geliştirme İnşaat ve Ticaret A.Ş.	Turkey	Real estate development	Real estate

Financial investments

The financial investments of Akkök, the countries they are registered in, the nature of their businesses together with reportable segments are as follows:

Financial investments	Registered country	Nature of business	Reportable segment
Akhan Bakım Yön. Ser. Hiz. Tic. A.Ş.	Turkey	Service	Other
Aksu Textiles E.A.D.	Bulgaria	Textile	Textile
Üçgen Bakım ve Yönetim Hizmetleri A.Ş.	Turkey	Service	Other
Aken B.V.	Holland	Investment	Other
Aksa Egypt Acyrlic Fiber Industrie SAE ("Aksa Egypt")	Egypt	Textile	Textile
Fitco B.V.	Holland	Investment	Other
Akgirişim Kimya ve Ticaret A.Ş.	Turkey	Chemicals	Chemicals
Akdünya Eğitim Eğlence Sanat Yat. ve Dış Ticaret A.Ş.	Turkey	Entertainment centre	Other

NOTE 2-BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations.

Akkök and its subsidiaries, joint ventures and associates registered in Turkey maintain their accounting records and prepare their statutory accounting reports in Turkish Lira ("TL") in accordance with the Turkish Commercial Code (the "TCC"), tax legislation and the Turkish Uniform Chart of Accounts issued by the Ministry of Finance (collectively referred to as "Turkish statutory accounts" or "local GAAP"). These consolidated financial statements are prepared under the historical cost convention, adjusted, where required by IFRS, to measure certain items at fair value.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2.2 Principles of consolidation

The significant accounting policies used during the preparation of these consolidated financial statements are summarised below:

a) The consolidated financial statements include the accounts of the parent company, Akkök, its subsidiaries, joint ventures and associates on the basis set out in sections (b) to (f) below. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements, and are prepared in accordance with IFRS as explained in Note 2.1. The results of operations of subsidiaries, joint ventures and associates are included or excluded in these consolidated financial statements subsequent to the date of acquisition or date of sale respectively.

b) Subsidiaries are companies in which Akkök has power to control the financial and operating policies for the benefit of Akkök either (a) through the power to exercise more than 50% of voting rights relating to shares in the companies as a result of shares owned directly and indirectly by itself and/or as a result of agreements by certain Dinçkök Family members and companies owned by them whereby Akkök exercises control over the ownership interest of the shares held by them; or (b) although not having the power to exercise more than 50% of the voting rights, through the exercise of actual dominant influence over the financial and operating policies. Proportion of ownership interest represents the effective shareholding of the Group through the shares held by Akkök and indirectly by its subsidiaries. In the consolidated financial statements, interests owned by Dinçkök family members are treated as non-controlling interests.

The balance sheets and statements of income of the subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by the Akkök and its subsidiaries is eliminated against the related equity. Intercompany transactions and balances between Akkök and its subsidiaries are eliminated on consolidation. The cost of, and the dividends arising from, shares held by Akkök in its subsidiaries are eliminated from equity and income for the period, respectively.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2010

(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

The table below sets out the proportion of voting power held by Akkök and its subsidiaries and effective ownership interests at 31 December 2010 and 2009:

	Proportion of voting power held by Akkök and its subsidiaries (%) (*)		Proportion of voting power held by Dinçkök family and related shareholders (%) (**)		Total voting power held		Proportion of effective interest (%) (***)	
Subsidiaries	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Ak Havacılık ve Ulaştırma Hizmetleri A.Ş.	100.00	100.00	-	-	100.00	100.00	100.00	100.00
Ak-Al Tekstil Sanayii A.Ş.	52.71	52.71	8.35	8.35	61.06	61.06	52.51	52.51
Ak-Kim Kimya Sanayi ve Ticaret A.Ş.	42.00	42.00	28.50	28.50	70.50	70.50	42.00	42.00
Akmeltem Poliüretan Sanayi ve Ticaret A.Ş.	50.00	50.00	3.33	3.33	53.33	53.33	50.00	50.00
Akmerkez Lokantacılık Gıda Sanayi ve Ticaret A.Ş.	43.75	43.75	-	-	43.75	43.75	43.75	43.75
Ak-Pa Tekstil İhracat Pazarlama A.Ş.	84.69	84.69	7.50	7.50	92.19	92.19	76.55	76.55
Akport Tekirdağ Liman İşletmeleri A.Ş.	76.25	76.25	23.69	23.69	99.94	99.94	76.25	76.25
Aksa Akrilik Kimya Sanayii A.Ş.	39.59	39.59	18.72	18.72	58.31	58.31	39.59	39.59
Ak-Tem Uluslararası Mümessillik ve Ticaret A.Ş.	75.05	75.05	0.10	0.10	75.15	75.15	31.52	31.52
Ak-Tops Tekstil Sanayi A.Ş.	60.00	60.00	40.00	40.00	100.00	100.00	23.75	23.75
Ariş Sanayi ve Ticaret A.Ş.	43.37	43.37	56.63	56.63	100.00	100.00	43.37	43.37
Dinkal Sigorta Acenteliği A.Ş.	96.66	96.66	3.34	3.34	100.00	100.00	95.53	95.53
Akdepo Lojistik ve Dış Ticaret A.Ş.	89.61	89.61	9.27	9.27	98.88	98.88	89.61	89.61
Zeytinliada Turizm ve Ticaret A.Ş.	89.61	89.61	9.27	9.27	98.88	98.88	89.61	89.61
İstasyon Tekstil ve Sanayi Ticaret A.Ş.	43.37	43.37	56.62	56.62	99.99	99.99	43.37	43.37
Akiş Gayrimenkul Yatırımı A.Ş.	20.00	20.00	80.00	80.00	100.00	100.00	20.00	20.00
GAC Gayrimenkul Yatırımı A.Ş.	100.00	100.00	-	-	100.00	100.00	20.00	20.00
Aktek Bilgi İletişim Teknolojisi San. ve Tic. A.Ş.	20.00	20.00	80.00	80.00	100.00	100.00	20.00	20.00
Çerkezköy Tekstil Sanayi ve Ticaret A.Ş.	43.37	43.37	56.62	56.62	99.99	99.99	43.37	43.37

(*) Represents total direct ownership interest held by Akkök and its subsidiaries.
(**) Represents total direct ownership interest held by Dinçkök family and related shareholders. Majority of these shareholders declared their intention to exercise their voting power in favour of Akkök.
(***) Represents total direct and indirect ownership interest held by Akkök.

c) Joint ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by Akkök and one or more other parties. Akkök exercises such joint control through direct and indirect ownership interest held by itself or through voting power held by Dinçkök family and related shareholders majority of whom declared their intention to exercise their voting power in favour of Akkök. The Group's interest in joint ventures is accounted for by way of proportionate consolidation. By this method, the Group includes its share of the assets, liabilities, income and expenses of each joint venture in the relevant components of the financial statements (Note 7). The table below sets out the joint-ventures, the proportion of voting power held by Akkök and its subsidiaries and effective ownership interests at 31 December 2010 and 2009:

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	Proportion of voting power held by Dinçkök family and related shareholders (%)		Proportion of effective interest (%)	
Joint-ventures	**2010**	**2009**	**2010**	**2009**
Ak-El Yalova Elektrik A.Ş.	9.93	9.93	20.43	20.43
Akenerji Elektrik Üretim A.Ş.	16.93	16.93	20.43	20.43
Ak Enerji Elektrik Enerjisi İthalat-İhracat ve Toptan Ticaret A.Ş.	10.00	10.00	20.43	20.43
Akkur Enerji Üretim Tic, ve San, A.Ş.	1.00	1.00	20.43	20.43
Mem Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş.	1.00	1.00	20.43	20.43
Akka Elektrik Üretim A.Ş.	10.00	10.00	20.43	20.43
Akcez Enerji Yatırımları Sanayi ve Ticaret A.Ş.	-	-	36.69	36.69
Akfil Holding A.Ş.	5.00	-	45.00	22.55
Sakarya Elektrik Dağıtım A.Ş.	-	-	36.69	36.69
Egemer Elektrik Üretim A.Ş.	-	-	20.43	20.43
İçkale Enerji Elektrik Üretim Ticaret A.Ş.	0.01	-	20.43	-
Akenerji Doğalgaz İthalat İhracat ve Toptan Ticaret A.Ş.	0.01	-	20.43	-

d) Investments in associated undertakings are accounted for using the equity method of accounting (Note 14). These are undertakings, over which the Group generally has between 20% and 50% of the voting rights; which Akkök and its subsidiaries own by means of the voting rights they have or over which the Group has significant influence, but no controlling power. Unrealised gains on transactions between the Group and its associated undertakings are eliminated to the extent of the Group's interest in the associated undertakings; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Equity accounting is discontinued when the carrying amount of the investment in an associated undertaking reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associated undertaking or significant influence of the Group ceases. The carrying amount of the investment at the date when significant influence ceases is regarded as cost thereafter. The table below sets out the associates accounted for using the equity method of accounting, the proportion of voting power held by Akkök and its subsidiaries and effective ownership interests at 31 December 2010 and 2009:

	Proportion of voting power held by Akkök and its subsidiaries (%)		Proportion of voting power held by Dinçkök family and related shareholders (%)		Total voting power held		Proportion of effective interest (%)	
Associates	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş. ("Akmerkez")	13.13	13.13	9.17	9.17	22.30	22.30	13.13	13.13
Saf Gayrimenkul Geliştirme İnşaat ve Ticaret A.Ş.	7.00	7.00	28.00	28.00	35.00	35.00	1.40	1.40
Garanti Koza-Akiş Adi Ortaklığı	25.00	25.00	-	-	25.00	25.00	5.00	5.00

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e) Other investments in which the Group and its subsidiaries have interest below 20%, or over which the Group does not exercise a significant influence, or which are immaterial, are classified as available-for-sale. Available-for-sale investments that do not have a quoted market price in active markets and whose fair value cannot be measured reliably are carried at cost less any provision for diminution in value (Note 13).

	Proportion of voting power held by Akkök and its subsidiaries (%)		Proportion of voting power held by Dinçkök family and related shareholders (%)		Proportion of effective interest (%)	
Financial investments	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Akhan Bakım Yön. Ser. Hiz. Tic. A.Ş.	99.00	99.00	0.30	0.30	99.00	99.00
Aksu Textiles E.A.D.	100.00	100.00	-	-	52.51	52.51
Üçgen Bakım ve Yönetim Hizmetleri A.Ş.	39.37	39.37	-	-	39.37	39.37
Aken B.V.	100.00	100.00	-	-	20.43	20.43
Aksa Egypt Acyrlic Fiber Industrie S.A.E.	100.00	100.00	-	-	39.69	39.69
Fitco B.V.	10000	100.00	-		39.59	39.59
Akgirişim Kimya ve Ticaret A.Ş.	98.00	98.00	2.00	2.00	39.76	39.76
Akdünya Eğitim Eğlence Sanat Yatırımları ve Dış Ticaret A.Ş.	50.00	50.00	-	-	10.00	10.00

f) The portion of the profit or loss and net assets of subsidiaries attributable to equity interests that are not owned, directly or indirectly through the subsidiaries, by the parents, is presented as non-controlling interest.

Changes in consolidation scope

2010

Purchase of Akfil Holding shares

On 15 July 2010 and 2 August 2010, 49.93% of the shares in Akfil Holding, a joint venture of the Group as of 1 January 2010, were purchased by Akkoza Gayrimenkul Yatırım A.Ş., a joint venture of the Group as of 1 January 2010, amounting to TL 189,103. After purchase of shares, 100% shares of Akfil Holding started to be controlled by Akkoza Gayrimenkul Yatırım A.Ş. At 29 November 2010 Akkoza Gayrimenkul Yatırım A.Ş. and Akfil Holding was merged. As a result of the purchase transaction, retained earnings and non-controlling interests were reduced by TL 66,237 and TL 18,860, respectively.

2009

Sale of Akenerji shares

On 14 May 2009, 37.36% of the shares in Akenerji Elektrik Üretim A.Ş., a joint venture of the Group as of 1 January 2009, were purchased by CEZ a.s. amounting to USD 302,627,424 (20.43% of the total shares were purchased from Akkök). Gain on sale of shares arising from this transaction amounted to TL 155,329. As a result of this transaction, hedging reserve and retained earnings increased by TL 2,156 and TL 27,203, respectively, and non-controlling interests decreased by TL 326,718.

Purchase of GAC shares

On 24 December 2009, 75% of the shares in GAC Gayrimenkul Yatırım A.Ş., an associate of the Group as of 1 January 2009, were purchased by Akiş Gayrimenkul Yatırım A.Ş., a subsidiary of the Group, amounting to TL 37,541. Following this transaction, GAC Gayrimenkul Yatırım A.Ş. has been classified as subsidiary by the Group and land, which is classified as investment property and revaluation funds increased by TL 24,136 and TL 6,044, respectively.

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2.3 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the consolidated balance sheet when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.4 Comparative information and restatement of prior year financial statements

The consolidated financial statements of the Group are prepared comparatively to enable the determination of the trends of the financial position and performance. The Group presented the consolidated balance sheet at 31 December 2010 comparatively with the consolidated balance sheet at 31 December 2009 and presented the consolidated statements of comprehensive income, cash flows and changes in equity for the year ended 31 December 2010 comparatively with such financial statements for the year ended 31 December 2009.

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current period.

The Group has detected errors in the previous year’s consolidated financial statements and corrected them retrospectively in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”. In accordance with IAS 1 (Revised) “Presentation of Financial Statements”, when the financial statements are subject to a restatement of prior year financial statements, an entity should present three statements of financial position. Accordingly, the Group presented the consolidated balance sheet as of 31 December 2010 comparatively with the restated consolidated balance sheets prepared as of 31 December 2009 and 2008. At 31 December 2009 and 2008, the effect of these corrections on adjustment to share capital, retained earnings, hedging reserve, net income for the period, non-controlling interests and total comprehensive income in the accompanying consolidated financial statements are as follows:

	Attributable to owners of the parent				
	Adjustment to share capital	Revaluation funds	Hedging reserve	Retained earnings	Non-controlling interest
31 December 2008 (as previously reported)	**163,143**	**-**	**-**	**537,269**	**940,931**
Effect of restatement of property, plant and equipment (a)	-	-	-	(51,834)	(35,821)
Effect of restatement of rental contracts (b)	-	-	-	(14,414)	(4,505)
Effect of restatement of investment property (c)	-	-	-	6,477	25,908
Effect of restatement of capitalised borrowing costs (d)	-	-	-	(4,275)	(6,522)
Effect of restatement of government grants (e)	-	-	-	(1,867)	(2,849)
Other (d)	5,487	(6,457)	-	8,579	(40,350)
31 December 2008 (restated)	**168,630**	**(6,457)**	**-**	**479,935**	**876,792**

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	Attributable to owners of the parent					
	Adjustment to share capital	Revaluation funds	Hedging reserve	Retained earnings	Net income for the year	Non-controlling interest
31December 2009 (as previously reported)	**163,143**	**-**	**-**	**549,761**	**182,827**	**621,128**
Effect of restatement of property, plant and equipment (a)	-	-	-	(17,907)	4,994	-
Effect of restatement of rental contracts (b)	-	-	-	(14,414)	1,623	(3,999)
Effect of restatement of investment property	-	6,044	-	6,478	3,904	41,524
Effect of restatement of capitalised borrowing costs (d)	-	-	-	(4,275)	-	(6,522)
Effect of restatement of government grants (e)	-	-	-	(1,868)	(4,237)	(9,317)
Other (d)	5,487		(3,948)	(10,637)	(1,876)	(16,199)
31 December 2009 (restated)	**168,630**	**6,044**	**(3,948)**	**507,138**	**187,235**	**626,615**

a) Restatement of property, plant and equipment:

The effect of this restatement as of 1 January 2009 was to decrease retained earnings and non-controlling interests by TL 51,834 and TL 35,821, respectively (property, plant and equipment and deferred income tax liabilities decreased by TL 109,569 and TL 21,914, respectively). The effect of this restatement on the consolidated financial statements for the years ended 31 December 2009 and 2008 was as follows:

Effect on consolidated balance sheet:	**2009**	**2008**
Decrease in property, plant and equipment	(16,142)	(109,569)
Decrease in deferred income tax liabilities	3,229	21,914
Decrease in equity, net	**(12,913)**	**(87,655)**

Effect on consolidated statement of comprehensive income:	**2009**
Decrease in cost of sales	6,242
Increase in deferred income tax expenses (-)	(1,248)
Increase in total comprehensive income	**4,994**

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b) Restatement of rental contracts:

The effect of this restatement as of 1 January 2009 was to decrease retained earnings and non-controlling interests by TL 14,414 and TL 4,505, respectively (other current liabilities increased by TL 18,919). Since the Group does not expect to utilise tax losses arising from this restatement, no deferred income tax asset was recognised. The effect of this restatement on the consolidated financial statements for the years ended 31 December 2009 and 2008 was as follows:

Effect on consolidated balance sheet:	**2009**	**2008**
Increase in other current liabilities (-)	(16,790)	(18,919)
Decrease in equity, net	**(16,790)**	**(18,919)**

Effect on consolidated statement of comprehensive income:	**2009**
Decrease in cost of sales	2,129
Increase in total comprehensive income	**2,129**

c) Restatement of investment property:

The effect of this restatement as of 1 January 2009 was to increase retained earnings and non-controlling interests by TL 6,477 and TL 25,908, respectively (investment property and deferred income tax liabilities increased by TL 34,090 and TL 1,705, respectively). The effect of this restatement on the consolidated financial statements for the years ended 31 December 2009 and 2008 was as follows:

Effect on consolidated balance sheet:	**2009**	**2008**
Increase in investment property	62,115	34,090
Decrease in deferred income tax liabilities	(4,165)	(1,705)
Decrease in equity, net	**57,950**	**32,385**

Effect on consolidated statement of comprehensive income:	**2009**
Increase other operating income	24,401
Increase in revaluation funds	6,044
Increase in deferred income tax expense (-)	(4,880)
Increase in total comprehensive income	**25,565**

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d) Restatement of capitalised borrowing costs:

The effect of this restatement as of 1 January 2009 was to decrease retained earnings and non-controlling interests by TL 4,275 and TL 6,522, respectively (property, plant and equipment and deferred income tax liabilities decreased by TL13,496 and TL 2,699, respectively). The effect of this restatement on the statement of comprehensive income has not been presented in 2009 on the grounds of materiality. The effect of this restatement on the consolidated financial statements for the years ended 31 December 2009 and 2008 was as follows:

Effect on consolidated balance sheet:	**2009**	**2008**
Decrease in property, plant and equipment	(13,496)	(13,496)
Decrease in deferred income tax liabilities	2,699	2,699
Decrease in equity, net	**(10,797)**	**(10,797)**

e) Restatement of government grants:

The effect of this restatement as of 1 January 2009 was to decrease retained earnings and non-controlling interests by TL1,867 and TL 2,849, respectively (other current liabilities and other non-current liabilities increased by TL 278 and TL4,438, respectively). As the Group recorded these grants in equity and will use them to increase capital in statutory financials as permitted by the Turkish Tax Legislation, this restatement has no impact on deferred income taxes. The effect of this restatement on the consolidated financial statements for the years ended 31 December 2009 and 2008 was as follows:

	2009	**2008**
Effect on consolidated balance sheet:		
Increase in other current liabilities(-)	(522)	(278)
Increase in other non-current liabilities (-)	(14,900)	(4,438)
Decrease in equity, net	**(15,422)**	**(4,716)**

Effect on consolidated statement of comprehensive income:	**2009**
Decrease in other operating income	(10,706)
Decrease in total comprehensive income, net	**(10,706)**

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f) Other restatements:

The effect of other restatements on the consolidated financial statements for the years ended 31 December 2009 and 2008 was as follows:

Effect on consolidated balance sheet:	**2009**	**2008**
Increase in current assets	3,619	-
Decrease in non-current assets, net	(18,287)	(7,924)
Increase/(decrease) in current liabilities, net	2,801	(9,842)
Increase in non-current liabilities, net(-)	(15,306)	(14,975)
Decrease in equity	**(27,173)**	**(32,741)**

Effect on consolidated statement of comprehensive income:	**2009**
Increase in total comprehensive income, net	5,568
Increase in total comprehensive income, net	**5,568**

g) Other classifications:

In order to conform to presentation of balance sheet at 31 December 2010, the Group has performed reclassifications in the consolidated balance sheets at 31 December 2009 and 2008 and consolidated statement of comprehensive income for the year ended 31 December 2009. Such reclassifications are explained as follows:

i) Cheques received amounting to TL 13,358 and TL 20,943 recorded under cash and cash equivalents were reclassified to accounts receivable on the consolidated balance sheets as of 31 December 2009 and 2008, respectively.

ii) Non-current assets amounting to TL 102,921 recorded under property, plant and equipment was reclassified to investment property on the consolidated balance sheet as of 31 December 2009.

iii) Non-current assets amounting to TL 26,215 recorded under goodwill was reclassified to investment property on the consolidated balance sheet as of 31 December 2008.

iv) Non-current assets amounting to TL 58,020 and TL 26,490 recorded under intangible assets were reclassified to property, plant and equipment on the consolidated balance sheets as of 31 December 2009 and 2008, respectively.

v) Licences amounting to TL 36,759 recorded under goodwill were reclassified to intangible assets on the consolidated balance sheets as of 31 December 2009 and 2008.

vi) Non-current assets amounting to TL 156,176 recorded under goodwill was reclassified to intangible assets on the consolidated balance sheet as of 31 December 2009.

vii) Borrowings amounting to TL 43,441 recorded under short-term debts was reclassified to current portion of long-term debts on the consolidated balance sheet as of 31 December 2008

viii) Payables amounting to TL 88,059 recorded under short-term accounts payable was reclassified to other current liabilities on the consolidated balance sheet as of 31 December2009.

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ix) Deposits received amounting to TL 20,830 recorded under long-term accounts payable was reclassified to short-term accounts payable on the consolidated balance sheet as of 31 December 2009.

x) Payables amounting to TL 82,877 recorded under long-term accounts payable was reclassified to other non-current liabilities on the consolidated balance sheet as of 31 December 2009.

xi) Sales and cost of sales amounting to TL37,744 included in the consolidated statement of comprehensive income for the year ended 31 December 2009 were offset against each other.

xii) Expenses with regards to unused vacation rights amounting to TL 428 recorded under other operating expenses and expenses with regards to doubtful receivables amounting to TL 6,926 recorded under general and administrative expenses and TL 24,028 recorded under other operating expenses were reclassified to cost of sales on the consolidated statement of comprehensive income for the year ended 31 December 2009.

xiii) Expenses with regards to doubtful receivables amounting to TL 9,637 recorded under general and administrative expenses and TL 24,825 recorded under other operating expenses were reclassified to cost of sales on the consolidated statement of comprehensive income for the year ended 31 December 2009.

2.5 Changes in standards and interpretations

Standards, amendments and interpretations to existing standards that are effective as at 1 January 2010 and are relevant to the Group's operations:

- IFRS 3 (Revised), Business Combinations (effective for the reporting periods beginning on or after 1 July 2009);
- IAS 27 (Revised), Consolidated and Separate Financial Statements (effective for the reporting periods beginning on or after 1 July 2009);
- IAS 38 (Amendment), Intangible Assets (effective from 1 January 2010);
- IFRS 5 (Amendment), Non-current Assets Held for Sale and Discontinued Operations (effective for the reporting periods beginning on or after 1 January 2010);
- IAS 36 (Amendment), Impairment of Assets (effective from 1 January 2010);
- IAS 1 (Amendment), Presentation of financial statements (effective on 1 January 2010 or for annual periods beginning after 1 January 2010);

Standards, amendments and interpretations to existing standards that are effective as at 1 January 2010 and are not relevant to the Group's operations

- IFRIC 9, Re-assessment of Embedded Derivatives and IAS 39 (Revised), Financial Instruments: Recognition and Measurement (effective for the reporting periods beginning on or after 1 July 2009);
- IFRIC 16, Hedges of net investment in a foreign operation (effective from 1 July 2009);
- IFRS 2 (Amendment), Share Based Payment (effective for the reporting periods beginning on or after 1 January 2010);
- IFRIC 17, Distributions of Non-cash Assets to Owners (effective for the reporting periods beginning on or after 1 July 2009);
- IFRIC 18, Transfers of Assets from Customers (effective for the reporting periods beginning on or after 1 July 2009);

Standards, amendments and interpretations to existing standards those are not yet effective at 1 January 2010

- IFRS 9, Re-assessment of Embedded Derivatives (effective for the reporting periods beginning on or after 1 January 2013);
- IAS 24 Related party disclosure (effective for the reporting periods beginning on or after 1 January 2011);
- IAS 32 (Amendment), Financial Instruments: Presentation (effective for the reporting periods beginning on or after 1 February 2010);
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
- IFRIC 14 (Amendment) The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for the reporting periods beginning on or after 1 January 2011);

The impacts of the amendments mentioned above are evaluated and it is not expected to result in material impact on the Group's financial statements.

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NOTE 3-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Changes in accounting policies, accounting estimates and errors

Significant changes in accounting policies or significant errors are corrected, retrospectively; by restating the prior period consolidated financial statements (Note 2.4). The effect of changes in accounting estimates affecting the current period is recognised in the current period; the effect of changes in accounting estimates affecting current and future periods is recognised in the current and future periods.

3.2 Related parties

For the purpose of these consolidated financial statements, shareholders, key management personnel and Board members, in each case together with their families and companies controlled by or affiliated with them, associates and joint ventures are considered and referred to as related parties (Note 10).

3.3 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank deposits and highly liquid investments, whose maturity at the time of purchase is three months or less (Note 8).

3.4 Financial assets

Financial assets within the scope of IAS 39 "Financial instruments: Recognition and measurements" are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Group determines the classification of its financial assets on 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 recognised on the trade date, which is the date that the Group commits to purchase the asset. 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 market place.

As of 31 December 2010 and 2009 the Group does not have any financial assets at fair value through profit or loss.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available for sale financial assets

Available for sale financial assets are non-derivative financial assets that are designated as available for-sale or that are not classified in any of the three categories (a) loans and receivables, (b) held-to-maturity investments and (c) assets at fair value through profit or loss. A gain or loss on an available for-sale financial asset after initial recognition shall be recognised directly in equity, through the statement of changes in equity, except for impairment losses, dividend and interest gains, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in equity shall be recognised in profit or loss. If a fair value loss on an available-for-sale asset has been recognised directly in equity, and there is objective evidence that the asset is impaired, the cumulative loss that has been recognised directly in equity should be recycled into profit or loss even though the financial asset has not been sold.

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Available-for-sale financial assets are subsequently measured at fair value. Available-for-sale financial assets that are quoted in active markets are measured based on current bid prices. If the market for a financial asset is not active the fair value is determined by using valuation techniques such as discounted cash flow analysis and option pricing model (Note 13).

Subsidiaries excluded from the scope of consolidation

For investments as subsidiaries that are excluded from the scope of consolidation on the grounds of materiality where there is no quoted market price and where a reasonable estimate of fair value cannot be determined since other methods are inappropriate and unworkable, they are carried at cost less any impairment in value (Note 13).

3.5 Trade receivables

Trade receivables have a maturity range of 30-120 days and are recognised at original invoice amount and carried at amortised cost less an allowance for any uncollectible amounts. An estimate for doubtful debt is made when collection of the full amount is no longer probable. 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 allowance is an estimated amount which is difference between existing receivable and collectible amount. Collectible amount is the discounted value of trade receivables, all cash flows including collections from guarantees by using original effective interest rate. Bad debts are written off when identified (Note 9).

3.6 Trade payables

Trade payables consist of the amounts invoiced or not invoiced related with the realised material or service purchases, and are carried at amortised cost (Note 21).

3.7 Inventories

Inventories are valued at the lower of cost or net realisable value less costs to sell. Cost of inventories comprises the purchase cost and the cost of bringing inventories into their present location and condition. Cost is determined by the monthly moving weighted average method. The cost of borrowings is not included in the costs of inventories. Net realisable value less costs to sell is the estimated sales price in the ordinary course of business, less the estimated costs necessary to make the sale (Note 12).

3.8 Investment property

Land and buildings that are held in the production or supply of goods or services or for administrative purposes or for long-term rental yields or for capital appreciation or both rather than for the sale in the ordinary course of business are classified as "investment property". Investment properties are carried at cost less accumulated depreciation (except for land).

Investment properties are reviewed for possible impairment losses and where the carrying amount of the investment property is greater than the estimated recoverable amount, it is written down to its recoverable amount. Recoverable amount of the investment property is the higher of future net cash flows from the utilisation of this investment property or fair value less cost to sell.

Investment property in accordance with the principle of the straight-line method, useful lives are amortised. Land is not depreciated because it is an indefinite life for the estimated useful life for buildings is between 5 and 50 years.

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3.9 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. When assets are sold or retired, their costs and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the income statement.

The initial cost of property, plant and equipment comprises its purchase price, including import duties and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Depreciation is provided for property, plant and equipment on a straight-line basis (Note 16). Useful life and the depreciation method are constantly reviewed, and accordingly, parallels are sought between the depreciation method and the period and the useful life to be derived from the related asset. The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

	Years
Land improvements	2-50
Buildings	5-50
Machinery and equipment	3-40
Motor vehicles	4-10
Furniture and fixtures	2-49
Special costs	3-46

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the event of circumstances indicating that an impairment has occurred in the tangible assets, an inspection is performed for the purpose of determining a possible impairment, and if the registered value of the tangible asset is higher than its recoverable value, the registered value is reduced to its recoverable value by reserving a provision. The recoverable value is considered either the net cash flow to be caused by the current use of the respective tangible assets or the nest sales price, whichever is higher.

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with their restated carrying amounts and are included in the related income and expense accounts, as appropriate (Note 31).

Repairs and maintenance are charged to consolidated statement of comprehensive income during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset.

3.10 Intangible assets

Intangible assets acquired separately from a business are capitalised at cost. Intangible assets created within the business are not capitalised and expenditure is charged against profits in the year in which it is incurred. They are initially recognised at acquisition cost and amortised on a straight-line basis over their estimated useful lives. The depreciation period for the intangibles capitalised in relation with the new models will be started after the production of these models is started. The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable (Note 17).

Amortisation period of intangible assets is as follows:

	Years
Rights	3-15
Distribution licence and customer relationships	2-27
Other licences	45-49

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Research and development expenses

Expenditures for research and development are expensed in the period incurred. Except with the following criteria for project expenditures are recorded as expense in the period incurred as well:

-The product or process is clearly defined and costs are separately identified and measured reliably,
-The technical feasibility of the product is demonstrated
-The product or process will be sold or used in-house
-A potential market exists for the product or its usefulness in case of internal use is demonstrated
-Adequate technical, financial and other resources required for completion of the project are available

The costs related to the development projects are capitalised when the criteria above are met and amortised on a straight-line basis over the useful lives of related projects (Note 17).

3.11 Revenue recognition

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenues are stated net of discounts, value added and sales taxes. Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably. Net sales are invoiced amounts of delivered goods excluding sales returns.

Electricity sales revenue is recognised on an accrual basis at the time the electricity is distributed. Revenues are recognised net of value added tax and discounts, if any. Connection fees received from customers are recognised in income in the period when the fees are received and classified under "other sales".

When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognised on an accrual basis as financial income.

Dividend income is recognised when the Group has the right to receive the dividend payment. Rent income is recognised in the financial statements when the Groups right to receive the monthly rent income is established.

Commission income is recognised when the intermediary goods have been billed by the seller.

The Group's electricity distribution business is a public-to-private service concession arrangement. The Company recognises a financial asset as it has an unconditional right to charge its subscribers at the direction of the grantor for the construction services made under the distribution business. The right to receive cash for the distribution services is constituted through actual billing to subscribers where the distribution component of the billing is already specified or determinable through the distribution tariffs regulated by the Energy Market Regulatory Authority ("EMRA"). When the yearly actual cash collection for the distribution services differ from pre-determined distribution revenue ceilings announced by EMRA the deviation amount is adjusted by the EMRA through revisions of future tariffs.

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

Other operating income

Interest income is recognised using the effective interest rate until maturity and considering the effective interest rate.

Financial Income

Rent income of rental real estate is recognised on accruals basis. Rent discounts provided are recognised in the period in which they occur.

3.12 Bank borrowings

All bank borrowings are initially recognised at cost, being the fair value of the consideration received net of issue cost associated with the borrowing. After initial recognition, bank borrowings are subsequently measured at amortised cost using the effective yield method. Amortised cost is calculated by taking into account any issue cost and any discount or premium on settlement (Note 20).

3.13 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, one that takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale.

3.14 Employee benefits

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men).

Under the Turkish Labour Law, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees (Note 24).

The Group has an employee benefit plan called "Seniority Incentive Bonus" ("Bonus") which is paid to employees with a certain level of seniority. The Group accounts for this Bonus according to IAS 19, "Employee Benefits". Seniority incentive bonus provision which is disclosed within the employee termination benefit represents the present value of the estimated total reserve of the probable future obligations. (Note 24).

3.15 Current and deferred income tax

Tax expense or income is the aggregate of current income tax and deferred taxes which are based on the gains and losses for the period.

The corporation tax rate is 20% in Turkey. Corporation tax rate is applicable on the total income of the companies after adjusting for certain disallowable expenses, income tax exemptions (participation exemption, investment incentive exemption, etc.) and income tax deductions (for example research and development expenses deduction). No further tax is payable unless the profit is distributed.

Except for the dividends paid to non-resident corporations which have a representative office in Turkey or resident corporations, dividends are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax. Akmerkez, an associate of the Group, is exempt from corporate income tax.

Deferred income tax is provided for in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax liabilities are recognised for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

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Deferred income tax is provided on temporary differences arising on investments in subsidiaries and joint venture, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future (Note 23).

Deferred income tax assets and deferred income tax liabilities related to income taxes levied by the same taxation authority are offset accordingly, at individual entity level.

3.16 Events after the balance sheet date

The Group adjusts the amounts recognised in its financial statements to reflect the adjusting events after the balance sheet date. If non-adjusting events after the balance sheet date have material influence on the economic decisions of users of the financial statements, they are disclosed in the notes to the consolidated financial statements (Note 35).

3.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate (Note 32).

3.18 Contingent assets and liabilities

Contingent liabilities are not recognised in the financial statements, but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements, but disclosed when an inflow of economic benefits is probable.

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in financial tables and are treated as contingent assets or liabilities.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised. A contingent asset is disclosed where an inflow of economic benefit is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the financial statements of the period in which the change occurs (Note 32).

3.19 Offsetting

If the essence of the transaction and events requires offsetting, presentation of these transactions and events at their net values or following up of the assets at their amounts after the deduction of impairment, is not evaluated as a breach of the non-deductibility rule.

3.20 Business combinations

Business combinations are accounted in accordance with IFRS 3 "Business Combinations". Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. If the purchase amount is less than the fair value of provisions, contingent assets and liabilities, the subjected difference is identified with income statement (Note 6).

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group (the "Economic Entity Model"). Disposals to minority interests result in gains and losses for the Group that are recorded in the equity.

3.21 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition (Note 6, 18).

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The Group performs the goodwill impairment test at 31 December (Note 18). Impairment losses on goodwill could not be reversed.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold (Note 18).

3.22 Foreign currency transactions

Functional currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity. The consolidated financial statements are presented in Turkish Lira, which is the functional currency of Akkök.

Foreign currency transactions and balances

Income and expenses arising in foreign currencies have been translated into TL at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into TL at the exchange rates prevailing at the balance sheet dates. Exchange gains or losses arising from the settlement and translation of foreign currency items have been included in the consolidated statement of income.

3.23 Segment reporting

Operating segments are reported in a manner consistent with the reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

For an operating segment to be identified as a reportable segment, its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments; the absolute amount of its reported profit or loss is 10% or more of the combined profit or loss or its assets are 10% or more of the combined assets of all operating segments. Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

For the Group the reportable segments are, obligated to identify the segment information. Reportable segment, its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments; the absolute amount of its reported profit or loss is 10% or more of the combined profit or loss or its assets are 10% or more of the combined assets of all operating segments (Note 34).

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3.24 Derivative financial instruments

The Group's derivative financial instruments are composed of interest rate swap and forward foreign exchange purchase and sale transactions.

Since interest rate swap transactions ensure effective protection against risks for the Group and meet the conditions necessary for IAS 39 "Accounting of financial instruments" in terms of risk accounting, they are recognised as risk-oriented derivatives in the consolidated financial statements.

While forward foreign exchange purchase and sale transactions provide effective protection for the Group against risks, they are recognised as purchase-sale oriented derivative instruments in the financial statements since they meet the conditions necessary for IAS 39 "Accounting of financial instruments" in terms of risk accounting.

While the Group presents its income and losses relating to the hedging transactions defined as active, the profit or losses due to changes in the fair value of the derivative instruments, which are described as purchase-sale oriented, are correlated with the comprehensive income statement as income or expense.

3.25 Reporting of cash flows

Cash flows during the period are classified and reported by operating, investing and financing activities in the cash flow statements.

Cash flows from operating activities represent the cash flows of the Group generated from retailing activities. Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (fixed investments and financial investments).Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

Cash and cash equivalents comprise cash on hand and bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities equal or less than three months (Note 8).

3.26 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions. Government grants relating to costs are recognised in the income statement by deducting from research and development expenses. Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

3.27 Paid in share capital

The share capital through a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings (Note 25).

3.28 Leases

a) The Group as the lessee

Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease (Note 31).

b) The Group as the lessor

Finance leases

Assets held under a finance lease are presented in balance sheet as a receivable at an amount equal to the present value of lease payments. Interest income is determined over the term of the lease using the net investment period, which reflects a constant periodic rate of return and the deferred financial income on the transaction date is recognised as unearned finance income.

Operating leases

Assets leased out under operating leases are included in property, plant and equipment in the consolidated balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income is recognised in the consolidated income statement on a straight-line basis over the lease term (Note 33).

NOTE 4-CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements according to IFRS, necessitates the use of estimates and assumptions that affect asset and liability amounts reported as of the balance sheet date, explanations of contingent liabilities and assets; and income and expense amounts reported for the accounting period. Although these estimates and assumptions are based on all management information related to the events and transactions, actual results may differ from them. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities for the next reporting period are outlined below:

a) Net realisable value

Inventories are valued at the lower of cost or net realisable value. Net realisable value is the estimated sales price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale (Note 12).

b) Useful lives of property, plant and equipment and intangible assets

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. They are initially recognised at acquisition cost and amortised on a straight-line basis over their estimated useful lives. Useful lives of property, plant and equipment, rely on best estimates of management, these estimates are reviewed balance sheet dates and if necessary adjustments are made necessary (Note 16, 17).

c) Provision for doubtful receivables

In the event there is a situation which makes impossible for the Group to collect the amounts due payable, a provision for loss is created for the trade receivables. The amount of the provision is determined with the assessment of the payment performance of the customer and trade receivable aging. Provision for doubtful receivables is the accounting estimation that is based on the past payment performance and financial situations of the customers (Note 9).

d) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when reliable estimate can be made of the amount of the obligation (Note 33).

e) Income taxes

Subsidiaries, joint ventures and associates of the Group are subject to income tax and various tax legislations. The group performs the accounting of liabilities related to the taxes expected based on the assumption of whether additional tax will be paid or not. If the tax amount reached as a result of these is significantly different from the amount first entered to the book, these differences may affect the provision of income tax and deferred taxes related to that period (Note 23).

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f) Pension payments

The current value of pension payments is determined on an actuarial basis by using certain assumptions. These assumptions are used in determining the net income (expense) of pension obligations and include reduction rate. Any change in these assumptions affects the registered value of pension obligations.

g) Deferred income tax assets from carry-forward tax losses

Deferred income tax liabilities are recognised for all taxable temporary differences, where deferred income tax assets resulting from deductable temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised (Note 23).

h) Unbilled electricity sales

Electricity supplied to customers, which is not yet billed, is recognised in revenues at estimated amounts. The estimate of total unbilled electricity balance is calculated by extrapolation of consumption in the last measured period for individual locations (Note 27).

NOTE 5-NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS

Financial risk factors

The Groups principal financial instruments are cash and cash equivalents, trade receivables and financial liabilities. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations. The main risks arising from the Group's financial instruments are liquidity risk, foreign currency risk and credit risk. The Group management reviews and agrees policies for managing each of the risks as summarised below.

5.1 Foreign currency risk

The Group is exposed to foreign exchange risk arising from the ownership of foreign currency denominated assets and liabilities with sales or purchase commitments. The policy of the Group is to analyse every foreign currency type on a position basis.

Foreign currency position table denominated in Turkish Lira as of 31 December 2010 and 31 December 2009 is as follows

	2010	**2009**
Assets	522,323	627,399
Liabilities	1,016,125	966,296
Net balance sheet position	**(493,802)**	**(338,897)**

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		2010		
	USD position	Euro position	Other foreign currency position	Total
Assets:				
Cash and cash equivalents	99,156	25,373	456	124,985
Accounts receivable	339,543	41,349	853	381,745
Other assets	8,094	7,425	74	15,593
Total assets	**446,793**	**74,147**	**1,383**	**522,323**
Liabilities:				
Short-term debt	328,340	27,934	-	356,274
Long-term debt	395,465	22,207	-	417,672
Accounts payable	138,190	6,521	609	145,320
Other liabilities	96,772	86	1	96,859
Total liabilities	**958,767**	**56,748**	**610**	**1,016,125**
Net foreign currency position	**(511,974)**	**17,399**	**773**	**(493,802)**

		2010		
	USD position	Euro position	Other foreign currency position	Total
Assets:				
Cash and cash equivalents	65,500	20,829	63	86,392
Accounts receivable	329,539	72,278	902	402,719
Other assets	121,027	16,433	828	138,288
Total assets	**516,066**	**109,540**	**1,793**	**627,399**
Liabilities:				
Short-term debt	213,297	24,015	-	237,312
Long-term debt	329,670	29,628	-	359,298
Accounts payable	293,997	7,703	28	301,728
Other liabilities	42,478	25,479	1	67,958
Total liabilities	**879,442**	**86,825**	**29**	**966,296**
Net foreign currency position	**(363,376)**	**22,715**	**1,764**	**(338,897)**

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The following table demonstrates the sensitivity to a possible change in the net position, on the Group's balance sheet as of 31 December 2010 and 2009:

2010	**Appreciation of foreign currency**	**Depreciation of foreign currency**
In case 10% appreciation of USD against TL		
USD net asset/(liability)	(51,197)	51,197
USD net effect-income/(expense)	**(51,197)**	**51,197**
In case 10% appreciation of Euro against TL		
Euro net asset/(liability)	1,740	(1,740)
Euro net effect-income/(expense)	**1,740**	**(1,740)**

2009	**Appreciation of foreign currency**	**Depreciation of foreign currency**
In case 10% appreciation of USD against TL		
USD net asset/(liability)	(36,338)	36,338
USD net effect-income/(expense)	**(36,338)**	**36,338**
In case 10% appreciation of Euro against TL		
Euro net asset/(liability)	2,272	(2,272)
Euro net effect-income/(expense)	**2,272**	**(2,272)**

5.2 Price risk

The Group is exposed to price risk as a result of available-for-sale financial assets. In order to mitigate this risk the Group diversifies its portfolio in accordance with the limits set by management. Operational profitability and cash generated from operations are affected from competition and raw material prices in the industries the Group operates. In order to mitigate that risk Group management periodically evaluates inventory levels and takes reformatory measures on costs to minimise the pressure of costs on prices.

5.3 Interest rate risk

The Company is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. These exposures are managed by offsetting interest rate sensitive assets and liabilities and using derivative instruments when considered necessary

Borrowings issued at floating rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rate expose the Group to fair value interest rate risk. As of 31 December 2010 and 2009, the Group's borrowings at floating rates are mainly denominated in USD and Euro.

At 31 December 2010, if interest rates on USD denominated borrowings had been higher/lower by 1 base point with all other variables held constant, profit before income taxes would have been TL 3,480 (2009: TL 3,114) higher/lower, mainly as a result of high interest expense on floating rate borrowings.

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5.4 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 the counterparties. It is the Group policy that all customers who wish to trade on credit terms are subject to credit monitoring procedures and the Group also obtains collaterals from customers when appropriate. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Trade receivables are evaluated by management based on their past experiences and current economic condition, and are presented in financial statements net of provision for doubtful receivables (Note 9).

Credit risk of financial instruments at 31 December 2010 is as follows:

	Trade receivables		Other receivables		Bank deposits	
2010	**Related party**	**Other**	**Related party**	**Other**	**Related party**	**Other**
Maximum credit risk exposure as of the reporting date	**68,578**	**587,532**	**-**	**192,380**	**-**	**264,120**
-Secured portion of the maximum credit risk by guarantees	**4,872**	**223,686**	**-**	**-**	**-**	**-**
Net book value of financial assets that are neither past due nor impaired	67,362	427,257	-	192,129	-	264,120
Financial assets with renegotiated conditions	-	50,202	-	-	-	-
Net book value of financial assets that are past due but not impaired	1,216	33,003	-	-	-	-
-Secured portion by guarantees	8	12,170	-	-	-	-
Net book value of impaired assets	-	-	-	-	-	-
-Overdue (gross book value)	*-*	*77,070*	*-*	*251*	*-*	*-*
-Impairment (-)	*-*	*(77,070)*	*-*	*(251)*	*-*	*-*
-Secured portion by guarantees	*-*	*-*	*-*	*-*	*-*	*-*

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Credit risk of financial instruments at 31 December 2009 is as follows:

	Trade receivables		Other receivables (*)		Bank deposits	
2009	**Related party**	**Other**	**Related party**	**Other**	**Related party**	**Other**
Maximum credit risk exposure as of the reporting date	**191,163**	**631,798**	**-**	**251,717**	**-**	**241,013**
-Secured portion of the maximum credit risk by guarantees	**2,691**	**191,151**	**-**	**-**	**-**	**-**
Net book value of financial assets that are neither past due nor impaired	189,204	454,808	-	251,483	-	241,013
Financial assets with renegotiated conditions	-	56,702	-	-	-	-
Net book value of financial assets that are past due but not impaired	1,959	36,374	-	-	-	-
-Secured portion by guarantees	4	8,469	-	-	-	-
Net book values of impaired assets	-	-	-	-	-	-
-Overdue (gross book value)	*-*	*83,914*	*-*	*234*	*-*	*-*
-Impairment (-)	*-*	*(83,914)*	*-*	*(234)*	*-*	*-*
-Secured portion by guarantees	*-*	*-*	*-*	*-*	*-*	*-*

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5.5 Liquidity risk

Liquidity risk comprises the risks arising from the inability to fund the increase in the assets, the inability to cover the liabilities due and the operations performed. The liquidity is minimised by balancing the cash inflows and outflows and also securing funds from reliable financial institutions

The breakdown of financial assets and liabilities according to their maturities is disclosed considering the due date periods. Financial assets and liabilities that have no certain due dates are classified in over 1 year column.

2010:

Contractual maturities	Carrying value	Contractual cash flows (=I+II+III+ IV)	Up to 3 months (I)	3 to 12 months (II)	1 to 5 years (III)	More than 5 years (IV)
Non-derivate financial liabilities						
Borrowings	863,364	897,611	203,851	224,517	428,380	40,863
Accounts payable	282,953	284,400	200,855	63,410	20,135	-
Due to related parties	102,635	102,635	9,130	42,177	51,328	-
Total	**1,248,952**	**1,284,646**	**413,836**	**330,104**	**499,843**	**40,863**

Expected (or contractual) maturities	Carrying value	Contractual cash flows (=I+II+III+ IV)	Up to 3 months (I)	3 to 12 months (II)	1 to 5 years (III)	More than 5 years (IV)
Derivate financial assets, (net)						
Derivative cash outflows	6,211	6,401	1,586	2,331	2,484	-

2009:

Contractual maturities	Carrying value	Contractual cash flows (=I+II+III+ IV)	Up to 3 months (I)	3 to 12 months (II)	1 to 5 years (III)	More than 5 years (IV)
Non-derivate financial liabilities						
Borrowings	686,153	711,719	156,596	132,943	401,076	21,104
Accounts payable	311,619	312,034	213,145	98,889	-	-
Due to related parties	65,515	65,515	27,671	21,167	16,677	-
Total	**1,063,287**	**1,089,268**	**397,412**	**252,999**	**417,753**	**21,104**

Expected (or contractual) maturities	Carrying value	Contractual cash flows (=I+II+III+ IV)	Up to 3 months (I)	3 to 12 months (II)	1 to 5 years (III)	More than 5 years (IV)
Derivate financial assets, (net)						
Derivative cash outflows	4,795	4,833	1,479	2,189	1,165	-

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5.6 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and maintain an optimal structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company controls its capital using the net debt/total capital ratio. This ratio is calculated by dividing net debt by the total capital amount. Net debt is calculated as total liability amount (comprises of financial liabilities, trade payables and payables to related parties as presented in the balance sheet) less cash and cash equivalents Total capital is calculated as equity plus the net debt amount as presented in the balance sheet.

The ratio of net debt/equity at 31 December 2010 and 2009 is as follows:

	2010	2009
Total liabilities	1,248,952	1,063,287
Less: cash and cash equivalents (Note 8)	(267,333)	(241,882)
Net debt	**981,619**	**821,405**
Total shareholders' equity	1,448,701	1,506,552
Total equity	**2,430,320**	**2,327,957**
Debt/equity ratio	**40%**	**35%**

5.7 Fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Group, using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realise in a current market exchange.

The following methods and assumptions are used to estimate the fair value of the financial instruments:

Monetary assets

Monetary assets and liabilities denominated in foreign currencies have been translated at the exchange rates prevailing at the balance sheet dates. These balances are anticipated to approximate their book value.

The carrying values of significant portion of cash and cash equivalents are assumed to approximate to their fair value due to their short-term nature.

The carrying values of trade receivables are assumed to approximate to their fair value.

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Monetary liabilities

The fair values of short-term borrowings and trade payables are assumed to approximate to their carrying values due to their short-term nature.

The estimated fair value of long-term bank borrowings also approximates their carrying values as the interest rates are of floating nature. The estimated fair value of the long-term bank borrowings is disclosed in related footnotes and determined by discounting the cash outlows per the agreement with the market interest rates (Note 20).

Fair Value Estimation:

Effective from 1 January 2010, the group adopted the amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following hierarchy:

Level 1: Quoted prices in active markets for identical assets or liabilities;
Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly;
Level 3: Inputs for the asset or liability that is not based on observable market data.

2010	Level 1	Level 2	Level 3
Available-for-sale financial assets	12,115	9,781	-
Total assets	**12,115**	**9,781**	**-**

2009	Level 1	Level 2	Level 3
Available-for-sale financial assets	7,560	9,777	-
Total assets	**7,560**	**9,777**	**-**

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

NOTE 6-BUSINESS COMBINATIONS

The details of the business combinations during the years ended 31 December 2009 are summarised below;

1 January-31 December 2009

Sakarya Elektrik Dağıtım A.Ş. ("Sakarya Elektrik")

Akcez, a joint venture of the Group, acquired 99.99% shares of Sakarya Elektrik on 21 November 2008 on privatisation bid amounting to USD 600 million (TL 963,300) . The purchase price allocation was completed as of 30 April 2009 after the finalisation of privatisation period.

IFRS 3 " Business Combinations" requires that the purchaser should be determined the date of purchase. When the date of purchase is different from the date of completion of legal procedures, the date that control is transferred to the purchaser is accepted as the date of purchase. Accordingly, the Group has set 30 April 2009 as the date of purchase.

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The book values and the cost of acquisition of the acquired identifiable assets, liabilities and contingent liabilities which is accounted with the book value are as follows:

	Book Value	Fair Value
Cash and cash equivalents	11,069	11,069
Trade receivables, net	161,636	161,636
Due from related party, net	2,593	2,593
Short-term financial assets	43,952	43,952
Inventories, net	6,629	6,629
Other current assets	7,590	7,590
Long-term trade receivables	198	198
Long-term financial assets	42,002	42,002
Trademark (Note 17)	-	51,997
Customer relationship-Industrial customers (Note 17)	-	224,793
Customer relationship-Trade customers (Note 17)	-	77,636
Customer relationship-Residence customers (Note 17)	-	141,288
Customer relationship-Agriculture customers (Note 17)	-	652
Customer relationship-Lighting customers (Note 17)	-	9,997
Deferred income tax asset/(liability)	30,519	(70,753)
Trade payables	(105,229)	(105,229)
Financial loans	(17,325)	(17,325)
Other payables	(14,345)	(14,345)
Other financial liabilities	(66,651)	(66,651)
Employee termination benefit	(10,272)	(10,272)
Other long-term financial liabilities	(5,818)	(5,818)
Net assets	**86,548**	**491,639**
Less: cost of acquisition		963,300
Goodwill		**471,661**
Proportion of effective interest in joint venture (Note 2)		36.69%
Goodwill-Group share (Note 18)		**173,075**

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NOTE 7-INTEREST IN JOINT VENTURES

The aggregate amounts of current assets, non-current assets, current liabilities, non-current liabilities of joint-ventures included in the consolidated financial statements as of 31 December 2010 and 2009 by using the proportionate consolidation method are as follows: (Note 2.c):

Balance sheet:	2010	2009
Current assets	168,339	177,940
Non-current assets	708,058	604,145
Total assets	**876,397**	**782,085**
Short-term liabilities	363,760	399,285
Long-term liabilities	171,847	109,139
Total liabilities	**535,607**	**508,424**
Equity	340,790	273,661
Total liabilities and equity	**876,397**	**782,085**

The aggregate amounts of income/expenses of joint-ventures included in the consolidated financial statements for the years ended 31 December 2010 and 2009 by using the proportionate consolidation method are as follows:

Statements of income	2010	2009
Gross profit	**52,527**	**15,726**
Marketing, selling and distribution expenses (-)	(33,097)	(19,778)
General and administrative expenses (-)	(12,816)	(16,675)
Research and development expenses (-)	(101)	(151)
Other operating income income, net	20,266	36,740
Operating profit	**26,779**	**15,862**
Share of profit from associates	1,341	-
Financial expenses, net (-)	(18,758)	(14,084)
Profit before income tax	**9,362**	**1,778**
Income tax credit/(charge)	(5,436)	3,652
Loss for the period	**3,926**	**5,430**

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NOTE 8-CASH AND CASH EQUIVALENTS

The analysis of cash and cash equivalents at 31 December 2010 and 2009 is as follows:

	2010	2009
Cash	1,199	254
Bank		
Demand deposit	18,132	20,991
Time deposit	245,988	220,022
Other	2,014	615
Total	**267,333**	**241,882**

The analysis of cash and cash equivalents in terms of the consolidated statements of cash flows at 31 December 2010 and 2009 is as follows:

	2010	2009
Cash and cash equivalents	267,333	241,882
Less: restricted cash	(6,036)	(1,402)
Cash and cash equivalents	**261,297**	**240,480**

Interest rate of time deposits with maturities less than 3 months at 31 December 2010 and 2009 are as follows:

	Time deposit	2010%	Time deposit	2009%
TL	129,974	7.25-9.25	139,210	5.53-10.60
USD	91,578	1.35-3.09	60,673	1.50-3.35
Euro	24,436	1.00-1.70	20,139	0.75-3.25
Total	**245,988**		**220,022**	

NOTE 9-TRADE RECEIVABLES

Short-term trade receivables:

	2010	2009
Trade receivables	551,294	594,372
Less: provision for doubtful receivables	(77,070)	(83,914)
Less: unearned credit finance income	(2,605)	(2,434)
Total short-term trade receivables, net	**471,619**	**508,024**

The past experience of the Group in collecting receivables has been taken into consideration when determining the provision amount for doubtful receivables. Therefore, the Group believes that, there is no additional collection risk for trade receivables other than the provision provided.

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Maturity of trade receivables of the Group is generally less than three months (2009:less than three months) and their discount rates are as follows:

	2010	2009
USD	0.35	0.60
TL	7.13	6.20

Movements of provision for doubtful trade receivables for the years ended 31 December 2010 and 2009 are as follows:

	2010	2009
1 January	83,914	8,312
Change in consolidation scope (Note 2)	-	38,610
Collections and reversal of provisions	(15,457)	(2,973)
Charge for the period	8,613	39,965
31 December	**77,070**	**83,914**

Aging of provision for doubtful trade receivables

Past due 1 to 3 months	271	233
Past due 3 to 6 months	4,805	2,391
Past due 6 to 12 months	31,141	43,935
Past due more than 12 months	40,853	37,355
Total	**77,070**	**83,914**

As at 31 December 2010, trade receivables amounting to TL 33,033 (2009: TL 36,374) were past due but not impaired. The Group does not foresee any collection risk for receivables overdue up to one month due to sector dynamics and circumstances. To certain extent, trade receivables that are past due for over a month are restructured by charging due date difference.

Aging of past due but not impaired trade receivables at 31 December 2010 and 2009 is as follows:

	2010	2009
Up to 3 months	29,791	32,159
More than 3 months	3,212	4,215
Total	**33,003**	**36,374**

Long-term trade receivables:

	2010	2009
Notes receivables and cheques	36,238	37,426
Less: Unearned finance income on term based sales	(309)	(774)
Total long-term trade receivables, net	**35,929**	**36,652**

Short-term and long-term trade receivables amounting to TL 38,980 was transferred to factoring companies. (2009: TL 29,814). Factoring liabilities regarding the transfer of trade receivables are classified under borrowings (Note 20). Commissions related to the transferred trade receivables were paid in advance.

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NOTE 10-RELATED PARTY DISCLOSURES

a) Due from related parties

The analysis of due from related parties as at 31 December 2010 and 2009 is as follows:

	2010	2009
Akenerji	48,916	155,796
Garanti Koza-Akiş Adi Ortaklığı	14,572	12,079
Aksa Egypt	3,858	2,423
Akfil Holding	258	19,408
Other	974	1,457
Total	**68,578**	**191,163**

b) Due to related parties

Short-term liabilities

	2010	2009
Akenerji	22,350	4,759
Akarsu Enerji Yatırımları Sanayi ve Ticaret A.Ş.	10,246	10,738
Saf Gayrimenkul Geliştirme İnşaat ve Ticaret A.Ş.	9,452	8,989
Akfil Holding	5,435	6,267
Garanti Koza-Akiş Adi Ortaklığı	2,374	16,372
Other	1,450	1,713
Total	**51,307**	**48,838**

Long-term liabilities

	2010	2009
Saf Gayrimenkul Geliştirme İnşaat ve Ticaret A.Ş.	51,328	12,694
Akenerji	-	2,555
Other	-	1,428
Total	**51,328**	**16,677**

c) Sales to related parties:

	2010	2009
Aksa Egypt	45,424	37,265
Akenerji	10,093	7,465
Sakarya Elektrik	1,011	931
Other	2,924	3,960
Total	**59,452**	**49,621**

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d) Service and product purchases from related parties

	2010	2009
Akenerji	27,112	52,990
Akhan Bakım Yönetim Servis Hizmet Ticaret A.Ş.	2,223	2,838
Akfil Holding	782	12,604
Other	894	837
Total	**31,011**	**69,269**

Purchases from related parties consist of energy and chemical products, consultancy and rent expenses.

e) Key management compensation

Group has determined the key management personnel as the members of the board of directors and executive committee members.

	2010	2009
Key management compensation	12,065	13,221
Total	**12,065**	**13,221**

NOTE 11-FINANCIAL ASSETS

The analysis of financial assets at 31 December 2010and 2009 is as follows:

	2010	2009
Short-term financial assets	5,272	18,726
Long-term financial assets	19,414	12,354
Total	**24,686**	**31,080**

Collection plan of financial assets are as follow;

	2010	2009
Up to 1 year	5,272	18,726
1 to 2 years	9,508	5,272
2 to 3 years	6,536	4,672
3 to 4 years	3,370	2,410
Total	**24,686**	**31,080**

Financial assets consist of the assets of Sakarya Elektrik, a joint venture of the Group, that have been obtained by the electricity distribution contract (Note 3.11, 6).

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NOTE 12-INVENTORIES

	2010	2009
Raw materials	113,777	94,047
Lands	6,539	6,539
Semi-finished goods	13,742	21,158
Uncompleted residence	55,984	37,767
Finished goods	26,542	3,825
Trade goods	8,728	1,938
Other inventories and spare parts	15,279	12,247
Less: Provision for impairment in inventories	(4,655)	(7,233)
Total	**235,936**	**170,288**

Movement in provision for impairment in inventories which is related with finished goods for the years ended 31 December 2010 and 2009 is as follows:

	2010	2009
1 January	7,233	3,666
Reversals	(7,233)	(3,666)
Charged in for the year	4,655	7,233
31 December	**4,655**	**7,233**

NOTE 13-FINANCIAL INVESTMENTS

Long-term financial investments	2010	2009
Available-for-sale financial investment	12,115	7,560
Financial investments not included in the scope of consolidation	9,781	9,777
Total	**21,896**	**17,337**

Available-for-sale financial investments:	%	2010	%	2009
Yapı ve Kredi Bankası A.Ş.	<1	11,525	<1	7,116
Akçansa Çimento Sanayi A.Ş.	<1	347	<1	299
Türkiye Sınai Kalkınma Bankası A.Ş.	<1	242	<1	144
Türkiye Vakıflar Bankası A.Ş.	<1	1	<1	1
Total		**12,115**		**7,560**

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Movements of available-for-sale financial investments for the years ended 31 December 2010 and 2009 are as follows:

	2010	2009
1 January	**7,560**	**4,725**
Changes in fair value	4,539	2,692
Merger effect	-	143
Capital increase	16	-
31 December	**12,115**	**7,560**

Financial investments not included in the scope of consolidation:

	2010	2009
Üçgen Bakım ve Yönetim Hizmetleri A.Ş.	107	107
Akhan Bakım Yönetim Servis Hizmet Ticaret A.Ş.	121	121
Aken B.V.	406	406
Fitco B.V.	7,863	7,863
Aksa Egypt	84	80
Akgirişim Kimya ve Ticaret A.Ş.	98	98
Aksu Textiles E.A.D.	752	752
Akdünya Eğitim Eğlence Sanat Yatırımları ve Dış Ticaret A.Ş.	350	350
Total	**9,781**	**9,777**

Financial investments that are not material regarding the Group's consolidated net assets, financial position and financial performance, were not included in the scope of consolidation and classified as available-for-sale financial investments. These are measured at restated costs in accordance with inflation accounting requirement applied until 31 December 2004 when fair value cannot be reliably measured (Note 2.2.e).

NOTE 14-INVESTMENTS IN ASSOCIATES

The analysis of the investments accounted for by the equity method at 31 December 2010 and 2009 is as follows (Note 2.2.d).

	2010	2009
Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş.	16,217	16,387
Saf Gayrimenkul Geliştirme İnşaat ve Ticaret A.Ş.	3,175	2,899
Garanti Koza-Akiş Adi Ortaklığı (*)	-	-
Total	**19,392**	**19,286**

(*) According to the main contract of Garanti Koza-Akiş Adi Ortaklığı, it should pay dividend at the end of each fiscal year in order to offset net assets and net liabilities.

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Movements of investments in associate during the years ended 31 December 2010 and 2009 is as follows:

	2010	2009
1 January	19,286	19,617
Share of profit from associates	4,098	11,724
Additions in the scope of consolidation (Note 2)	-	(6,697)
Dividend received	(3,992)	(5,358)
31 December	**19,392**	**19,286**

2010	Assets	Liabilities	Revenue	Net profit for the period
Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş.	154,031	30,470	52,509	29,119
Saf Gayrimenkul Geliştirme İnşaat ve Ticaret A.Ş.	1,080,632	853,867	-	19,731
Garanti Koza Akiş Adi Ortaklığı	399,410	399,410	-	-
Total	**1,634,073**	**1,283,747**	**52,509**	**48,850**

2009	Assets	Liabilities	Revenue	Net profit for the period
Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş.	155,392	30,537	54,648	37,876
Saf Gayrimenkul Geliştirme İnşaat ve Ticaret A.Ş.	876,730	669,697	-	(4,431)
Garanti Koza Akiş Adi Ortaklığı	376,946	376,946	-	-
Total	**1,409,068**	**1,077,180**	**54,648**	**33,445**

NOTE 15-INVESTMENT PROPERTY

Movement of investment property for the years ended 31 December 2010 and 2009 are as follows:

	1 January 2010	Additions	Disposals	Transfers (*)	31 December 2010
Cost:					
Land and land improvements	179,987	64,308	(8,395)	20,704	256,604
Total	179,987	64,308	(8,395)	20,704	256,604
Accumulated depreciation:					
Land and land improvements	7,083	360	-	-	7,443
Total	**7,083**	**360**	**-**	**-**	**7,443**
Net book value	**172,904**				**249,161**

(*) Transferred from property, plant and equipment

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	1 January 2009	Additions	Disposals	Transfers	31 December 2009
Cost:					
Land and land improvements	52,492	145,056	(17,561)	-	179,987
Total	**52,492**	**145,056**	**(17,561)**	**-**	**179,987**
Accumulated depreciation:					
Land and land improvements	-	7,083	-	-	7,083
Total	**-**	**7,083**	**-**	**-**	**7,083**
Net book value	**52,492**				**172,904**

Fair value of investment property is determined as TL362,958 by an independent valuation company (2009: TL 331,241).

NOTE 16-PROPERTY, PLANT AND EQUIPMENT

	1 January 2010	Additions	Disposals	Transfers	31 December 2010
Cost:					
Lands	85,719	270	-	-	85,989
Land improvements	104,072	16	(102)	122,156	226,142
Buildings	184,252	658	(523)	(5,968)	178,419
Machinery and equipment	1,272,724	3,792	(4,461)	63,244	1,335,299
Motor vehicles	71,462	3,233	(614)	-	74,081
Furniture and fixtures	45,498	7,321	(214)	234	52,839
Leasehold improvements	17,309	795	(757)	220	17,567
Construction in progress (*)	223,076	271,601	(539)	(201,299)	292,839
Total	**2,004,112**	**287,686**	**(7,210)**	**(21,413)**	**2,263,175**
Accumulated depreciation:					
Land improvements	43,435	5,464	(4)	-	48,895
Buildings	68,497	3,430	(481)	-	71,446
Machinery and equipment	860,508	67,784	(750)	-	927,542
Motor vehicles	59,180	2,103	(589)	-	60,694
Furniture and fixtures	38,461	2,247	(121)	-	40,587
Leasehold improvements	10,420	861	(235)	-	11,046
Total	**1,080,501**	**81,889**	**(2,180)**	**-**	**1,160,210**
Net book value	**923,611**				**1,102,965**

(*) Additions to construction in progress mostly consist of expenditures of Aksa, a subsidiary of the Group, coal plant project and carbon fibre investment and expenditures of Akenerji, a joint venture of the Group, for Ulubat, Feke 1, Feke 2, Akocak, Bulam, Gökkaya, Burç and Himmetli hydroelectric plants.

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	1 January 2009	Change in the scope of consolidation (Note 2)	Additions	Disposals	Transfers	31 December 2009
Cost:						
Lands	99,881	(5,526)	10,991	(19,627)	-	85,719
Land improvements	113,119	(28,503)	32,741	(13,919)	634	104,072
Buildings	196,081	(3,254)	29	(12,842)	4,238	184,252
Machinery and equipment	1,532,517	(347,125)	13,358	(90,813)	164,787	1,272,724
Motor vehicles	70,393	(2,141)	4,332	(1,122)	-	71,462
Furniture and fixtures	50,048	(4,602)	1,278	(1,226)	-	45,498
Special costs	16,017	(1,469)	2,761	-	-	17,309
Construction in progress	411,452	(262,042)	250,431	-	(176,765)	223,076
Total	**2,489,508**	**(654,662)**	**315,921**	**(139,549)**	**(7,106)**	**2,004,112**
Accumulated depreciation:						
Land improvements	67,669	(13,579)	2,600	(13,255)	-	43,435
Buildings	73,575	(266)	3,964	(8,776)	-	68,497
Machinery and equipment	1,110,048	(254,185)	56,105	(51,460)	-	860,508
Motor vehicles	60,094	(1,912)	1,855	(857)	-	59,180
Furniture and fixtures	41,475	(3,517)	1,305	(802)	-	38,461
Special costs	11,256	(1,450)	614	-	-	10,420
Total	**1,364,117**	**(274,909)**	**66,443**	**(75,150)**	**-**	**1,080,501**
Net book value	**1,125,391**					**923,611**

TL 76,268 (2009: TL 65,080) of the depreciation expense is included in "cost of goods sold", TL 1,921 (2009: TL 3,303) is included in "research and development expenses", TL 5,189 (2009: TL 4,036) is included in "general and administrative expenses", TL 144 (2009: TL 376) is included in "marketing, selling and distribution expenses" and TL 3,803 (2009: TL 2,487) related with the ongoing project development costs are classified as "construction in progress".

As of 31 December 2010, land owned by the Group with a fair value of TL 248,627 was burdened with mortgages amounting to TL 318,090 (2009: TL 311,441).

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NOTE 17-INTANGIBLE ASSETS

	1 January 2010	Additions	Disposals	Transfers	31 December 2010
Cost:					
Rights	7,811	916	(426)	709	9,010
Development costs	7,117	-	-	-	7,117
Customer relationship	166,729	-	-	-	166,729
Licences	32,235	10,970	-	-	43,205
Other intangible assets	3,396	111	-	-	3,507
Total	**217,288**	**11,997**	**(426)**	**709**	**229,568**
Accumulated amortisation:					
Rights	5,532	382	(406)	-	5,508
Development costs	830	1,322	-	-	2,152
Customer relationship	2,079	3,055	-	-	5,134
Licences	903	178	-	-	1,081
Other intangible assets	3,106	139	-	-	3,245
Total	**12,450**	**5,076**	**(406)**	**-**	**17,120**
Net book value	**204,838**				**212,448**

	1 January 2009	Change in scope of consolidation (Note 2)	Business combinations (Note 6)	Additions	31 December Disposals	Transfers	2009
Cost:							
Rights	6,193	-	-	1,431	(127)	314	7,811
Development costs	-	-	-	562	-	6,555	7,117
Customer relationship (Note 6)	-	-	166,729	-	-	-	166,729
Licences	71,845	(58,690)	19,080	-	-	-	32,235
Other intangible assets	3,229	-	-	-	(70)	237	3,396
Total	**81,267**	**(58,690)**	**185,809**	**1,993**	**(197)**	**7,106**	**217,288**
Accumulated amortisation:							
Rights	5,044	-	-	587	(99)	-	5,532
Development costs	-	-	-	830	-	-	830
Customer relationship (Note 6)	-	-	2,079	-	-	-	2,079
Licences	3,398	(4,011)	1,343	173	-	-	903
Other intangible assets	3,002	-	-	166	(62)	-	3,106
Total	**11,444**	**(4,011)**	**3,422**	**1,756**	**(161)**	**-**	**12,450**
Net book value	**69,823**						**204,838**

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NOTE 18-GOODWILL

Movements of goodwill for the years ended 31 December 2010 and 2009 are as follows:

	2010	2009
1 January	173,075	-
Business combinations (Note 6)	-	173,075
31 December	**173,075**	**173,075**

NOTE 19-OTHER ASSETS AND LIABILITIES

Other current assets:

	2010	2009
VAT receivable	93,042	57,470
Advances given	12,294	84,132
Income accruals	18,384	9,830
Advances given to subcontractors	8,927	656
Prepaid expenses	3,420	3,410
Prepaid tax and funds	2,882	4,447
Other	5,196	3,489
Total	**144,145**	**163,434**

Other non-current assets:

	2010	2009
VAT receivable	26,690	15,791
Advances given	18,020	71,045
Prepaid expenses	3,247	1,513
Other	327	129
Total	**48,284**	**88,478**

Other current liabilities:

	2010	2009
Advances received (*)	110,708	34,862
Due to Privatisation Administration (**)	87,566	88,059
Accrual for rent expense	26,652	21,974
Taxes and funds payable	17,147	18,808
Deposits and guarantees received	13,701	10,416
Other expense accruals	12,954	8,834
Deferred revenue (***)	1,496	6,406
Other	6,379	4,889
Total	**276,603**	**194,248**

(*) Advances received mostly consist of advances regarding the sale of the residences of Akiş Gayrimenkul Yatırımı A.Ş., a subsidiary of the Group.

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Other long-term liabilities:

	2010	2009
Deferred income (***)	16,285	14,449
Due to Privatisation Administration (**)	-	82,885
Total	**16,285**	**97,334**

(**) Due to Privatisation Administration is related with the acquisition of Sakarya Elektrik (Note 2.2).
(***) Government grants received related with the investments conducted in the context of Research and Development projects (Note 3.10) are accounted for under current and non-current liabilities as deferred revenue and they are recognised in the consolidated income statement on a systematic basis over the estimated useful life of the related assets.

NOTE 20-BORROWINGS

	2010	2009
Short-term bank borrowings	260,091	168,291
Current portion of long-term bank borrowings	104,314	100,493
Short-term financial debt	26,109	10,817
Short-term factoring liabilities	22,926	9,938
Total short-term financial liabilities	**413,440**	**289,539**
Long-term bank borrowings	433,870	376,738
Long-term factoring liabilities	16,054	19,876
Total long-term financial liabilities	**449,924**	**396,614**

	2010		2009	
	Fair Value	**Book Value**	**Fair Value**	**Book Value**
USD Loans (*)	752,578	723,805	562,858	542,967
Euro Loans (*)	54,275	50,141	57,137	53,643
TL Loans	89,418	89,418	89,543	89,543
	896,271	**863,364**	**709,538**	**686,153**

(*) Calculated by taking into account swap interest rates.

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	2010		2009	
	Weighted average interest rate %	TL	Weighted average interest rate %	TL
Short term bank borrowings:				
USD Loans	2.71	219,566	5.53	124,605
TL Loans	6.23	40,311	6.66	35,203
Euro Loans	4.24	214	4.24	8,483
Total		**260,091**		**168,291**
Short-term factoring liabilities		22,926		9,938
Short-term financial debt		26,109		10,817
Current portion of long-term bank borrowings:				
USD Loans	3.43	74,288	3.22	78,895
TL Loans	4.47	22,487	3.65	14,025
Euro Loans	2.82	7,539	2.72	7,573
Total		**104,314**		**100,493**
Total short-term financial liabilities		**413,440**		**289,539**
Long-term bank borrowings:				
USD Loans	3.93	379,411	3.34	309,794
TL Loans	4.19	22,207	3.75	29,628
Euro Loans	4.05	32,252	3.60	37,316
Total		**433,870**		**376,738**
Long-term factoring liabilities		16,054		19,876
Total long-term financial liabilities		**449,924**		**396,614**

The redemption schedule of borrowings is as follows:

	2010	2009
The payment within 1-2 year	81,112	132,811
The payment within 2-3 year	154,662	92,268
The payment within 3-4 year	95,843	76,626
The payment within 4 year and over	118,307	94,909
Total	**449,924**	**396,614**

At 31 December 2010, bank borrowings with floating interest rates amounted to TL348,033 (2009: TL 311,376). The floating interest rate bank borrowings denominated in USD, which represents a significant portion of total bank borrowings of the Group, have interest rates fluctuating between Libor+1.4% and Libor+3% (London Interbank Offered Rate) (2009: Libor +1.4%-Libor +5%).

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NOTE 21-TRADE PAYABLES

Short-term trade payables:	2010	2009
Suppliers	263,637	309,211
Other trade payables	628	2,823
Less: unincurred credit finance charges (-)	(1,447)	(415)
Total	**262,818**	**311,619**

Long-term trade payables	2010	2009
Suppliers	20,135	-
Total	**20,135**	**-**

NOTE 22-DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2010		31 December 2009	
	Asset	Liability	Asset	Liability
Held for hedging	-	6,193	-	4,795
Held for trading	-	18	-	-
Total	**-**	**6,211**	**-**	**4,795**

Derivative instruments held for hedging:

	31 December 2010		31 December 2009	
	Contract amount	Fair value Liability	Contract amount	Fair value Liability
Interest rate swap	326,722	6,193	386,533	4,795

Derivative financial instruments are initially recognised in the consolidated balance sheet at cost and subsequently are re-measured at their fair value. The derivative instruments of the Group mainly consist of foreign exchange forward contracts and interest rate swap instruments.

On the date a derivative contract is entered into, the Group designates certain derivatives as either a hedge of the fair value of a recognised asset or liability (“fair value hedge”), or a hedge of a forecasted transaction or a firm commitment (“cash flow hedge”). These derivative transactions provide effective economic hedges under the Group risk management position and qualify for hedge accounting under the specific rules and are therefore treated as derivatives held for hedging. Changes in the fair value of derivatives that are designated as being and qualify as cash flow hedges and are highly effective, are recognised in equity as “hedging reserve”.

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When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, or when a committed or forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated income statement. The realisation of promised or probable future transactions are recorded in the income statement, if not realised, accumulated gains or losses are recognised as income or loss in the consolidated financial statements.

At 31 December 2010, the fixed interest rates vary from 2.5% to 4.2% (2009: 2.5% to 4.2%), and the main floating rates are EURIBOR and LIBOR. Gains and losses recognised in the hedging reserve in equity on interest rate swap contracts as of 31 December 2010 will be continuously released to the income statement within finance cost until the repayment of the bank borrowings (Note 20).

Derivative instruments held for trading:

The Group had foreign exchange forward contracts as of 31 December 2009. These derivative transactions, even though providing effective economic hedges under the Group risk management position, do not generally qualify for hedge accounting under the specific rules and are therefore treated as derivatives held for trading and changes in fair value of these derivative transactions are accounted for in the consolidated statement of comprehensive income.

NOTE 23-TAXES ON INCOME

	2010	2009
Corporate and income taxes payable	29,112	38,043
Less: prepaid corporate income tax	(23,134)	(32,525)
Taxes on income, net	**5,978**	**5,518**

The details of taxation on income for the years ended 31 December 2010 and 2009 are as below:

	2010	2009
Current income tax expense	(29,112)	(38,043)
Deferred tax income, net	942	12,459
Total tax expense, net	**(28,170)**	**(25,584)**

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Deferred tax assets and liabilities

The composition of cumulative temporary differences and the related deferred income tax assets and liabilities in respect of items for which deferred tax has been provided at 31 December 2010 and 2009 using the enacted tax rates is as follows:

	Temporary taxable differences		Deferred tax assets/(liabilities)	
	2010	2009	2010	2009
Effect of the service concession arrangements	44,260	31,490	8,852	6,298
Provision for employee benefits	32,015	29,372	6,403	5,874
Provision for doubtful receivables	22,545	30,670	4,509	6,134
Carryforward tax losses	13,565	5,420	2,713	1,084
Provisions for lawsuits	6,520	6,350	1,304	1,270
Derivative financial instruments	6,211	4,795	1,242	959
Investment incentives	5,165	5,165	1,033	1,033
Other	8,499	9,453	1,700	1,891
Deferred income tax assets			**27,756**	**24,543**
Property, plant and equipment and intangible assets	(306,080)	(298,460)	(61,216)	(59,692)
Investment property	(19,495)	(24,115)	(3,899)	(4,823)
Available-for-sale financial investments	(6,630)	(2,175)	(1,326)	(435)
Other	(10,085)	(2,695)	(2,017)	(539)
Deferred income tax liabilities			**(68,458)**	**(65,489)**
Deferred income tax liabilities, net			**(40,702)**	**(40,946)**

Implications of net presentation form for the consolidated balance sheet of the Group are reflected, in consequence of joint ventures and subsidiaries as an independent tax payers, presented their deferred income tax assets and liabilities as a net, however temporary differences, deferred income tax assets and liabilities shown in the table above are prepared on the basis of the gross value of items.

Movements of deferred tax liability as at 31 December 2010 and 2009 are as below:

	2010	2009
1 January	**40,946**	**35,121**
Deferred tax income for the year, net	(942)	(12,459)
Change recognised under equity	698	523
Change in the scope of consolidation (Note 2)	-	(8,198)
Business combinations (Note 6)	-	25,959
Balances at 31 December	**40,702**	**40,946**

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The reconciliation of tax expenses stated on the consolidated statement of comprehensive income for the years ended 31 December 2010 and 2009 is as follows:

	2010	2009
Profit before tax on consolidated financial statements	93,008	293,025
Expected tax expense of the Group (20%)	**(18,602)**	**(58,605)**
Effect of tax losses for which no deferred tax asset recognized	(4,214)	-
Disallowable expenses	(3,828)	(6,644)
Effect of consolidation adjustments	(2,226)	(4,987)
Other income exempt from tax	4,473	33,064
Investment incentive	-	1,757
Gain of associates	-	438
Change in the scope of consolidation (Note 2)	-	11,160
Other	(3,773)	(1,767)
Actual tax expense of the Group	**(28,170)**	**(25,584)**

At 31 December 2010, carryforward tax losses that the Group can deduct on future tax periods amount to TL 34,636. At 31 December 2010, the Group recognised deferred income tax assets for carryforward tax losses of TL 13,565. Carryforward tax losses for which the Group did not recognize deferred income tax assets and their expiration dates are as follows:

Dates	Tax losses
2014	5,865
2015	15,206
Total	**21,071**

The expiration date of the TL 13,565 carryforward tax losses the Group recognised deferred income tax assets for as of 31 December 2010 is 2015.

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NOTE 24-EMPLOYEE BENEFITS

Long-term employee benefits

	2010	2009
Provision for employment termination benefits	28,421	26,876
Unused vacation provision	3,594	2,496
Total	**32,015**	**29,372**

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and who reaches the retirement age (58 for women and 60 for men), whose employment is terminated without due cause, is called up for military service or passed away. Since the legislation was changed on 23 May 2002 there are certain transitional provisions relating to length of service prior to retirement. The amount payable consists of one month’s salary limited to a maximum of TL 2,517 (2009: TL 2,365) for each year of service at 31 December 2010.

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

The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees.

IAS 19 “Employee Benefits” require actuarial valuation methods to be developed to estimate the enterprise’s obligation under defined benefit plans. Accordingly the following actuarial assumptions have been used in the calculation of the total liability:

	2010	2009
Discount rate (%)	4.66%	5.92%
Probability of retirement (%)	98%	98%

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised once every six months, the maximum amount of TL 2,623 effective from 1 January 2011 (1 January 2010: TL 2,427) has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

Movements in the provision for employment termination benefits for the years ended 31 December 2010 and 2009 are as follows:

	2010	2009
1 January	**29,372**	**23,411**
Compensation paid	(11,441)	(2,713)
Service cost	11,944	4,152
Interest cost	961	889
Actuarial loss	1,179	1,026
Change in the scope of consolidation (Note 2)	-	(1,162)
Business combinations (Note 6)	-	3,769
31 December	**32,015**	**29,372**

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NOTE 25-SHARE CAPITAL

At 31 December 2010 and 2009, the Group's share capital and shareholding structure were as follows:

	% Share	2010	%Share	2009
A.R.D Holding A.Ş.	33	4,365	33	4,365
Atlantik Holding A.Ş.	33	4,365	33	4,365
N.D.Ç Holding A.Ş.	33	4,365	33	4,365
Other	1	3	1	3
Total	**100**	**13,098**	**100**	**13,098**
Adjustment to share capital		168,630		168,630
Total paid-in capital		**181,728**		**181,728**

The Group's authorised share capital consists of 13,097,521,124 shares of TL 0.01 value (2009: 13,097,521,124).

Inflation adjustment to share capital and carrying value of extraordinary reserves can be used for free capital increase, cash dividend distribution or loss deduction. However, the use of inflation adjustment to the capital for dividend distribution will be subject to corporation tax.

NOTE 26-STATUTORY RETAINED EARNINGS AND LEGAL RESERVES

Retained earnings as per the statutory financial statements, other than legal reserves, are available for distribution subject to the legal reserve requirement referred to below:

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"), The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in capital. Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50% of paid-in capital.

As of 31 December retained earnings of Akkök in accordance with statutory financial statements are as follows:

	2010	2009
-Legal reserves	452,788	306,512
-Undistributed legal reserves	127,988	52,701
Total	**580,776**	**359,213**

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NOTE 27-SALES

	2010	2009
Domestic sales	1,591,267	1,031,263
Foreign sales	592,396	408,269
Other sales	773	1,700
Sales returns (-)	(5,468)	(4,929)
Sales discounts (-)	(13,905)	(18,179)
Sales, net	**2,165,063**	**1,418,124**

NOTE 28-COST OF SALES

	2010	2009
Raw materials	1,133,957	762,008
Electricity purchase cost	430,631	233,091
Overheads	179,841	101,627
Depreciation and amortisation	76,268	65,080
Personnel expenses	47,618	41,059
Network expenses	13,324	7,212
Cost of trade goods sold	8,837	7,869
Cost of services sold	1,916	3,709
Other	10,261	939
Total	**1,902,653**	**1,222,594**

NOTE 29-GENERAL AND ADMINISTRATIVE EXPENSES

	2010	2009
Personnel expenses	42,582	37,635
Consultancy expenses	18,052	12,123
Commission expenses	11,426	7,776
Information technologies expense	5,422	6,720
Depreciation and amortisation	5,189	4,036
Travelling expenses	5,137	2,602
Other tax expenses	4,944	2,710
Rent expenses	3,165	2,403
Repair and maintenance expenses	2,407	1,324
Other	28,312	6,733
Total	**126,636**	**84,062**

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NOTE 30-MARKETING, SELLING AND DISTRIBUTION EXPENSES

	2010	2009
Personnel expenses	21,334	11,642
Transportation expenses	15,404	12,525
Export expenses	10,438	6,615
Advertisement and sponsorship expenses	5,595	2,896
Rent expenses	1,720	4,692
Consultancy expenses	1,049	1,736
Travel expenses	1,011	1,425
Other	11,716	8,560
Total	**68,267**	**50,091**

NOTE 31-OTHER OPERATING INCOME/(EXPENSES), NET

	2010	2009
Gain on sale of property, plant and equipment	19,459	86
Release of provisions	14,130	4,937
Transportation income	7,575	6,641
Rent income	1,772	1,979
Gain from tax claim	-	12,674
Profit from marketable securities	-	155,329
Other	5,185	50,041
Total	**48,121**	**231,687**

NOTE 32-FINANCIAL INCOME/(EXPENSES), NET

	2010	2009
Interest income	31,883	11,783
Due date charges on term sales	7,785	27,623
Foreign exchange (losses)/gains, net	(28,690)	680
Interest expense, net	(37,028)	(42,844)
Other	3,287	1,033
Total	**(22,763)**	**(1,725)**

NOTE 33-PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions:	2010	2009
Provision for employee benefits (Note 24)	32,015	29,372
Provision for lawsuits	8,088	7,202
Other provisions	562	772
Total	**40,665**	**37,346**

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Contingent assets and liabilities:

a) The details of collaterals, pledges and mortgages ("CPM") given by the Group at 31 December 2010 and 31 December 2009 are as follows:

	2010	2009
Letter of guarantees and mortgages given for purposes other than the purchase of Sakarya Elektrik	862,793	739,780
Letter of guarantees and mortgages given related to the purchase of Sakarya Elektrik	183,607	258,621
Total	**1,046,400**	**998,401**

Agreement with Republic of Turkey Prime Ministry Privatisation Administration has been reached regarding payment in two instalments for the remaining USD 300 million over the total consideration of USD 600 million regarding the acquisition of Sakarya Elektrik. Related to those mentioned instalments guarantee letter worth of USD 300 million has been given by Akcez. For aforementioned guarantee letter, Akenerji acted as guarantor in favour of Akcez and has given required commitment to corresponding banks (Akbank T.A.Ş. and Türkiye İş Bankası).

First instalment worth of USD 150 million has been deposited to bank accounts of Republic of Turkey Prime Ministry Privatisation Administration as of 26 January 2010. Payment of first instalment, is financed by Akcez within scope of loan agreement, worth of USD 160 million, with a maturity of 1 year and 1 week, signed between Akcez and Akbank N.V., Yapı ve Kredi Bankası A.Ş., and Yapı Kredi Nederland N.V. Akenerji, to act as guarantor for aforementioned loan agreement, has gone surety for Akcez and has given related commitments to corresponding banks. Interest payment, worth of USD 9.7 million, regarding pre-mentioned transaction, has been done as of 11 February 2010, depositing to bank accounts of Republic of Turkey Prime Ministry Privatisation Administration. Accordingly, USD 150 million portion of guarantee letter, worth of USD 300 million, that had previously given to banks, has been received back and returned to banks.

b) Collaterals, mortgages, guarantee notes and cheques, guarantee letters and other commitments received for short-term trade receivables are as follows:

	2010	2009
Guarantee letters received	172,348	158,984
Guarantee notes and cheques received	96,291	72,894
Mortgages received	68,970	48,462
Total	**337,609**	**280,340**

(*) Other guarantees consist of confirmed/unconfirmed letter of credits, direct debit system (DDS) limits, Eximbank limits and letter of credits.

c) Operating lease obligations

According to the agreement with the Privatisation Administration in 1997, principal amount of the total rent of the Tekirdağ Port for a period of 30 years (until 14 August 2026) is USD 76,120,555. The amount will be paid until the year 2021 by adding on the interest expense. Payments made for operating leases are charged to the income statement on a straight-line basis over the period of the lease. As of 31 December 2010, Group is obligated to pay the amount of USD 17,239,327 for the finance lease obligation.

Principle rent payment amounts of the operating lease as a thousand USD are as follows:

	2010	2009
Less than 1 year	6,211	6,211
1 to 5 years	24,844	24,844
5 years and over	31,154	37,365
Total	**62,209**	**68,420**

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NOTE 34-SEGMENT REPORTING

a) The analysis for the period between 1 January-31 December 2010:

ASSETS	Chemical	Textile	Real-estate	Energy	Other	Consolidation Adjustments	Total
Cash and cash equivalents	105,462	39,113	19,018	54,328	49,412	-	267,333
Trade receivables	222,500	50,265	20,545	54,840	122,743	726	471,619
Due from related parties	148,372	6,000	15,262	12,548	109,631	(223,235)	68,578
Financial assets	-	-	-	5,272	-	-	5,272
Inventories	165,849	14,848	33,081	3,491	21,801	(3,134)	235,936
Other current assets	85,570	2,100	14,591	37,861	40,805	(36,782)	144,145
Total current assets	**727,753**	**112,326**	**102,497**	**168,340**	**344,392**	**(262,425)**	**1,192,883**
Trade receivables	9,553	10,204	16,172	-	-	-	35,929
Financial assets	-	-	-	19,414	-	-	19,414
Financial investments	28,675	1,040	16,224	406	615,773	(640,222)	21,896
Investments accounted through equity method	-	-	-	46,268	-	(26,876)	19,392
Investment property	-	20,420	228,741	-	-	-	249,161
Property, plant and equipment	719,479	34,543	9,641	250,547	88,755	-	1,102,965
Intangible assets	5,465	39	74	206,647	223	-	212,448
Goodwill	-	-	-	173,075	-	-	173,075
Deferred tax assets	-	2,612	-	1,512	80	-	4,204
Other current assets	8,177	18	29,536	10,189	364	-	48,284
Total non-current assets	**771,349**	**68,876**	**300,388**	**708,058**	**705,195**	**(667,098)**	**1,886,768**
Total assets	**1,499,102**	**181,202**	**402,885**	**876,398**	**1,049,587**	**(929,523)**	**3,079,651**

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LIABILITIES	Chemical	Textile	Real-estate	Energy	Other	Consolidation Adjustments	Total
Trade payables	184,571	2,322	5,300	63,140	6,385	1,100	262,818
Due to related parties	39,671	12,749	101,890	3,562	176,950	(283,515)	51,307
Financial liabilities	139,601	23,232	61,471	172,433	43,759	(27,056)	413,440
Derivative financial instruments	5,000	18	-	1,193	-	-	6,211
Income tax liability	4,617	414	-	62	885	-	5,978
Other current liabilities	25,757	9,598	83,341	123,370	38,032	(3,495)	276,603
Total current liabilities	**399,217**	**48,333**	**252,002**	**363,760**	**266,011**	**(312,966)**	**1,016,357**
Trade payables	-	-	-	20,135	-	-	20,135
Due to related parties	-	32,012	5,948	33,215	-	(19,847)	51,328
Financial liabilities	139,307	14,069	151,992	123,053	15,653	5,850	449,924
Employee termination benefits	21,284	5,003	156	3,562	2,010	-	32,015
Deferred tax liabilities	16,202	1,000	4,008	22,272	1,424	-	44,906
Other non-current liabilities	13,460	-	-	2,825	-	-	16,285
Total non-current liabilities	**190,253**	**52,084**	**162,104**	**205,062**	**19,087**	**(13,997)**	**614,593**
Paid in share capital	193,600	43,192	3,000	235,519	47,818	(510,031)	13,098
Inflation adjustment differences	277,972	256,694	-	-	256,838	(622,874)	168,630
Financial investments value increase fund	-	81	-	-	5,303	-	5,384
Hedge fund	(4,000)	-	-	(801)	-	-	(4,801)
Revaluation fund	-	-	6,044	-	-	-	6,044
Retained earnings/(loss)	441,919	(219,182)	(20,265)	73,108	454,530	(104,634)	625,476
Equity attributable to equity holders of the parent	**909,491**	**80,785**	**(11,221)**	**307,826**	**764,489**	**(1,237,539)**	**813,831**
Non-controlling interest	**141**	**-**	**-**	**(250)**	**-**	**634,979**	**634,870**
Total equity	**1,499,102**	**181,202**	**402,885**	**876,398**	**1,049,587**	**(929,523)**	**3,079,651**

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b) The analysis for the period between 1 January-31 December 2009:

ASSETS	Chemical	Textile	Real-estate	Energy	Other	Consolidation Adjustments	Total
Cash and cash equivalents	138,425	23,718	6,439	70,391	16,271	(13,362)	241,882
Trade receivables	267,079	43,972	5,092	59,154	99,879	32,848	508,024
Due from related parties	122,146	30,942	128,300	4,821	204,481	(299,527)	191,163
Financial assets	-	-	-	22,781	-	(4,055)	18,726
Inventories	131,131	24,157	3,825	2,727	2,334	6,114	170,288
Other current assets	69,382	2,299	19,804	19,045	2,502	50,402	163,434
Total current assets	**728,163**	**125,088**	**163,460**	**178,919**	**325,467**	**(227,580)**	**1,293,517**
Trade receivables	12,802	20,248	3,060	-	-	542	36,652
Financial assets	-	-	-	8,297	-	4,057	12,354
Financial investments	28,797	940	12,260	45,098	536,048	(605,806)	17,337
Investments accounted through equity method	-	-	-	-	11,029	8,257	19,286
Investment property	-	-	172,904	-	-	-	172,904
Property, plant and equipment	607,332	60,975	15,729	157,437	78,107	4,031	923,611
Intangible assets	7,089	726	372	200,163	3,016	(6,528)	204,838
Goodwill	-	-	-	173,075	-	-	173,075
Deferred tax assets	356	4,612	-	52	1,924	124	7,068
Other non-current assets	53,254	76	16,920	15,476	2,752	-	88,478
Total non-current assets	**709,630**	**87,577**	**221,245**	**599,598**	**632,876**	**(595,323)**	**1,655,603**
Total assets	**1,437,793**	**212,665**	**384,705**	**778,517**	**958,343**	**(822,903)**	**2,949,120**

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LIABILITIES	Chemical	Textile	Real-estate	Energy	Other	Consolidation Adjustments	Total
Trade payables	159,979	4,129	6,968	225,814	7,796	(93,067)	311,619
Due to payables	20,338	5,792	51,753	47,427	112,685	(189,157)	48,838
Financial liabilities	147,296	42,117	41,552	32,923	25,651	-	289,539
Derivative financial instruments	-	3,786	-	1,009	-	-	4,795
Income tax liability	2,093	659	-	844	1,922	-	5,518
Other current liabilities	64,823	9,033	85,175	71,288	(7,173)	(28,898)	194,248
Total current liabilities	**394,529**	**65,516**	**185,448**	**379,305**	**140,881**	**(311,122)**	**854,557**
Due to related parties	2,555	-	12,694	3,222	-	(1,794)	16,677
Financial liabilities	137,400	25,522	138,890	79,549	15,299	(46)	396,614
Employee termination benefits	13,524	6,954	120	4,726	1,553	2,495	29,372
Deferred tax liability	-	-	10,851	21,695	503	14,965	48,014
Other non-current liabilities	-	-	8	-	-	97,326	97,334
Total non-current liabilities	**153,479**	**32,476**	**162,563**	**109,192**	**17,355**	**112,946**	**588,011**
Paid in share capital	192,050	43,192	3,000	216,762	47,818	(489,724)	13,098
Inflation adjustment differences	320,772	289,632	63	37,384	251,351	(730,572)	168,630
Financial investments value increase fund	-	-	-	-	1,740	-	1,740
Hedge fund	-	(3,029)	-	(919)	-	-	(3,948)
Revaluation fund	-	-	6,044	-	-	-	6,044
Retained earnings/(loss)	376,963	(215,122)	(49,882)	36,301	499,198	46,915	694,373
Equity attributable to equity holders of the parent	**889,785**	**114,673**	**(40,775)**	**289,528**	**800,107**	**(1,173,381)**	**879,937**
Non-controlling interest	**-**	**-**	**77,469**	**492**	**-**	**548,654**	**626,615**
Total equity	**1,437,793**	**212,665**	**384,705**	**778,517**	**958,343**	**(822,903)**	**2,949,120**

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c) 2010 segment assets:

Statement of comprehensive income :	Chemical	Textile	Real-estate	Energy	Other	Consolidation Adjustments	Total
Revenue	1,471,380	141,088	3,654	576,389	109,951	(137,399)	2,165,063
Cost of sales	(1,275,997)	(124,680)	(2,827)	(532,331)	(86,325)	119,507	(1,902,653)
Gross profit	**195,383**	**16,408**	**827**	**44,058**	**23,626**	**(17,892)**	**262,410**
General administration expenses	(75,801)	(12,151)	(5,050)	(14,964)	(25,490)	6,820	(126,636)
Marketing, selling and distribution expenses	(33,637)	(5,153)	(4,639)	(22,480)	(395)	(1,963)	(68,267)
Research and development expenses	(3,854)	-	-	(101)	-	-	(3,955)
Other operating income/(expenses), net	5,203	(1,885)	13,055	20,266	14,118	(2,636)	48,121
Operating profit/(loss)	**87,294**	**(2,781)**	**4,193**	**26,779**	**11,859**	**(15,671)**	**111,673**
Investments accounted through equity method shares	-	-	1,381	1,341	-	1,376	4,098
Financial income/(expenses), net	(5,147)	2,613	(11,235)	(18,758)	6,598	3,166	(22,763)
Profit/(loss) before tax	**82,147**	**(168)**	**(5,661)**	**9,362**	**18,457**	**(11,129)**	**93,008**
Income tax/(expense)	(15,764)	215	(588)	(5,436)	(6,473)	(124)	(28,170)
Net profit(loss) for the period	**66,383**	**47**	**(6,249)**	**3,926**	**11,984**	**(11,253)**	**64,838**
Other comprehensive (expense)/ income:							
Derivative financial instruments at fair value	(972)	-	-	119	-	-	(853)
Financial investments value increases	-	81	-	-	3,563	-	3,644
Total comprehensive income/ (loss)	**65,411**	**128**	**(6,249)**	**4,045**	**15,547**	**(11,253)**	**67,629**
Net income for the period attributable to:							
Equity holders of the parent	66,268	47	(6,249)	3,782	11,984	(54,092)	21,740
Non-controlling interests	115	-	-	144	-	42,839	43,098
Total	**66,383**	**47**	**(6,249)**	**3,926**	**11,984**	**(11,253)**	**64,838**
Total comprehensive income attributable to:							
Equity holders of the parent	65,296	128	(6,249)	3,901	15,547	(54,092)	24,531
Non-controlling interests	115	-	-	144	-	42,839	43,098
Total	**65,411**	**128**	**(6,249)**	**4,045**	**15,547**	**(11,253)**	**67,629**

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d) 2009 segment assets:

Statement of comprehensive income:	Chemical	Textile	Real-estate	Energy	Other	Consolidation Adjustments	Total
Revenue	1,096,206	98,879	(70)	334,040	52,128	(163,059)	1,418,124
Cost of sales	(892,599)	(79,328)	(1,322)	(324,094)	(28,055)	102,804	(1,222,594)
Gross profit	**203,607**	**19,551**	**(1,392)**	**9,946**	**24,073**	**(60,255)**	**195,530**
General administration expenses	(80,086)	(9,959)	(5,019)	(16,675)	(20,791)	48,468	(84,062)
Marketing, selling and distribution expenses	(24,072)	(2,857)	(545)	(19,778)	(660)	(2,179)	(50,091)
Research and development expenses	(9,964)	(34)	-	(151)	-	111	(10,038)
Other operating income/(expenses), net	(4,408)	8,279	43,544	36,541	158,489	(10,758)	231,687
Operating profit/(loss)	**85,077**	**14,980**	**36,588**	**9,883**	**161,111**	**(24,613)**	**283,026**
Investments accounted through equity method shares	-	-	-	-	-	11,724	11,724
Financial income/(expenses), net	(6,520)	(3,993)	(28,618)	(14,084)	(1,132)	52,622	(1,725)
Profit/(loss) before tax	**78,557**	**10,987**	**7,970**	**(4,201)**	**159,979**	**39,733**	**293,025**
Income tax/(expense)	(8,791)	(968)	836	4,901	(1,577)	(19,985)	(25,584)
Net profit for the period	**69,766**	**10,019**	**8,806**	**700**	**158,402**	**19,748**	**267,441**
Other comprehensive (expense)/ income:							
Derivative financial instruments at fair value	353	-	-	-	-	-	353
Financial investments value increases	-	-	-	-	1,740	-	1,740
Total comprehensive income/ (loss)	**70,119**	**10,019**	**8,806**	**700**	**160,142**	**19,748**	**269,534**
Net income for the period attributable to:							
Equity holders of the parent	69,766	10,019	(12,457)	569	158,402	(39,064)	187,235
Non-controlling interests	-	-	21,263	131	-	58,812	80,206
Total	**69,766**	**10,019**	**8,806**	**700**	**158,402**	**19,748**	**267,441**
Total comprehensive income attributable to:							
Equity holders of the parent	70,119	10,019	(12,457)	569	160,142	(39,064)	189,328
Non-controlling interests	-	-	21,263	131	-	58,812	80,206
Total	**70,119**	**10,019**	**8,806**	**700**	**160,142**	**19,748**	**269,534**

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2010

(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 35-EVENTS AFTER THE BALANCE SHEET DATE

1. The Boards of Directors of Akkök and CEZ a.s., the two main shareholders of Akenerji, one of the Group's joint ventures, have authorised Akkök to collect preliminary bids as regards the assets of Akenerji.

2. In order to make its last instalment payment to the Privatisation Administration of the Republic of Turkey with respect to the acquisition of Sakarya Elektrik and re-financing its loan by means of converting its short-term loan into a long-term one, Akcez entered into an agreement with the European Bank for Reconstruction and Development ("EBRD"), International Finance Corporation ("IFC") and UniCredit Bank on 6 December 2010. The cash receipt took place on January 2011. Based on this agreement, Akkök has been the guarantor of principal amount of USD162.5 million and has committed in meeting several financial covenants.

3. As the competition in the textile industry is highly intense and low profit margins will continue to prevail for a long period of time and for the purpose of shifting to a different industry from the textile industry in the mid-term (production activities will not be halted until the sales transaction is completed), negotiations will be initiated to evaluate bids – prioritising purchase offers – with respect to looms and immovable property located in the plant at the address Aşağı Doğancılar Mevkii, Alaplı-Zonguldak and included in the assets of Ak-Al Tekstil Sanayii A.Ş., a subsidiary of the Group, the developments will be submitted for the approval of the General Assembly.

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