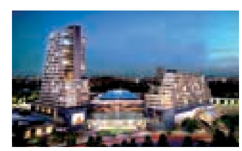
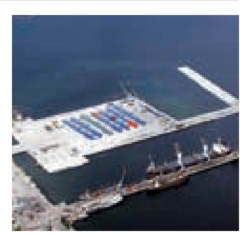
AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

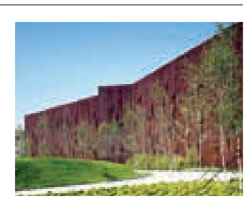
ANNUAL REPORT 2011

AKKÖK

Contents



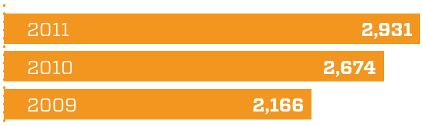




Key Financial and Operational Figures

NET SALES
(Combined)
(US$ millions)

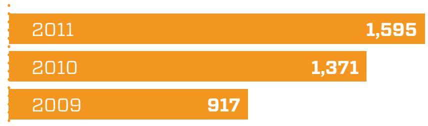
10%



Akkök Group's combined net sales increased by 10% reaching US$ 2,931 million, owing in particular to the contributions of companies in the chemical and the real estate sector.

NET SALES
(Consolidated)
(US$ millions - IFRS)

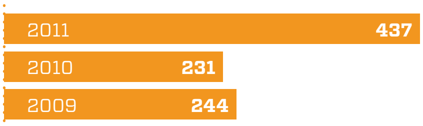
16%



Akkök Group's consolidated net sales increased by 16% to US$ 1,595 million, owing in particular to contributions from companies in the chemical and real estate sectors.

EBITDA
(Combined)
(US$ millions)

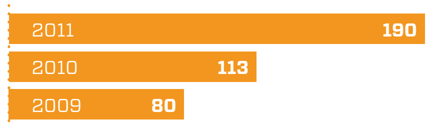
89%



Akkök Group increased its combined earnings before interest, taxes, depreciation and amortization (EBITDA) by 89% from the previous year to US$ 437 million in 2011.

EBITDA
(Consolidated)
(US$ millions - IFRS)

68%



Akkök Group increased its consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) by 68% over the previous year to US$ 190 million in 2011.

NET PROFIT
(Combined)
(US$ millions)

-23%

Although Akkök Group companies which are in investment process borrow foreign currency denominated long-term bank loans and the rise in exchange rate costs rose owing to the depreciation of the Turkish lira, the Group posted net (combined) profit of US$ 85 million in 2011.

NET PROFIT
(Consolidated)
(US$ millions - IFRS)

-2%

Although Akkök Group companies which are in investment process borrow foreign currency denominated long-term bank loans and exchange rate costs rose owing to the depreciation of the Turkish lira, the Group posted net (consolidated) profit of US$ 42 million in 2011.

Timeline and Milestones

THE 1950’S

Aksu was established in Bakırköy, Istanbul in 1952, as the Group’s first industrial investment and was followed by Ariş, also 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. Ak-Kim completed the construction of its plant in the Çerkezköy Organized Industrial Zone.

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-Kim established its Textile Softening and Moisturizing Plant and the Ak-Al Bozüyük Plant in 1982. Ak-Kim commenced production of sodium thiosulphate and iron (iii) chloride in 1984. The following year, the Akmerkez Etiler Ordinary Partnership was set up; Ak-Tops was established in 1986. In March, Aksa was listed on the Istanbul Stock Exchange (ISE) followed by Ak-Al in September of the same year. Also in 1986, Ak-Kim Organic Facilities were founded and inaugurated. In 1989, Akenerji and Aktem were established and Ak-Kim began producing 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 also 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 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. Ak-Kim signed the Responsible Care Program, becoming one of the first companies in Turkey to implement this program.

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 a competition in Vienna, Austria and Ak-Kim was granted ISO 9001:1994 Quality Management System Certification. 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 restaurant; Akmerkez was later chosen the "Best Shopping Center in the World" in a competition 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, the first of its kind in Turkey. The following year, Akrom Ak-Al Textile Romania SRL was established.

THE 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: 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; in addition, Company was granted the ISO 14001:1996 Environmental Management System Certification 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. The same year Ak-Kim began production of paper chemicals. 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.

Timeline and Milestones

2007

In 2007, Aktek was established and Akiş began the construction of Akkoza. An agreement was signed for the construction of Yalova Raif Dinçkök Cultural Center. 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 commenced the production of chemical additives for concrete. Ak-Kim signed the United Nations Global Compact, in support of its commitment to sustainability and corporate citizenship. Ak-Kim inaugurated Turkey's first dimethylethylamine (DMEA) facility. The book, Yadigâr-ı Istanbul, consisting of photographs from Yıldız Palace albums, was published with the support 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 obtained OHSAS 18001:2007 Occupational Health and Safety Management Certification; the Company also 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 tons/year, made the investment decision for the second facility, which will have a capacity of 1,700 tons/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 operations. In line with the organizational changes at Ak-Kim, the Company logo was revised and Ak-Kim 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.

2011

One the world's leading chemicals companies, Dow Chemicals, and Aksa signed a strategic partnership agreement in the field of carbon fibers.

Aksa completed its carbon fiber investment with an additional capacity of 300 tons/year and brought its total production capacity to 1,800 tons/year.

Ak-Kim commercialized over 80 new products in 2011 and thereby considerably expanded its portfolio. The Company attended the international textile machinery exhibition (ITMA), its first international fair experience. In addition to its current Sodium Metabisulfite (SMBS) facilities, the Company established a second SMBS facility with a capacity of 40,000 tons/year. The new plant is designed to consume less energy per ton and generate products with larger crystals.

Akenerji obtained US$ 651 million in funding for the 900 MW installed capacity Egemer Combined Cycle Natural Gas Power Plant to be constructed in the Erzin district of Hatay.

The Akbatı Residences & Akbatı Shopping Mall project by Akiş, which covers a construction area of 242,000 square meters in Esenyurt, Istanbul, was completed and opened its doors to home owners and visitors.

Akkök Group's subsidiary SAF REIT started trading on the ISE in December 2011.

Constructed by the Akkök Group, the Raif Dinçkök Cultural Center was completed and opened its doors to the citizens of Yalova.

Message from the Board of Directors

THE GROUP CONTINUED TO CREATE VALUE FOR THE NATION, SHAREHOLDERS, BUSINESS PARTNERS, STAKEHOLDERS AND ALL SEGMENTS OF SOCIETY WITHIN ITS TARGET SECTORS IN 2011.

Across the world, the year 2011 turned out to be much more challenging than initially expected. The global economic problems that emerged in 2010 could not be resolved within the following year. The Arab Spring triggered a democratic movement that engulfed the whole world. In numerous Arab nations, this movement against dictatorships, bureaucracy and corruption succeeded in bringing down ruling governments. The Japanese earthquake and tsunami resulted in a slowing of the world economy. The European debt crisis, as well as rising unemployment and income inequality, paved the way for street riots in Greece and Spain. In the USA, the Occupy Wall Street movement stood up against the current financial system. The fact that the youth population played a key role in all these actions testified to the increased concern of the new generation about its future.

Additionally, Turkey was one of the world's fastest growing economies, after China in 2011; however, the country's record breaking current deficit is a problem that has yet to be resolved.

The anemic US economic recovery, which started in 2009, is a cause of much concern across the globe. The US economy grew 3% in 2010 and the initial growth forecasts for 2011 were in the range of 3.5% - 4%; in actuality, the US economy managed to expand by only 1.7% in 2011. In addition, for the first time in 70 years, the country's AAA credit rating was downgraded by Standard & Poor's, as a result of the failure of policymakers in the US Congress to produce a credible plan concerning the debt ceiling.

In Europe, the credit ratings of Greece, Ireland and Portugal were also downgraded during the year. Disagreements over the European Financial Stability Facility and austerity programs revealed the underlying leadership vacuum in Europe. In November, leaders of the Euro Zone convinced private banks to take a 50% haircut of the Greek government bonds they held; however, uncertainty remains over Greece's capability to pay back its debt. On the other hand, the German economy continued to decouple positively from the general European economic turmoil and achieved an annual growth rate of 3%. The deregulation of the German labor market and the reduction of unemployment benefits in the last decade made it easier for German businesses to create employment opportunities. These well-timed measures helped make Germany the European country least prone to crisis. The country's unemployment rate fell to 6.8%, its lowest level since German unification in 1990.

Asian economies led by China remain the driving force of the global economy. The slowing of the Chinese economy in 2011 led to increasing concerns about the fate of its export-oriented growth performance in 2012, when developed economies are expected to come to a screeching halt.

In 2011, Turkey's economy showed a remarkable performance by expanding 8.5%. However, this growth rate also translated into an overheating of the economy, with the current deficit breaking an all-time record at US$ 77.1 billion. During the year, the Turkish Lira fell against the US Dollar and the Euro, by 16% and 18%, respectively; meanwhile, annualized inflation reached 10.5% by the end of the year. The expected contraction of demand in Europe, the main market for Turkish exports, is set to create headwinds for the Turkish economy. As for the struggle against the current account deficit, of crucial importance is the New Incentive Law to be enacted in 2012 by the government. This new law is expected to be a turning point in terms of orienting Turkish industry toward value added investments.

In 2011, Akkök Group continued to create value for the nation, shareholders, business partners, stakeholders and all segments of society in its target sectors. This value was further enhanced with the Group's social responsibility initiatives. The Raif Dinçkök Cultural Center, constructed by the Group as a contribution to the social and cultural life of Yalova, where the Company has operated since 1969, opened its doors at a ceremony held on May 12, 2011. Prime Minister Recep Tayyip Erdoğan was among those dignitaries in attendance at the dedication ceremony of the facility which serves the community under the umbrella of the Yalova Municipality. Another Group-sponsored initiative for the benefit of Yalova is the Firefly Mobile Learning Unit Project of the Turkish Education Volunteers Foundation (TEVF); from 2009 to 2011, this project has provided educational support to 6,600 primary school students. Group companies Aksa Akrilik, Ak-Kim and Ak-Tops, all located in the region, spearheaded the initiative. With the firm conviction that well-educated youth are the guarantee of a bright future for Turkey, the Akkök Group of Companies was also one of 15 private sector corporations which supported the Avrupa Koleji Master's Program organized by the Ministry for EU Affairs in the academic year 2011–2012.

A number of tragic events and disasters took place in Turkey and around the world during the course of the year. In response, Akkök Group donated TL 200 thousand to the Turkish campaign led by the Disaster and Emergency Management Presidency (AFAD) to help the victims of the famine in Somalia, which affected 12 million people in that country. In the aftermath of the earthquake which devastated the province of Van on October 23, 2011, the Group contributed TL 250 thousand to AFAD efforts to meet the immediate needs of earthquake victims, once again showing its steadfast support to the Turkish people under all circumstances.

We would like to extend our gratitude to our esteemed employees and managers, for their contribution to the Group's successful results and to all our social and economic stakeholders for their trust in the Group.

Akkök Board of Directors

Message from the CEO

AKKÖK GROUP CONTINUES ITS INVESTMENTS AT FULL SPEED IN LINE WITH ITS "TARGET STRATEGY." THE GROUP'S MAIN OBJECTIVE IS TO ACHIEVE SUSTAINABLE AND PROFITABLE GROWTH IN THE LONG-TERM.

Ahmet Ümit Danışman Member of the Executive Board	**Mustafa Yılmaz** Member of the Executive Board	**Raif A. Dinçkök** Member of the Executive Board	**Mehmet Ali Berkman** Chief Executive Officer

The world entered the year 2011 with high hopes for a robust global economic recovery. However, a number of unexpected developments within the year, including the Japanese earthquake, the persistent Greek debt crisis and the Arab Spring, prevented the world economy from rebounding as much as anticipated. As a result of the Arab Spring, the price of WTI crude oil on international markets exceeded US$ 108 per barrel, the highest level in the last two and a half years; meanwhile, Brent crude oil flirted with the level of US$ 120 per barrel during the year. This in turn had an adverse impact on nations like Turkey that are highly dependent on oil exports for economic growth.

Fast-growing Turkey grapples with large current account deficit

The Turkish economy grew by a striking 8.5% in 2011; however, it also posted a record-breaking current account deficit at US$ 77.1 billion, a sharp 65% rise from the prior year. Energy imports, at US$ 54.1 billion, accounted for 70% of the country's total current deficit, as well as for 51.1% of the foreign trade deficit, which totaled US$ 106 billion in 2011.

The only way for Turkey to slash such a dramatic increase in the current account deficit is the further development of its manufacturing industry and an acceleration of the shift to high value added production. We believe that positive developments are due in Turkey in this respect. The Industrial Strategy Document (2011-2014) released by the Ministry of Industry and Commerce in December 2010 is a strategic road map for the Turkish economy. The vision set out in the Industrial Strategy Document is for Turkey to become a Eurasian production hub for medium and high technology goods. The main objectives highlighted in the roadmap are boosting the competitive edge and productivity of the Turkish industry to take a larger share of world export markets, the increased production of high value added and high technology products, the creation of a skilled workforce and the acceleration of the shift to an environmentally- and socially- friendly industrial base. Akkök Group, as a corporate entity keen to invest in high value added industrial goods, hails the government's Industrial Strategy Document as a crucial step forward.

Additionally, Turkey's New Incentive Law, expected to be enacted in 2012, is being closely monitored by all the country's industrial concerns. We at Akkök Group are in favor of the adoption of a regulatory framework which will not discriminate among different geographic regions as regards incentives for production of high national and strategic importance, which will prioritize high value added sectors employing the latest technologies, which will place strong emphasis on R&D and innovation and which will encourage local production for those goods now largely imported to Turkey.

The new Turkish Commercial Code, set to come into effect on July 1, 2012, is another legal framework that will trigger significant changes throughout the country's business community. To ensure compliance in its public and private companies with the new law which introduces important revisions for companies and groups of companies, the Akkök Group of Companies has created a team for Compliance with the New Turkish Commercial Code and Corporate Governance Project and a Steering Committee, both at the Group level. The efforts to comply with the new law extend to Group companies as well. To date, the Group has identified key sub-project issues including the Corporate Governance Principles, has selected consultants to serve in these sub-projects, and has begun due analysis and application processes.

Composed of companies leading the pack in their respective sectors, the Akkök Group of Companies increased its consolidated net sales by 30% from the previous year, to TL 2.7 billion, with the contribution of its companies in the chemical and real estate sectors. As the Turkish Lira depreciated an average of 10% against the US Dollar during the year, the Company's turnover increased 16% on a US$ basis. Consolidated EBITDA rose 87% over the prior year on a TL basis. Although EBITDA growth was limited due to the rising finance, foreign exchange and depreciation expenses of the Group companies with high levels of investment, Akkök Group's consolidated net profit rose from TL 65 million a year earlier to TL 70 million in 2011. Our Group made investments of about US$ 500 million during the year. Akkök Group continues its investment program at top speed, in line with its "target strategy." The main objective of the Group is to achieve sustainable and profitable growth in the long-term.

Message from the CEO

Strong results from Aksa and Ak-Kim, and record-breaking export growth in the Turkish chemical industry

Akkök Group made significant advancements in the chemical sector in 2011 with its brands Aksa and Ak-Kim. The chemical sector had a highly successful 2011, boosting its exports by 29% over the prior year to US$ 16.3 billion. With this strong performance, the chemical sector moved ahead of the country's ready-to-wear and apparel sectors to rank second in exports, just behind the automotive sector.

A leader of the global acrylic fiber sector, Aksa made significant achievements in 2011. The Company increased its turnover by 15% over the previous year to approach the US$ 1 billion mark. Aksa also improved its global market share in the acrylic fiber sector to 14.0% in 2011, up from 13.2% a year earlier. The Company enjoys a strong 72% market share in Turkey.

Aksa was the first new company in 30 years to enter the carbon fiber sector, which was globally dominated by US, Japanese, German and Taiwanese firms. The Company signed a joint venture agreement for the production and global marketing of carbon fiber and derivative products with Dow Europe Holding B.V., a subsidiary of the world-renowned Dow Chemical Company, on December 20, 2011. In January 2012, Aksa transferred its carbon fiber operations to Aksa Karbon Elyaf Sanayi A.Ş., established through a partial break-up. Aksa Akrilik Kimya Sanayii A.Ş. holds a 99.99% stake in Aksa Karbon Elyaf Sanayi A.Ş.; the 50-50% joint venture with Dow Europe Holding B.V. is planned to be established through the latter company. This joint venture aims to provide a vast array of products and technical solutions to the composite industry, whose main raw material is carbon fiber.

Ak-Kim, a manufacturer of organic and inorganic chemicals, textile sector auxiliary materials, as well as chemicals for the paper, concrete and construction industries, completed 2011 with very positive results. The Company invested US$ 6 million to commission a new Sodium Metabisulfite plant with a capacity of 40,000 tons. With added momentum from its turnkey overseas projects, Ak-Kim increased its turnover 22% over the prior year.

Akenerji grows by investments

Turkish electricity demand continues to soar. After expanding 8.4% in 2010, the gross national demand for electricity increased another 9% in 2011 to reach 230,000 GWs.

Akenerji started the year by adding to its production portfolio five new hydroelectric power plants with a total installed capacity of 286 MW, commissioned in the second half of 2010. With the help of these plants, the Company increased its electricity generation by 55% in 2011 to 2.6 billion kWh; in addition, electricity sales rose 42%, to around 4 billion KWh. The Company's net sales climbed 31% in Turkish Lira terms during the reporting year. In 2012, the Company plans to commission three additional hydroelectric plants, with a total installed capacity of 87 MW. Additionally, Akenerji obtained US$ 650 million in funding from a consortium of three Turkish banks, for its Egemer Combined Cycle Natural Gas Power Plant project with a planned 900 MW of installed capacity. Subsequently, the Company initiated construction of the plant. The Egemer Plant is planned to be commissioned in the third quarter of 2014. Feasibility studies are underway on the Kemah Dam and Hydroelectric Plant project, set to be the largest hydroelectric plant in the Company's portfolio with an eventual installed capacity of 198 MW.

SEDAŞ continues investments to boost service quality

Distributing electricity in the provinces of Kocaeli, Sakarya, Düzce and Bolu, SEDAŞ invested TL 56.3 million in 2011 to upgrade and improve its electricity distribution grid. During the year, the Company opened 21 new Customer Services Centers in the four provinces. SEDAŞ also continued to work on its SCADA project in 2011, which was designed to monitor the energy grid, eliminate breakdowns in a short span of time and minimize periods of blackout. Additionally, upon completion of the Automatic Gauge Reading System project that commenced in 2011, online accessible electronic gauges will help calculate energy consumption and generate bills for customers. The initiative is scheduled for completion by end-2012. The SAP/ERP project, launched by SEDAŞ in July 2011, is planned to be completed by February 2012. The SAP (Systems, Applications and Products in Data

Processing) project is designed to enable the effective management of all reporting to public agencies that the Company is legally required to provide with information.

One of the most prestigious real estate projects in Turkey: Akbatı Residences & Akbatı Shopping Mall

The 2011 reporting year was a period of remarkable accomplishments for Akkök Group's real estate operations, one of the core businesses of the Group. Group company Akiş completed the development project Akbatı Residences & Akbatı Shopping Mall, which covers a construction area of 242,000 m^2 in Esenyurt, Istanbul. As one of the largest shopping centers in Istanbul, Akbatı shopping mall is designed as a full service living environment with an extensive mixed use that includes nearly 200 stores, nine movie theaters, a food court featuring world cuisines, playgrounds and educational space for children, lounge space for social activities and a Festival Park with a 5,000 person capacity. In 2012, Akiş will complete the Akbatı Beyaz Kule and Akkoza developments, continuing its top quality contributions to the real estate sector.

SAF REIT goes public and boosts its finances

Group company SAF REIT is constructing Akasya, one of the most prestigious and top-notch projects in Turkey's real estate sector today. The Akasya development project includes 1,349 housing units in its phases named Koru (Woods), Göl (Lake) and Kent (City). Houses were completed and started being delivered to their owners in October 2011 in the Koru phase and in December 2011 in the Göl phase; delivery is scheduled to start in the Kent phase in September 2013. The shopping mall and lifestyle center included in the project will have 81,000 m^2 of leasable space and is set to begin operations in 2013.

SAF REIT went public in 2011, significantly boosting its financial resources. The Company is the second largest real estate investment trust traded on the ISE in terms of market capitalization. With the strength it draws from its investors, the Group's subsidiary SAF REIT is destined to become one of the top players in the real estate sector in the near future.

Continuing to deliver value in the service sector

Overseeing the international marketing and export activities of Akkök Group companies, Ak-Pa achieved all of its performance targets for the reporting period, reaching exports of US$ 377 million and imports of US$ 34.8 million as of year-end 2011. Ak-Pa's 2011 export performance helped it rank first in the textile and relevant raw materials sector. In recognition of its achievements, the Company received the "Export Champion" award from the Turkish Assembly of Exporters.

Celebrating its 35th year of business in the insurance sector, Dinkal Sigorta Acenteliği A.Ş. reached its target of "Premium Production of 35 million in the 35th Year" in 2011. The Company made significant progress in terms of enhancing its product range and premium production, once again proving itself as one of the most trustworthy players in its sector.

Goals for 2012

In 2012, Akkök Group plans to undertake total investments of US$ 630 million. Of this total, 58% will be channeled to the energy sector, 16% to real estate and 26% to the chemical industry.

As during its 60-year corporate legacy, the Akkök Group of Companies continues to operate profitable and efficient businesses in its target sectors. We would like to express our gratitude to our shareholders, business partners, employees and all stakeholders for their unfaltering support for our activities in 2011. We plan to continue offering our joint contribution for a bright future for Turkey with even more ambitious initiatives in the coming period.

Best regards,

Mehmet Ali Berkman
Akkök Chief Executive Officer

Akkök Board of Directors in 2011

Ali Raif Dinçkök
Chairman
Born in Istanbul in 1944, Ali Raif Dinçkök graduated from the Austrian High School and Aachen University, Department of Textile Engineering in 1969. Subsequently, he began his professional career at Akkök Group of Companies. Currently, he serves as Chairman of Akkök Sanayi Yatırım ve Geliştirme A.Ş. and as a member of the Board at Akkök Group companies.

Nilüfer Dinçkök Çiftçi
Vice Chairman
Born in Istanbul in 1956, Nilüfer Dinçkök Çiftçi graduated from Sainte Pulchérie French High School in 1970 and continued her education in Switzerland. She graduated from St. Georges School in 1976 and currently serves on the Boards of Akkök Sanayi Yatırım ve Geliştirme A.Ş. and other Group companies.

Ömer Dinçkök
Board Member
Born in Istanbul in 1948, Ömer Dinçkök graduated from Robert College, Department of Business Administration and Economics and received his Master's degree in the UK in 1971. He began his professional career at Akkök Group of Companies and currently serves on the Board at Akkök Sanayi Yatırım ve Geliştirme A.Ş. and other Akkök Group companies. In addition, Dinçkök served as President of the Turkish Educational Foundation (TEV) Board of Trustees from 2004-2007, TEV Chairman from 2001-2004, President of the İSO Assembly from 1992-2001, President of the Industrial Council of TOBB from 1992-2000, member of the Board of Trustees at Wilberforce University from 1989-2000 and Chairman of TÜSİAD from 1987-1989. Currently, Mr. Dinçkök serves as Honorary Member of TÜSİAD Council of Presidents, Honorary Member of the İSO Assembly and member of Koç University's Board of Trustees. He is a Founding member and Trustee of TEGV.

Raif Ali Dinçkök
Board Member and Member of the Executive Board
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 at Akenerji between 2000 and 2003. Mr. 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.

Ayça Dinçkök
Board 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. In 2004, she completed London Business School's four-week Accelerated Development Program. From 2004-2009, she was a Board member at TÜSİAD and presided over the Information Society and New Technologies Commission. From 2007 to 2010, she was on the Board of the European Man-made Fibers Association (CIRFS) and on the Executive Board of Akkök Sanayi Yatırım ve Geliştirme A.Ş. from 2007 until 2011. Currently, she serves as a Board member at Akkök Sanayi Yatırım ve Geliştirme A.Ş. and Group companies.

Mehmet Ali Berkman

Executive Director 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 TEV to study at Syracuse University in the United States where he received his MBA in Operations Research. He began his professional career in 1972 with the Koç Group and has served as General Manager of several Group companies including Mako, Döktaş, Uniroyal and Arçelik. 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. He retired in early 2004, in line with the Group's HR policies. Mr. Berkman has been a Board member and the CEO of Akkök Sanayi Yatırım ve Geliştirme A.Ş. since September 2005. He also serves as Chairman at Akenerji Elektrik Üretimi A.Ş. and Aksa Akrilik Kimya Sanayii A.Ş. and as Board member at other Akkök Group companies.

Hüsamettin Kavi

Board Member

Born in Istanbul in 1950, Hüsamettin Kavi received his graduate degree from Istanbul Technical University, Department of Civil Engineering in 1972, began his professional career in 1975 and worked in a number of different sectors. Mr. Kavi is among the founders of the Young Businessmen Association of Turkey and served on the Board at Türk Telekom A.Ş. between 2003 and 2005 where he played an active role in its privatization. Mr. Kavi currently serves on the Board of Akkök Sanayi Yatırım ve Geliştirme A.Ş.

Gamze Dinçkök Yücaoğlu

Board Member

Born in Istanbul in 1981, Gamze Dinçkök Yücaoğlu graduated from Harvard University, Departments of Psychology and Economics 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. Ms. Yücaoğlu served as Assistant General Manager in charge of Finance and Accounting between 2006 and 2009 and has been serving as Financial Auditing and Risk Management Director since 2009.

Alize Dinçkök Eyüboğlu

Board Member

Born in 1983 in Istanbul, Alize Dinçkök Eyüboğlu graduated from Suffolk University, Sawyer School of Management, Department of Business Administration in 2005. She started her business career in 2005, at Ak-Al Tekstil Sanayi A.Ş. as a Specialist in Strategic Planning. In 2006, following the establishment of Akiş Gayrimenkul Yatırımı A.Ş., she transferred to the Company where she served as Project Coordinator, Sales and Marketing Manager and Assistant General Manager – Sales and Marketing. Ms. Dinçkök Eyüboğlu is also on the Board at various Akkök Group companies.

Mehmet Emin Çiftçi

Board Member

Born in 1987 in Istanbul, Mehmet Emin Çiftçi graduated from Istanbul Commerce University, Faculty of Communications. He currently is pursuing his studies in Business Administration at UCLA. Mr. Çiftçi started his professional career in 2006 at Ak-Kim Kimya Sanayi ve Ticaret A.Ş. and serves on the Board of Akkök Sanayi Yatırım ve Geliştirme A.Ş. and other Group companies.

Melis Gürsoy

Board Member

Born in 1978 in Istanbul, Melis Gürsoy graduated from Özel Işık High School in 1996 and earned an MBA from Mount Ida College, in Massachusetts, in the United States in 2000. She pursues her professional career at Ak-Pa Tekstil İhracat Pazarlama A.Ş.

Chemicals

CHEMICAL COMPANIES BECOME WORLD BRANDS WITH INNOVATIVE PRODUCTS...

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

Aksa sustained its successful economic performance for the acrylic fiber and carbon fiber products in its 2011 portfolio and maintained its position as the vanguard of the Turkish industry in international markets.

Leading the sector with high capacity utilization despite the global slowdown

The stagnation which asserted itself in the European market from the second half of 2011 plus the fluctuations in raw materials prices in the global markets resulted in a contraction in the demand for acrylic fibers. Despite the global economic slowdown, Aksa managed to preserve its leadership in the sector during 2011, based on a state-of-the-art production infrastructure and highly skilled human resources.

Having played a pivotal role in making Turkey the world's second largest acrylic market after China, the Company increased its global market share from 13.2% in 2010 to 14% in 2011. Furthermore, despite price fluctuations and sluggish demand in the global market, Aksa worked at a capacity utilization rate of 93% in 2011 and lifted its domestic market share from 67% to 72%. In line with its expanding portfolio strategy for tow, chopped fiber, tops and micro fiber with new high value added products, the Company took important steps in 2011.

Aksa commenced production of carbon fiber in 2009, as a result of R&D activities with top-notch technological research. In 2011, carbon fiber remained an area in which the Company was most active in terms of process and product development. Generated through the oxidization and carbonization of special acrylic fiber, this special type of fiber introduces important innovations in industrial use, owing to its superior lightness and strength vis-a-vis conventional metals.

The strategic product of the future: Carbon fiber

Carbon fiber is a strategic product employed in such areas as space and aviation, marine and ground transportation, industrial materials, building and infrastructure reinforcement, wind turbines and blades, sports equipment, as well as personal protection materials, pressurized containers and the frames of Formula 1 race cars. In 2011, Aksa attained full capacity utilization in its carbon fiber production line with a capacity of 1,500 tons/year and by meeting its sales targets. As a result of capacity increase efforts within the year, the total capacity of this line was upgraded to 1,800 tons/year. Aksa is intent on taking a large share of the global demand which is expected to reach 150,000 tons by the year 2020. Accordingly, the Company plans to commission a second production line with a capacity of 1,700 tons by July 2012, which will bring the overall production capacity to 3,500 tons/year.

The Company will sharpen its competitive edge by making the best of its production capacity and know-how in acrylic fiber, which is the primary raw material in the production of carbon fiber, and derivatives, to control a 10% market share in the coming decade. The global demand for carbon fiber is expected to have reached approximately 46,000 tons/year by end-2011.

Chemicals

AKSA'S GLOBAL MARKET SHARE

14%

Having played a pivotal role in making Turkey the world's second largest acrylic market after China, the Company increased its global market share from 13.2% in 2010 to 14% in 2011.

Total annual carbon fiber consumption in the Turkish market, is estimated to have reached 140 tons/year as of year-end 2011. Since the day Aksa commenced carbon fiber production two years ago, five firms began producing carbon fabric with two others producing pultrusion. In addition, the market is expected to expand further with the establishment of firms that will produce CNG and wind turbine blades. Aksa has not only pioneered the production of carbon fiber and created numerous ancillary industries, it has also drawn international attention due to its high quality standards.

International cooperation centered on corporate development

In 2011, Aksa signed a joint venture agreement with Dow Chemicals, one of the world's leading chemical companies, for strategic cooperation in carbon fiber and thereby added further momentum to its corporate development. According to the agreement, the two companies will establish a 50/50 joint venture to become the world's largest manufacturer of carbon fiber and derivatives in the year 2012.

In the scope of this joint venture agreement with Dow Chemicals, which has a sales volume of US$ 55 billion, an R&D budget of US$ 2.3 billion and a global sales network, Aksa transferred its carbon fiber operations to a separate company, Aksa Karbon Elyaf A.Ş., as of January 2, 2012. The joint venture process is planned to be completed within 2012 once Dow Chemicals acquires 50% of the Company.

The decision to split Aksa's carbon fiber business into a separate company following the joint venture agreement was approved at the Company's Extraordinary General Assembly on December 28, 2011. Aksa Karbon Elyaf Sanayi A.Ş. was registered in the trade registry on January 2, 2012 and became an independent legal entity.

Toward an energy independent and sustainable enterprise

Having renovated its production infrastructure in line with its sustainability perspective, Aksa continues to construct a power plant with a capacity to generate 100 MW of electricity and 350 tons/hour of steam at its production facilities in Yalova. Temporary permission for the first phase of the power plant was obtained in late 2011; the plant is expected to generate significant savings for the Company in the period ahead.

Representing Turkey in the international arena with innovative products

To form and develop a strong composites sector in Turkey, Aksa is focused on joint R&D projects with universities and undertakes strategic partnerships in international sectoral platforms. To this end, within the year 2011, Aksa participated in Europe's largest composites fair JEC Paris, the China International Composites Industrial Expo, JEC Asia in Singapore and the SAMPE in Los Angeles, California. During these events, its carbon fiber brand AKSACA met with abundant interest.

Value added focused strategic investments

In 2011, Aksa's total investment outlay reached an estimated US$ 159 million. A large portion was allocated to the power plant and the second carbon fiber production line under construction. In 2011, Aksa reached full capacity in its carbon fiber production line and increased the capacity of this line by 300 tons/year to 1,800 tons/year to respond to soaring demand. The second production line with a production capacity of 1,700 tons is planned to commence operations in July 2012.

Setting an example with environmental initiatives

In the final quarter of 2011, Aksa obtained an eight-year US$ 50 million dollar loan with a 30-month grace period from the European Bank for Reconstruction and Development to finance its energy efficiency, conservation and product development projects totaling US$ 60 million. The Company plans to channel this fund to initiatives geared to cutting operational costs and boosting productivity. In this scope, the projects to be initiated will reduce the Company's CO_2 emissions by 23,500 tons/year.

Chemicals

AK-KİM KİMYA SANAYİ VE TİCARET A.Ş.

Following reorganization and company profile in the year 2011, Ak-Kim plans to continue this process and remain the innovation leader of the chemical sector in the coming period.

Corporate development efforts in the International Year of Chemistry 2011

A founding member of the Turkish chemical industry, Ak-Kim transformed the International Year of Chemistry 2011 into a period of reorganization and change in order to make its corporate structure more efficient. Within the year, Ak-Kim assumed the sponsorship of a number of projects, joining forces with the sector's leading organizations such as Turkish Chemical Manufacturers Association and the Turkish Chemical Society as well as supporting environmental and educational initiatives in line with its corporate policies. Keen to continue on its path toward becoming more environmentally responsible and forward looking company, the Company also sponsored the Summer 2011 phase of the Marmara Environmental Monitoring (MAREM) project.

Product portfolio expanding toward performance chemicals

Ak-Kim gears its operations toward the targets of restructuring sales, marketing and R&D organization, boosting its market share in domestic and international markets and prioritizing the production of performance chemicals in addition to basic chemicals. The year 2011 was a period in which the Company multiplied its investment targets and increased its investment expenditure over the previous year, boosting turnover 22% by year-end 2011; in addition, it reached net sales of US$ 162.7 million. In line with its innovative management philosophy, Ak-Kim closely monitors the changing needs and expectations of a number of sectors and constantly expands its product portfolio. In 2011, the Company introduced 30 new paper and water chemical products, 20 new cement-grinding-concrete additives products and 30 new textile chemical products.

Intensive R&D and Marketing Activities

In addition to expanding its product portfolio, Ak-Kim continued its sales and marketing activities throughout the year. The Company prioritizes marketing activities oriented toward the Middle East and the Caucasus, which harbor significant potential in the fields of water conditioning and paper chemicals. With regard to paper chemicals, the Company joined forces with global firms and delivered products to countries in the Middle East. As a result of efficient domestic marketing activities in textile chemicals, the Company started marketing goods for the denim sector while its international marketing activities included participation in the ITMA Fair, held once every four years, to promote its products. In the underground projects sector, Ak-Kim has become the sole supplier to the Cankurtaran Tünelleri (Lifesaving Tunnels) in the province of Artvin, one of the most high profile and longest tunnel projects in Turkey.

By the end of 2011, the Company was marketing its basic chemical products to over 40 countries that hold a significant place in its export goods portfolio.

Turnkey projects in the international arena

The year 2011 was a period of accomplishments for the turnkey project business line, another area of expertise at Ak-Kim. In this regard, the Company completed the KAPACHIM Hydrochloric Acid Production Plant Project in Greece in 2011 and obtained the Final Approval Authorization. The engineering and procurement phases of the project were completed in June 2011 and the commissioning stage was completed in December 2011. The Company initiated construction of the ADWAN Chlorine Alkali Plant Project in Algeria in the year 2011; however, the installation stage was postponed to 2012 due to obstacles on the customer's side.

The main capacity increase and modernization investments undertaken by Ak-Kim in 2011 include:

- Performance Chemicals: Procurement, installation and commissioning of reactors, storage tanks, pumps, filters, and the like required to produce concrete and cement additives and paper and water chemicals;
- Sodium Metabisulfite Plant: Establishment of a new plant with a capacity of 40,000 tons/year in addition to the current plant with a capacity of 26,000 tons/year;
- Hydrochloric Acid: Expansion of current capacity by 25% with the installation of an additional reactor in order to meet market demand;
- Hypo: Capacity increase from 320 tons/day to 480 tons/day to meet market demand.

Ak-Kim's targets for 2012

- 12% increase in chemical group sales
- Completion of the first stage of the performance chemicals investment within the year 2012
- Centralization of raw materials and product inventory controls, integration of logistics processes and establishment of a storage and logistics center to monitor products
- Establishment of pilot R&D plants, procurement of pilot reactors and miscellaneous gauges to render the current system more robust and construction of a new R&D facility complete with offices and laboratories
- Modernization in quality control and completion of efforts to boost MCAA product quality and plant capacity
- The establishment of an Iron III Chloride plant for the Algerian company Adwan

Energy

ENERGY COMPANIES FUEL TURKEY'S UPWARD DEVELOPMENT TREND...

AKENERJİ ELEKTRİK ÜRETİM A.Ş.

With its high profile projects for energy generation and distribution, Akenerji strives to contribute to Turkish economic development and to support the nation's sustainable energy future.

Turkish energy demand rising in parallel with high growth

The energy sector plays a pivotal role in sustaining production and even life itself. Turkey stands out with its consistent growth performance in recent years and tops the list of countries with the largest increase in energy demand in the last decade. Accordingly, in the last 20 years, Turkish demand for electricity grew by 7% per year, thus exceeding the GDP growth rate. As of end-2011, it increased by 9% from the previous year to reach approximately 230,000 Gwh. According to capacity growth projections issued by TEİAŞ, the demand for electricity is to increase by 7.5% per annum to reach approximately 433,900 Gwh by 2020.

Driving change in the energy sector for 22 years

Established in 1989 in accordance with the Akkök Group's vision to contribute to Turkey's fast-paced economic growth by delivering high added value, Akenerji leads the competition shaping Turkey's electric energy sector with a total electricity generation capacity of 658.2 MW and numerous ongoing investments. Since 1993, the Company has continuously figured in Turkey's Top 500 Industrial Corporations List published by the Istanbul Chamber of Industry. Capitalizing on its operational experience and visionary strategy to strengthen its corporate structure day by day, Akenerji boasts one of the largest customer portfolios in the sector. In addition to the power plants it has commissioned, Akenerji manages and sells an energy volume much larger than its current capacity due to various energy supply agreements signed with a number of energy companies. In 2011, the Company performed Turkey's first cross-border energy trade transaction through the European interconnected system. Akenerji also maintains a close watch on global business opportunities to play an major role in international trade.

Strategic partnerships focused on added value

Making continuous strides in the area of energy production and trade, Akenerji was awarded the privatization tender for the Sakarya Elektrik Dağıtım A.Ş. or Sakarya Electricity Distribution (SEDAŞ) with a US$ 600 million bid placed by the AkCez consortium bringing together the Akkök Group and the Czech energy company, CEZ. In February 2009, Akenerji took over the distribution of energy in the heartland of Turkish industry - Sakarya, Kocaeli, Bolu and Düzce - expanding its field of activity and becoming an integrated Company delivering services to end-users. The cooperation established between Akkök and CEZ prior to the SEDAŞ tender was transformed into a 50/50 strategic partnership with an agreement signed in October 2008. Within the framework of this agreement, 50% of Akenerji's non-public shares were acquired by CEZ Group for US$ 303 million. This partnership allowed Akenerji to ensure the support of the two conglomerates, Akkök and CEZ. The result of this strategic partnership between Akkök and CEZ in the field of energy production is the Egemer Natural Gas Combined Cycle Power Plant located in Erzin, Hatay. Akenerji, which has refused to postpone its investment plans despite the global economic uncertainty, will considerably boost installed capacity once the 900 MW-capacity Egemer Natural Gas Combined Cycle Power Plant commences operations.

Energy

TOTAL ELECTRICITY PRODUCTION CAPACITY AT AKENERJİ

658.2 MW

Akenerji leads the pack of Turkish energy companies with a total electricity generation capacity of 658.2 MW and numerous investments in progress.

Energy investments geared toward sustainability

With high profile projects in the field of energy generation and distribution, Akenerji not only contributes to Turkish economic development, but also supports a sustainable energy future. In addition to natural gas-based production, the Company leads the way in the private sector's renewable energy investments to ensure resource diversity and manage fuel supply risk. Akenerji commenced its investments in this field in 2005 by participating in the first hydroelectric power plant tenders held by EMRA. Akenerji commissioned its first renewable energy power plant Ayyıldız Wind Power Plant in the year 2009, followed by Akocak, Bulam, Burç Bendi, Feke II and Uluabat hydroelectric power plants in 2010, thus bringing its total installed capacity to 301 MW. As such, the Company brought the share of renewable energy in its total installed capacity up to 46%, making significant progress toward attaining its target of fuel portfolio diversification. Three projects in progress with an aggregate installed capacity of 87 MW, Feke I, Himmetli and Gökkaya HEPP, are planned to be commissioned during 2012.

Continuing its renewable energy investments, Akenerji acquired in the year 2010, İçkale Enerji Elektrik Üretim ve Tic. A.Ş., which holds the Kemah Dam and Hydroelectric Power Plant license. As the largest HEPP in the Akenerji portfolio, the 198 MW installed capacity Kemah Dam and HEPP project is planned to be commissioned by 2016.

Continuous development through innovative projects

In 2011, Akenerji implemented important projects, each of which are considered to be milestones in its corporate development. The Company's energy sales transaction with the German energy company RWE was performed through the application of the European Federation of Energy Traders (EFET) contract. As such, Akenerji made yet another significant advancement by becoming the first Turkish company to implement the EFET general contract, designed to develop and support European energy trade.

Akenerji also joined the Cross-Border Transmission Capacity Tender organized by the Turkish Electricity Transmission Company (TEİAŞ). In August 2011, the Company was granted the right to utilize a capacity of 20 MW base load by TEİAŞ and subsequently performed its first import transaction. The Company effectuated its second cross-border trade transaction in November, by exporting energy to Greece. The objective of Akenerji is to gain experience in international trade to manage the rapidly changing energy supply and demand balance and enhance its contribution to meeting periodic surges in Turkish demand.

Furthermore, within the year 2011, Akenerji took a crucial step toward fulfilling its growth strategies and became the first Turkish company to be granted the Investors in People (IIP) Quality Certification. The Company initiated efforts toward this end in 2010 and completed them in just 10 months. In March 2011, the Company became eligible for the quality certification. As the one and only international management and development standard presenting a holistic and results-oriented framework for the development of human resources, Investors in People (IIP) is designed to nurture a human-oriented development and management culture.

SAKARYA ELEKTRİK DAĞITIM A.Ş. (SEDAŞ)

SEDAŞ has a concession for delivering electricity distribution services in the highly industrialized Turkish provinces of Kocaeli, Sakarya, Düzce and Bolu until 2036; it continues its investment program aggressively.

High quality standards in power grid distribution

On February 11, 2009, Sakarya Elektrik Dağıtım A.Ş. (SEDAŞ) was acquired by the Akkök-Akenerji-CEZ (AkCez) consortium, which was awarded the Privatization Administration's tender for the block privatization of the Company. At AkCez, Akenerji Elektrik Üretim A.Ş. holds a 45% stake, whereas Akkök Sanayi Yatırım ve Geliştirme A.Ş. and CEZ Group control 27.5% each.

The Company delivers round-the-clock continuous power distribution services in four provinces, 45 districts, 66 municipalities and 1,443 villages, serving a total of 3.3 million people. 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's total installed power is 6,703 MVA; its point power stands at 1,532 MW. As of 2011, the number of employees at SEDAŞ was 1,996. Of these, 783 were company staff and 1,213 were hired under service contracts. Household customers constitute 84.2% of the customer portfolio while commercial enterprises account for 14.3%, industrial enterprises 0.2%, public agencies 0.1%, lighting grids 0.9% and agricultural irrigation networks 0.4%. In 2011, SEDAŞ purchased 6,715,590,396 kWh of energy and sold 6,105,805,962 kWh. The Company's loss/unlicensed use rate is 7.4% of energy sales.

SEDAŞ is active in the economically developed provinces of Sakarya, Kocaeli, Bolu and Düzce, which constitute the heartland of Turkish industry. As a result, while energy demand increases by 7-8% annually across the nation, it expands by a remarkable 10-12% in SEDAŞ's area of operation. The Company has the concession to deliver electricity distribution in these provinces until 2036 and is keen on maintaining its investment program aggressively in the period ahead in order to meet the region's soaring energy demand.

Consistent progress toward financial targets

SEDAŞ strives to increase the diversification and improve the quality of its services, while keeping its expenses under control. Thus, in 2011, SEDAŞ recorded a positive financial performance. In 2011, 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 2011 were achieved, making it a successful year for SEDAŞ.

Efficient solutions geared toward customer satisfaction

Within the framework of the Transformation Project implemented throughout 2011, SEDAŞ geared up efforts to achieve brand building and to increase service quality. The Company invested TL 56.3 million to revamp and improve the electricity distribution grid in its service region. SEDAŞ opened its first and second Customer Service Centers in Kocaeli and Sakarya, respectively; the number of Customer Service Centers will eventually total 21 in four cities. All of these centers are state-of-the-art facilities,

Energy

SEDAŞ'S TOTAL INSTALLED POWER

6,703MVA

SEDAŞ has total installed power of 6,703 MVA and point power of 1,532 MW.

situated in central locations and constructed as luminous and spacious service points in line with the corporate identity. While the Company established such new units necessary for its organization, collection activities were also redesigned as part of the efforts toward Restructuring Customer Services. In this regard, 64 SEDAŞ Bill Collection Points, reflecting SEDAŞ quality and guarantee, were opened, allowing much more convenient bill payments for subscribers. SEDAŞ Bill Collection Points will be expanded to all cities and districts in which the Company operates.

In line with its contemporary approach to management, SEDAŞ opened its Call Center in the Gebze Facility in February 2010, to better serve its customers, to increase efficiency and to provide more effective and faster maintenance-repair services. The Company started the customer service line and the VIP line; in 2011, it completed the required IT infrastructure investment to boost service quality. As a result of the revamping and improvement efforts that aim to increase customer satisfaction and to meet expectations at a maximum level, the SEDAŞ Call Center received 850,000 calls in the year 2010 and reached a response rate of 82%, before reaching 1,005,876 calls and a response rate of 96% in the year 2011. The Call Center, which employs a team of true professionals and specialists, plans to expand its workforce in parallel with its overall growth trend.

The Call Center is intent on resolving problems even faster and offer SEDAŞ subscribers premium quality services for defective and unlicensed use notices, debt, bill and rate information and subscription services on a 24/7 basis.

Quality-centered infrastructure investments

The SCADA Project, one of SEDAŞ's Master Projects, is designed to remote control the energy grid and to analyze data from the grid, with a view to troubleshooting failures in a short span of time and minimizing the duration of power outages. After undertaking such crucial investments as SEDAŞ Customer Service Centers, the Call Center and SEDAŞ Bill Collection Points in the three-year period following the privatization, in the year 2011, the Company readied to launch the SCADA/DMS (Supervisory Control And Data Acquisition/Distributions Management System), which allows for the immediate detection and minimization of power outages and continued to complete various related procedures required by the tender process. In parallel, the Company also made improvements to its networks and continued to build the infrastructure of the SCADA system.

In 2011, the Company made intensive preparations to complete the tender process for another SEDAŞ Master Project: the Automatic Meter Reading System (AMR). This project enables the automatic collection and billing of consumption via electronic meters over the Internet, without traveling hundreds of kilometers.

In addition, the installation of the AMR system will enable the central system to store data such as ID information, accrual and billing, total active and reactive energy indices, demand data, load profile curves, calibration dates, low battery warnings, as well as electric terminal and cover lid intrusion warnings collected by meters in a chronological fashion.

Capable of producing different report layouts, the AMR system will allow subscribers to track their consumption online and will provide great advantages in terms of the timely and accurate monitoring of measurement points, the provision of consistent dates to the billing system, the improvement of meter reading and service quality and the minimization of loss and unlicensed use.

A stronger SEDAŞ with Corporate Resource Planning

In July 2011, SEDAŞ launched the corporate resource planning scheme SAP/ERP, a necessity of the contemporary corporate environment. The SAP/ERP project will be commissioned in February 2012 and cover the activities of all units. The SAP (Systems, Applications and Products in Data Processing) project will allow the Company to efficiently produce periodic reports to all the agencies and institutions to which it is required to provide information by law and to manage its expenses in an effective manner.

Meter Calibration Scheme launched

In the aftermath of privatization, SEDAŞ launched the Calibration Project in 2011, which involves the replacement of meters with seals 10 years and older. As part of this effort, SEDAŞ will perform calibrations in a total of 800 thousand meters in the provinces of Sakarya, Kocaeli, Bolu and Düzce. Via various media outlets, the Company makes announcements concerning the scope and reasons for this operation that will greatly benefit customers, distributes leaflets to its subscribers and strives to ensure customer satisfaction.

A sustainable corporate structure composed of a highly skilled workforce

In the year 2011, SEDAŞ aggressively continued its strategic efforts to achieve maximum customer satisfaction, reinforce brand trust in its energy services and improve the quality of its services. During the year, the Company refused to impose recruitment limitations or quotas such as 4C on the personnel transferred during privatization; however, retired employees were replaced with younger hires to rejuvenate human resources. In total, the Company added 407 new personnel to its ranks in the aftermath of privatization. The Company also endeavored to raise the educational level of its employees and increase the

Energy

percentage and productivity of women in its workforce. Aware that the cultivation of qualified, experienced and well-trained staff takes about five to 10 years in the electricity distribution business, SEDAŞ places great emphasis on improving its human resources in terms of both quality and quantity. It allocates considerable resources to the professional and personal advancement of its personnel.

Progress toward becoming a model brand in the sector

Owing to its sensitivity toward customer expectations and the developments in a competitive globalized market, SEDAŞ outlined the structure and investment requirements of the current distribution network in its service region; accordingly, the Company completed investments of TL 56.3 million in 2011. Committed to sustaining this momentum in the coming period, SEDAŞ has an EMRA-approved 2011-2015 investment program totaling to TL 313 million.

Article 3 of the Electricity Energy Market Law no. 4628 stipulates that "Distribution companies are required to transfer their production and retail sale activities under the umbrella of independent legal entities by January 1, 2013." As per this legal obligation, SEDAŞ will split into two separate companies by the end of 2012. It outlines its new organization under the transformation project to shape its future vision from today.

In this regard, the Company's units have been restructured to report to the directorates of Finance, Sales, Distribution, Joint Services and Project Management and Regulation, which in turn report to the CEO. While shaping its new unit structure, SEDAŞ duly met its human resources needs and enriched its workforce to deliver ever higher quality services. As a result of its restructuring efforts expended in the framework of a philosophy of continuous development and change, the Company reinforces its corporate image and brand and sets an example for the entire sector.

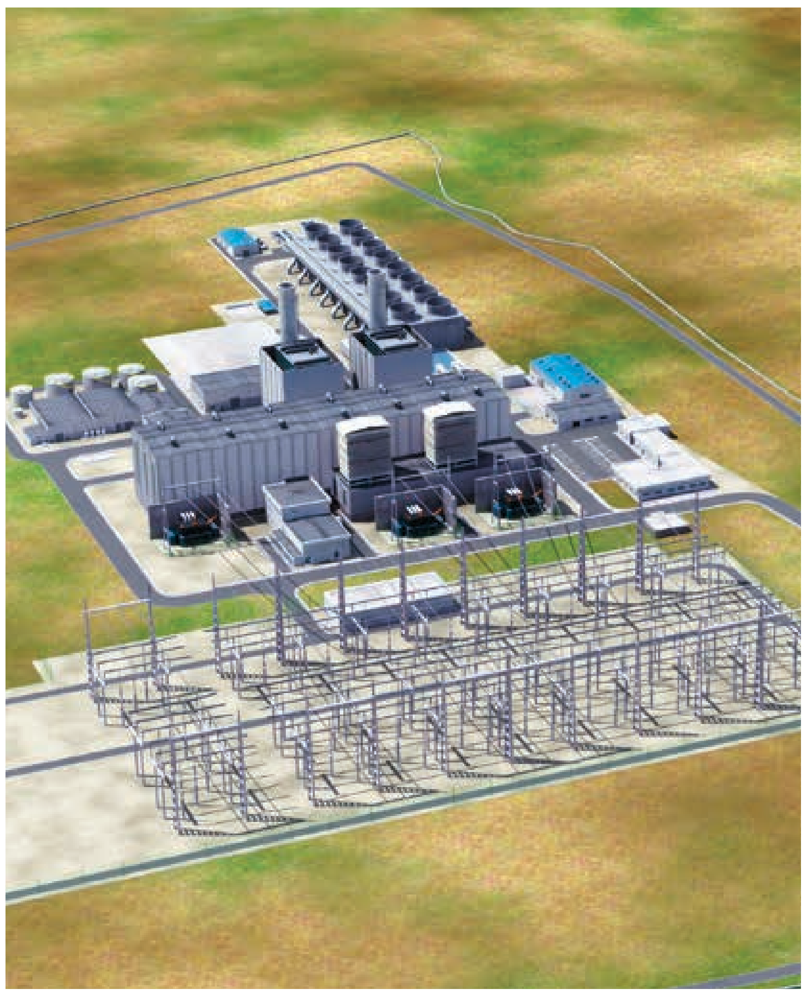
EGEMER ELEKTRİK ÜRETİM A.Ş.

The Company has secured a 12-year loan of US$ 651 million for the construction of the 900 MW capacity Egemer Natural Gas Combined Cycle Power Plant in Hatay's Erzin district.

Planned to be established in Erzin, Hatay with a total capacity of 900 MW, the natural gas plant is one of the key initiatives of the Akkök-CEZ strategic partnership built around Akenerji. Designed by Akenerji's subsidiary Egemer Elektrik Üretim A.Ş., the Egemer Natural Gas Combined Cycle Power Plant project is expected to generate 6.7 billion kWh of electricity per annum.

Committed to creating an eco-friendly, highly productive state-of-the-art power plant in the region, the project will cater to approximately 2.6% of Turkey's current electricity demand and will play a pivotal role in closing the nation's yawning energy deficit.

The Company's largest ever investment, Egemer Power Plant is planned to be commissioned by 2014. With the activation of three new HEPPs in 2012 and the Egemer Power Plant in 2014, Akenerji will bring its current installed power from 658 MW to 1,646 MW in the near future.



Real Estate

SHAPING THE SECTOR AND ADDING VALUE TO THE LIVES OF RESIDENTS WITH SIGNATURE REAL ESTATE PROJECTS...

AKİŞ GAYRİMENKUL YATIRIMI A.Ş.

While undertaking investments, Akiş aims to deliver original projects at world class standards, which not only offer high-quality living space, but also double as profitable investments.

In 1993, Akkök Group of Companies broke ground in the real estate sector with its Akmerkez investment. The Group designated the real estate sector among its five primary business lines, pursuant to strategic plans outlined in 2005. Akkök Group continues to invest in real estate with a total construction area of 1.2 million square meters. To transfer the know-how and experience gained during the Akmerkez project to future high quality and high profile projects, the Group established Akiş in 2006. In consideration of the constantly changing sector or sectoral trends, socioeconomic developments as well as market expectations, Akiş aims to develop original concepts of world-class quality, which not only offer high quality living environments, but double as profitable investments.

Accordingly the Company continues its investments such as the Akasya project in Acıbadem, Istanbul; Akbatı Residences & Akbatı Shopping Mall project in Esenyurt, a district of Istanbul that is rapidly growing and increasing in value; the first and second phases of the Beyaz Kule and Akkoza Houses in the same district. Akiş also strives to further enhance its robust standing in the real estate sector with new projects in the pipeline.

A new step in corporate development...

In October 2011, Akiş filed an application with the CMB to become a REIT and the transformation process is currently in progress under the supervision of CMB. A critical stage in the corporate development of the Company, this overhaul is due to be completed in the first half of 2012. In case the economic environment turns out to be favorable, the Company will hold its IPO within the year 2012. The Company plans to focus on brand new projects after the IPO, which is planned to be realized solely through a capital increase.

Signature projects in the real estate sector

The quality standards of Akiş projects generate interest among not only home and office space owners, but also investors. The following projects were underway during 2011:

Akasya

Akiş and Akkök Group have a combined stake of 33.73% in the Akasya Project, currently being developed on a parcel of 121,000 square meters in Acıbadem. The project comprises a total of 1,349 housing units divided into the three phases of Koru (Woodland), Göl (Lake) and Kent (City).

Homes in Koru (first phase) started being delivered in October 2011 and those in Göl (second phase) in December 2011; delivery in Kent is planned to commence in September 2013. The project's shopping and lifestyle center with a leasable area of 85 thousand square meters will be inaugurated by 2013.

Akbatı

A wholly-owned Akiş project, Akbatı Residences & Akbatı Shopping Mall covers a construction area of 242,000 square meters in Esenyurt, Istanbul. One of the largest shopping

Real Estate

malls in Istanbul, Akbatı opened its doors to visitors on September 15, 2011 as a lifestyle center featuring a brand mix of 200 stores, nine movie theaters, children's playground and education areas, lounge space for social events, a Festival Park which can accommodate up to 5,000 people, as well as a Square of Restaurants bringing together world cuisines. Akbatı Residences, towering over the Akbatı Shopping Mall, features 350 residential apartments. Widely-acclaimed across the area, Akbatı Residences started delivering the flats prior to December 31, 2011. Presenting an ideal blend of quality and comfort, Akbatı Residences received two awards at the Turkey's Top Real Estate Investment Competition for its Smart Home Automation scheme – one granted by the jury, the other by popular vote.

Akbatı Beyaz Kule

Akbatı Beyaz Kule (White Tower) is situated in the proximity of Akbatı Shopping Mall in Esenyurt, Istanbul and covers approximately three acres. The project consists of 120 residential apartments ranging from studio apartments to apartments with a living room and four rooms. Akbatı Beyaz Kule will tower above restaurants, commercial offices, covered social facilities accessible to homeowners, as well as the Sky Lobby. Apartment sales commenced in June 2011 and delivery is planned to start by October 2013. As of end-2011, roughly 65% of the project was already sold.

Akkoza

Another major joint venture between Akiş and Garanti Koza, Akkoza Project has a construction area of 335,000 square meters. In the first and second phases of the investment, Garanti Koza holds 75% of the shares and Akiş the remaining 25%. The delivery of the apartments of the first phase was completed in 2011, whereas those in the second phase will be constructed and start being delivered within 2012. The 2C Phase and the Square of Restaurants are currently being constructed by Akiş. The cafes and restaurants forming the Square of Restaurants, one of the key hubs in Akbatı Shopping Mall, have drawn the attention of various investors owing to a selection of tenants featuring top-notch brands and the eight stores owned by Akiş were sold in no time. In 2012, delivery will commence in the 2C Phase and the Square of Restaurants will be inaugurated.

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

Owing to its perfect location at the heart of Istanbul, state-of-the-art building technology, high end retailers and a superior quality and service philosophy, Akmerkez has enjoyed a distinct position in the sector ever since the day it was inaugurated.

Istanbul's landmark shopping mall
Inaugurated in 1993 as a joint venture between the Akkök, Tekfen and İstikbal Groups, Akmerkez presents a comprehensive life center combining shopping center, residence and office functions, thereby enriching social life in Istanbul since its inception. Owing to its perfect location at the heart Istanbul, state-of-the-art building technology, high end retailers and a superior quality and service philosophy, Akmerkez has enjoyed a distinct position in the sector from the day it was inaugurated.

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

Appealing to domestic and foreign investors alike
Since its IPO in 2005, Akmerkez has attracted many foreign investors and has contributed to the international recognition of Akkök Group's real estate investments. The superior and exemplary performance of Akmerkez has been an inspiration for numerous investors who seek new investment ideas.

The first example of luxurious residential space in Turkey...
Designed for modern and high quality living, Akmerkez Residence apartments combine elegance with functionality appealing to selective individuals.

Built for unmatched comfort and administered by a contemporary management philosophy, Akmerkez Residence offers a distinguished life style center for those who cannot abandon city life and yet occasionally wish to escape its weary atmosphere and enjoy some relaxed living. The convenience of having a shopping center in their residential complex allows Akmerkez Resident occupants to benefit from having the hairdresser, super market, pharmacy, tailor, cinema, restaurant and all other services almost at their doorstep - without ever having to leave the premises.

Akmerkez receives ICSC Solal Marketing Award!
In 2010, Akmerkez opened its doors to young designers keen on building the fashion of tomorrow. As a result, Akmerkez introduced the "Pop-Up Store" concept to Turkey with the FashionOnAir Project. This fresh trend launched by Akmerkez drew ample attention from visitors as well as stakeholders from the sector. New Pop-Up Stores with fresh concepts were opened at different times and the media showed much interest in the designers shouldering the project.

In 2011, the project earned a silver prize in the Public Relations category of ICSC Solal Marketing Awards, one of the world's most prestigious marketing award organizations that drew 177 project applications from 22 nations.

Real Estate

AKMERKEZ ESTABLISHED IN 1993

1993

Inaugurated in 1993, Akmerkez pioneered the creation of the shopping mall sector and a modern shopping culture in Turkey.

Days filled with art

Since 2003, Akmerkez has hosted Sanat Akmerkez'de (Art in Akmerkez) events that have made art an integral part of urban life. In 2011, Akmerkez brought to art lovers the works of internationally acclaimed, pioneering Turkish painters. Furthermore, Akmerkez broke ground in the sector by displaying works of 70 young artists at the exhibition entitled Genç Karma (The Youthful Mix).

Exhibition space totaling 700 square meters was reserved for the event, which featured unedited works by 70 talented individuals, thereby allowing art aficionados to enjoy the work in a pleasant atmosphere.

Activities that color life

While organizing innovative events to help people enjoy their visit, Akmerkez paid special attention to its young visitors during 2011. In this respect, Akmerkez organized a number of workshops where children had fun while at the same time honing their creative skills. Akmerkez participated in the Istanbul Shopping Festival throughout Istanbul with special colorful events from March 18 until April 26. During the Festival, Akmerkez held a special night on March 26, as one of the main hosts of this 40-day event.

In line with its approach to celebrating special days with singular events, Akmerkez offered its visitors a spectacular snow experience on New Year's Eve 2012. The artificial snowfall at the Nispetiye and Ulus gates generated ample interest among visitors.

New Pop-Up Stores by young designers

Akmerkez continued the award-winning FashiOn Air Project, which brings together young designers around the Pop-Up Store concept which was met with ample interest.

The first experimental Pop-Up exhibition at a Turkish shopping center

Edible Art/Yenilebilir Sanat, the first experimental Pop-Up exhibition ever to open at a Turkish shopping center, coupled art with cuisine to appeal to the five senses through original designs. Freely inspired by installation art, the exhibition featured delights stimulating artistic perception through red, green and blue, the basic colors processed by the human eye. Thousands of visitors flocked to Akmerkez to taste Maksut Aşkar's unique delights blending various tastes, which also drew extensive media coverage.

Virtual meets real at Akmerkez!

Akmerkez became the pioneer of a new trend in its sector with the Looking for Seven Elephants project, blending the virtual and the real. Thousands of individuals downloaded the Looking for Seven Elephants application on their iPhones, iPads and iPod Touches to take part in a virtual game in a physical setting. Launched in October 2011, the application was downloaded by approximately 5 thousand people in three months. Visitors could easily access information from stores and at special events through the Akmerkez application. Just like other Akmerkez IT services, this app allowed tech-conscious Akmerkez visitors to enjoy a full set of surprises at the shopping mall.

Akmerkez Concierge+ continues to deliver services enhancing life

Initiated in 2010 by Akmerkez with a view to meet its visitors' needs, Akmerkez Concierge+ was expanded in 2011 to better provide services to enhance daily life.

Real Estate

SAF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

Akkök Group has a 33.73% stake in SAF REIT which has rapidly become one of the most valuable companies listed on the ISE starting with its first project, Akasya Acıbadem.

One of the most valuable REITs on the ISE

Boasting the second largest market capitalization among all REITs listed on the Istanbul Stock Exchange, Saf Gayrimenkul Yatırım Ortaklığı A.Ş. was established at the Extraordinary General Assembly dated October 31, 2011 with a resolution to merge Sağlam Gayrimenkul Yatırım Ortaklığı A.Ş. and Saf Gayrimenkul Geliştirme İnşaat ve Ticaret A.Ş. Akkök Group of Companies controls a 33.73% stake in SAF REIT which has a market capitalization of TL 1,179,180,219 as of end-2011.

Istanbul's rising star: Akasya Acıbadem

The Company built the Akasya Acıbadem project on a 121,000 square meter tract in Acıbadem, Istanbul. The project has saleable space of 206,100 square meters divided into the three phases of Akasya Göl (Lake), Akasya Koru (Woodland) and Akasya Kent (City). The Göl phase includes 459 residential units, Koru has 432 and Kent includes 458 units, for a total of 1,349. All of the 891 units constituting the first two phases were sold and delivered; 352 units from the Kent phase were sold in a short span of time. The apartments are planned to be delivered by October 2013. The Company is constructing the largest shopping mall on Istanbul's Asian side within the Kent project that has a total of 81,000 square meters of leasable space. In addition to the Akasya project, the Company portfolio features the Fecir Business Center on 18,836 square meters; the Rozi Factory Building on 30,202 square meters; Antalya BTM Building on 4,230 square meters; Altunizade BTM Building with 3,454 square meters; and 615 square meters of office space at the Mecidiyeköy Business Center.

Powered by the in-depth business know-how and expertise of its main partners, SAF REIT has become the first choice of all investors and those willing to purchase premium quality homes, beginning with its first project, Akasya Acıbadem. The Company is intent on further raising the quality bar with new projects to be commercialized in the coming period.

AK TURİZM VE DIŞ TİC. A.Ş.

Close to the city center yet free from the hubbub, noise pollution and traffic, Kaşık Island offers a large number of investment options.

Investments on Kaşık Island, close to the city and away from the noise

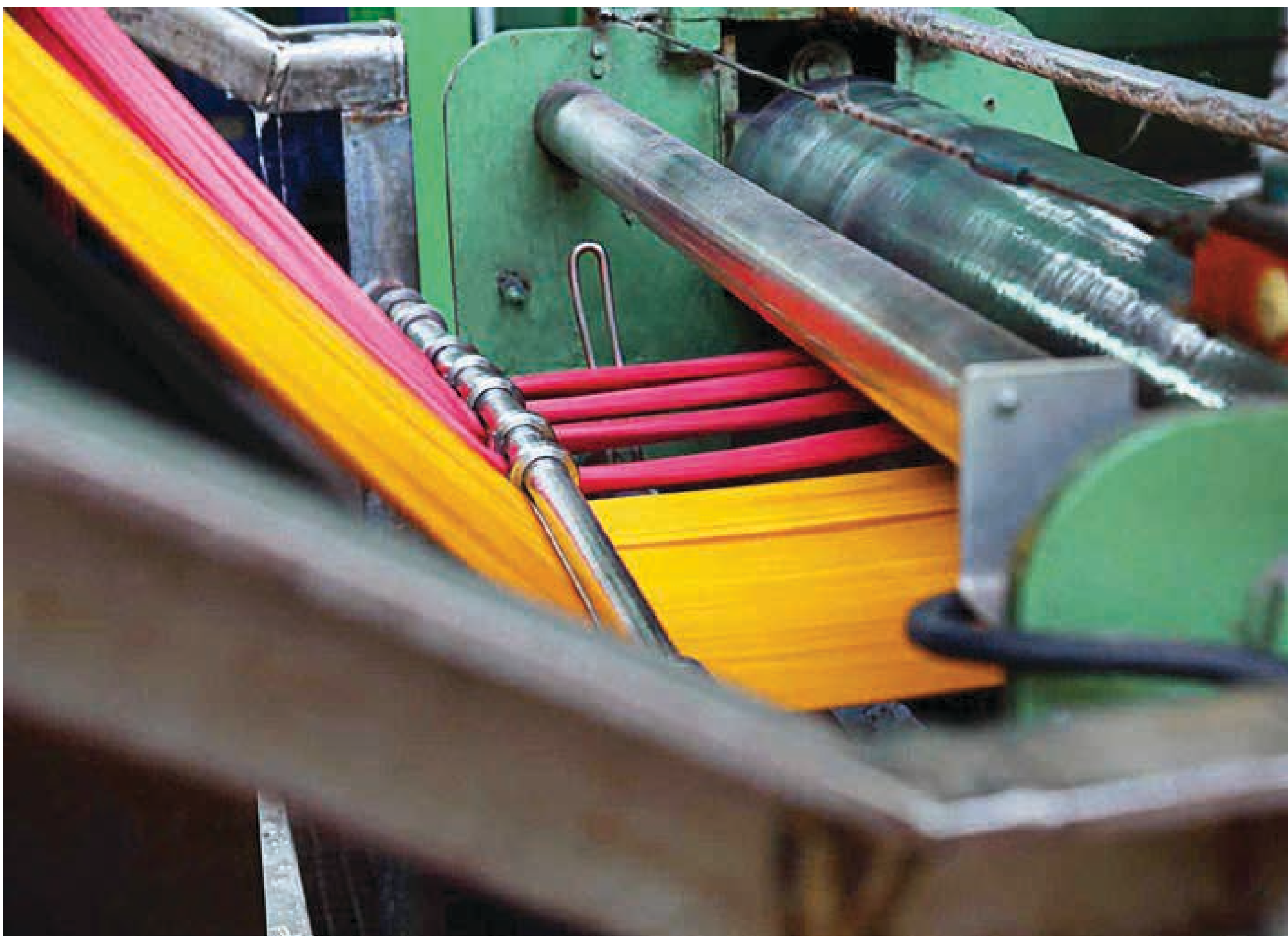
Ak Turizm was established by Akkök Group to carry out tourism investments on Kaşık Island. The investment plans are shaped according to the needs of the city and sensitivity toward the environment.

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 52,000 m² site have been allotted for construction.

Textiles

COMPANIES LEAD THEIR SECTORS WITH HIGH QUALITY, COST EFFICIENCY AND SUPERIOR SERVICES...



AK-AL TEKSTİL SANAYİİ A.Ş.

In 2011, Ak-Al's income from leasing operations reached TL 10,674,953.

AK.AL

Turning toward new investment areas

One of the Akkök Group's main investments in the textiles sector, Ak-Al was established in the year 1974. A manufacturer of acrylic and acrylic mixed worsted yarn for the sock and knitwear industries, the Company figures among the leaders of the sector in both Turkey and across the world.

In the textiles sector, the low price strategy of Chinese manufacturers create pressure on other exporters such as Turkey, limiting their market share and investment options. In order to preserve its position in the face of such a challenge, Ak-Al has maintained a close watch on technological and economic developments and has recently launched a comprehensive overhaul of its organization. With a strategic decision in 2005, the Company sold off its Yalova and Bozüyük plants producing hand knitted yarn, semi-kamgarn and open-end fantasy yarn, all subject to tough competition, increased raw materials stock diversification and falling productivity rates. In late 2006, the Company also discontinued its production in Romania and sold off its assets.

In 2008, the Company acquired Bozüyük Orman Ürünleri Sanayi Tesisleri A.Ş. in which it held a 99.47% stake and strengthened its balance sheet with the addition of fixed assets such as the lands and buildings of the latter.

In 2009 Ak-Al and Aksu merged under the umbrella of the former: Aksu was established in 1952 as the first building block of the Akkök Group and produced wool, wool mixed yarn and fabric for men's and women's clothes.

As excessive competition and low profit margins in the sector will likely continue in the long term, Ak-Al made an assessment of its strategic financial restructuring options and decided to end production of fabric in its Çerkezköy plant and leased the facilities in September 2011.

In line with its resolution to leave the textiles sector in the medium term, the Company ended knitwear manufacturing in the facilities of Alaplı, Zonguldak; as such, Ak-Al has abandoned its textile production operations.

Although the Company has yet to take any action geared toward transferring to an other sector and making new investments, it continues to generate income from its leased assets. In the year 2011, Ak-Al's income from leasing operations reached TL 10,674,953.

Textiles

AK-TOPS TEKSTİL SANAYİ A.Ş.

In 2011, Ak-Tops' total production exceeded target levels and the Company preserved its profitability by reaching most of its other financial and operational targets.

Innovative approaches centered on profitability and sustainability
Ak-Tops has the world's largest production capacity in its field. In 2011, 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. Committed to quality in all its business processes, Ak-Tops was one of the first 100 enterprises in Turkey to receive TS EN ISO 9000 Quality Management Systems Certification. Subsequently awarded TS EN ISO 9001:2008 QMS Certification, the Company was the first in Akkök Group to implement the TS 18001 Occupational Health and Safety Management System in 2006.

High standards in environmental risk management and energy efficiency
Ak-Tops is committed to employing all domestic resources in the most efficient manner. Various productivity enhancing efforts yield annual savings of around US$ 1.5 million from energy costs. In total, such efforts helped slash US$ 5 million of energy spending from 2005-2012. As a result of its high level of environmental awareness, Ak-Tops continues to decrease energy use in its production processes.

Like all other Akkök Group companies, Ak-Tops is fully aware that value creation necessitates complete respect toward society and the environment. For this purpose, the Company successfully transferred to the TS EN ISO 14001:2004 Environmental Management System in 2008, adding Environmental Management System certification to its long list of certifications.

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 maintain its competitive edge in a constantly changing market environment and that 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 places great importance on occupational health and safety practices in all production processes; it also ensures the participation of all employees in these efforts. The Company continued to diligently improve the occupational safety practices in 2011. Ak-Tops' performance in terms of accident frequency rate/ratio was close to the average as compiled by Turkey's Social Security Administration; the Company's accident severity rate and frequency was 72% below the average.

Ak-Tops closely monitors 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.

2011: A year of accomplishments

Operational Excellence tops the list of priorities at Ak-Tops. The Company continuously reviews its business processes and applies planned and systematic hard work to boost productivity.

In 2011, Ak-Tops' total production exceeded target levels and the Company preserved its profitability by reaching most of its other financial and operational targets.

In a sector in which conditions change constantly and maintaining a strong competitive edge becomes increasingly more important, Ak-Tops maintained its successful performance in the year 2011 due to its innovative approach, highly skilled human resources, product diversity, timely delivery and premium diversification.

Operational excellence projects set to continue in 2012

Streamlining its production and investment operations according to the conditions prevailing in Turkey and around the world, Ak-Tops is intent on meeting all of its product targets in all production facilities in the year 2012.

Centering investment plans around its top priority strategic approach toward operational excellence, Ak-Tops strives to implement productivity enhancing projects and to continuously improve its production processes. Cost cutting, productivity enhancement and reliable quality and services top the to-do list of the Company. The second strategic priority at Ak-Tops is proximity to the customer and the Company will continue to develop products and services delivering value to the customer.

Keenly aware of the importance of the synergy between Group companies, Ak-Tops strives to maximize the total benefit by joining force with its affiliated firms.

Textiles

AKSA EGYPT ACRYLIC FIBER INDUSTRY S.A.E.

Although AKSA EGYPT ACRYLIC FIBER INDUSTRY S.A.E. cut its production capacity by 50% due to new market conditions and its sales strategy, the Company had turnover of US$ 21.768 million in 2011.

Aksa Egypt, the main production base of Akkök Group in North Africa, continued its activities in 2011 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 a leading and dominant position in North Africa, particularly in Egypt, thanks to Aksa's extensive know-how, highly skilled 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 45,000 m². It has an indoor area of 5,500 m² allocated for acrylic fiber dyeing activities and 1,200 m² allotted for tops and bumps production. Aksa Egypt produces dyed tow at a capacity of 12,000 tons/year; it produces tops and bumps at a rate of 1,500 tons/year. The plant features flexible and market-compliant equipment. The production of raw-white and dyed bumps began in December 2008.

Market sluggishness due to the repercussions of the Arab Spring across North African and Middle Eastern nations in 2011 urged Aksa Egypt to revise its production targets, as well as marketing and sales strategies. Although the Company had to cut its production capacity by 50% due to new market conditions and its sales strategy, the Company had turnover of US$ 21.768 million in 2011.

In 2011, Aksa Egypt continued its efforts in production, quality, occupational health and safety and obtained ISO 9001 Quality Management System and TS 18001 Occupational Health and Safety Management certification.

For the year 2012, Aksa Egypt aims to optimize its production capacity according to new political and economic developments in Egypt and other North African and Middle Eastern countries to preserve its presence and storng reputation in the market.

Services

DELIVERING PREMIUM SERVICES AT INTERNATIONAL STANDARDS...

Services

AKPORT TEKİRDAĞ LİMAN İŞLETMESİ A.Ş.

Under the guidance of the Akkök Group, Akport Tekirdağ Port functions as the main port in the region with its well-trained personnel, modern facilities, high quality services, high level of security and cutting edge technological infrastructure.

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 extensive 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.

Akport was designated "Port of the Year" by Lloyd's List in 2009, based on its advanced technology, superior security system and high quality services.

Under the guidance of the Akkök Group, Akport Tekirdağ Port functions as the main port in the region with its well-trained personnel, modern facilities, high quality services, high level of security and cutting edge technological infrastructure.

With sufficient machinery and equipment on site, Akport Tekirdağ Port has a total area of 130 thousand m², a berth length of two kilometers, an annual bulk cargo handling capacity of 3 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.

Its connection to the international railway network is the largest advantage of Akport, which provides services to container and Ro-Ro shipments in the Balkan, Anatolia, Black Sea and the Mediterranean regions. This interconnectedness, which the other ports in the region lack, gives Akport access to all the industrial regions around Marmara.

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 ship owners in terms of 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.

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 leasing, transportation and logistical costs.

Shipment convenience in seasonal products

Shipping and distribution to the hinterland for seasonal products (fertilizers, bran, and the like), which were previously transported through land routes, 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.

Shipment advantage with the container terminal

With the construction of the modern and large container terminal, the Port can offer shipment advantages to companies in the Thrace region. Akport is now able to offer weekly container services in Spain and Italy, 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 steel and aluminum, are also stored in A-type warehouses.

2011: A successful year of investments

In a period when the global crisis and economic fluctuations hit almost every sector, Akport successfully closed the year 2011 without any slumps in its revenue.

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 an integrated 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 integrated 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 integrated transportation services. The new railroad and platform investments to serve wagon carrying Ro-Ros 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 near future, the industrial companies in the 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.

Services

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

Transformed into one of Istanbul's most select restaurants with meticulous service and management by Akmerkez Lokantacılık, Paper Moon provides exceptional service with 77 personnel under the supervision of the Italian chef, Giuseppe Pressani.

An Istanbul classic: Paper Moon
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 have been recognized 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.

AK-PA TEKSTİL İHRACAT PAZARLAMA A.Ş.

Ak-Pa met all of its 2011 targets and closed the reporting period with an export volume of US$ 377 million and an import volume of US$ 30 million.

Thirty five years of know-how in foreign trade

Established in 1976 to manage the overseas marketing and export activities of Akkök Group companies, Ak-Pa exports goods to over 70 nations and is a leader in the Turkish textile export business.

In 2007, Ak-Pa underwent restructuring and began trading in non-Group products, thus sharing its in-depth experience with the Turkish textile industry. The Company ventured into trade operations with natural and synthetic fibers, before expanding this product portfolio with new offerings. As of 2011, the Company was a dominant player in the market with its fiber group (bamboo, wool and polyester) and yarn group products (polyester and nylon filament, viscose and cotton mixed yarn).

2011: A successful year with targets achieved

Ak-Pa met all of its 2011 targets and closed the reporting period with an export volume of US$ 377 million and an import volume of US$ 30 million. As such, the Company not only performed the export transactions for Group companies, but also provided foreign trade services to non-Group firms.

Increase in non-Group trade

Intent to capitalize on its know-how in textiles, semi-finished products and raw materials supply and benefit from the growth of the Turkish textile industry, Ak-Pa will expand its product portfolio of domestic trade operations and increase the number of textile market segments that it services.

Ak-Pa will continue to provide export operation services to Group companies with its in-depth experience and know-how, to become one of the top players in the market in 2012 with a trade target exceeding 12,000 tons/year.

Superior performance confirmed with awards

Ak-Pa stands out among its peers with its superior export performance, which has been deemed worthy of various awards.

In 2010, the Company became the first firm to receive the "Platinum Plate" at Istanbul Textile and Raw Material Exporters' Union (İTHİB) Successful Exporters Award and repeated the same accomplishment in the year 2011.

Services

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

In the year 2011, Aktek completed the ERP project for Akkök Sanayi Yatırım ve Geliştirme A.Ş. and delivered the ERP project for Aksa Carbon Fiber Unit in only three months.

Innovative IT solutions
Akkök Group places a great deal of importance on information technology. As a result of the Group's 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 IT sector.

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

2011: Value added increases through competitive goods and services
Aktek met its turnover and profit targets for the year 2011 with an achievement rate surpassing 100%.

The IT projects performed by the Company on behalf of Group companies in the year 2011 are as follows:

In the year 2011, Aktek completed the ERP project for Akkök Sanayi Yatırım ve Geliştirme A.Ş. and delivered the ERP project for Aksa Carbon Fiber Unit in only three months.

The e-tender, e-supplier portal, greenhouse gas inventory and budget system overhaul projects of Aksa Akrilik were successfully completed.

For Akkin, Aktek delivered such projects as production management and MRP, activity-based cost, Alisan warehouse management, Maximo maintenance management system and integration of Oracle ERP with Mikado software. The Company also embarked upon the Document System Management project.

Having established a SAP ERP system for Sakarya Elektrik Dağıtım A.Ş. (SEDAŞ), Aktek ensures that the system functions in a continuous manner complete with back-up and offers hosting and operation services.

For Akenerji, the Company completed projects such as HR Training with OAF technology, Bank Account Receipt Negotiation, Direct Debit System Integration, Financial Statements Application, EYS – Oracle Integration as well as Overtime Monitoring - Approval System running on Oracle ERP. The Document Management System project was enhanced with the addition of quality management systems documentation and correspondence. Data line connections and voice integration processes were completed at all power plants run by Akenerji.

The Akkök website was transferred to the SharePoint infrastructure with a brand new design and the intranet portal "Portakal" (Orange) was launched to bring all Akkök employees around the same social hub. Moreover, work is under way to transfer the Aksa Akrilik site to the SharePoint infrastructure with a fresh web design.

Aktek initiated the ETWEB project for Akkök and completed the integration of Oracle HRs with the Akkök Rehber application. The back-up topology of Akkök Group companies was redesigned from scratch and relaunched.

Aktek continued to expand its customer portfolio in the year 2011

During 2011, Aktek obtained 28% of its overall turnover from projects delivered to non-Group companies. The Company established infrastructures for web hosting firms such as DGN Technology, Aerotek IT and Netfactor allowing them to offer hosting services over the Cloud. The website of Istanbul Erkek High School was redesigned and transferred to the SharePoint infrastructure. Aktek completed the Document Management System running over Easy for Shaya Retailing and carried out virtualization projects for Robert College, Fevziye Schools, Ardıç Technology and Cefik Türkiye. Furthermore, Aktek has established long-running relationships with Camiş, Namet Food, Irmak Schools, Yeşim Textile, UEDAŞ, ÇEDAŞ, Sabiha Gökçen Airport and JD Edvards. Aktek completed the Oracle Database and Oracle Apps Migration projects at Türk Traktör and started to manage the data lines of the 48 collection points of Kredix. KCETAŞ's entire network infrastructure and network security system were revised and reinstalled. The Company also continued its previously established cooperation with Limak Group companies, Yapı Merkezi Group companies and TSPAKB.

Growth set to continue in 2012

Keen to improve upon its superior 2011 performance in 2012, the Company aims to increase its brand recognition and reputation in the market through customer visits, marketing activities and advertising. Accordingly, work is underway on strategies to expand the Company's service area.

Services

DİNKAL SİGORTA ACENTELİĞİ A.Ş.

In 2011, Dinkal continued to enlarge its portfolio and be a dominant player in insurance operations through regular visits to non-Group customers and competitive price offers.

DİNKAL

Celebrating 35 years in business
Dinkal has provided 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 its 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-oriented services
Designing exclusive solutions to meet the insurance needs of various customer segments, Dinkal differentiates itself in the sector. The Company's customer-oriented approach differs from the standard solutions offered in the market and it provides customers with customized advantages, thanks to its corporate reputation 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.

The Insurance Sector in 2011

The insurance sector is still in the recovery phase in the aftermath of the global economic crisis. The year 2011 was relatively more fruitful for the insurance sector than the previous one. An analysis of the sector's premium production data reveals an increase of approximately 22%. Within the year, there were important changes regarding insurance companies. Small scale insurance companies continued to close at an increasing rate, whereas some players initiated efforts to sharpen their competitive edge by merging and attaining a larger portfolio structure.

Large groups and holdings started to establish insurance risk management departments that oversee and analyze the insurance risk of their companies. As such, rather than outsourcing insurance risk management to outside insurance firms, they opted for performing risk management with their in-house human resources and underwriting policies with the intermediation of brokers.

A communiqué on insurance introduced new requirements concerning the personnel of insurance firms, which led to an improvement in the working conditions of insurance professionals.

Large increase in premium production volume

In the year 2011, Dinkal continued to be a dominant player in insurance operations through regular visits to non-Group customers and competitive price offers. As for the Group's insurance operations, the Company identified a comprehensive and extensive risk map.

In this period of intense competition, the Company gained strong momentum in its business from both Group companies and non-Group customers. Having almost doubled its premium production volume and profitability over the previous year, Dinkal made the first delivery of its new product Loan Insurance to two Group companies in 2011.

Dinkal continues to expand its personnel base and to organize its structure around teams of specialists. The Company expanded both the quality and quantity of its workforce in line with strategic plans and accordingly increased its personnel to 22 within 2011. The workforce was trained and encouraged toward sales centered promotional campaigns.

Toward 2012 with firms steps

It is predicted that the year 2012 will usher in even more intense competition in the insurance sector. As in previous years, Dinkal will strive to sustain its rapid growth drive in line with strategic plans and take new steps toward becoming a model brand in the sector with its superior service standards. The Company is intent on reinforcing its sales team to deliver better-than-expected services to its soaring customer base and maintain its efficient service standards.

Human Resources

AKKÖK GROUP REINFORCES EMPLOYEES' SENSE OF BELONGING THROUGH LONG-TERM PROFESSIONAL DEVELOPMENT PROGRAMS AND RICH SOCIAL PROGRAMS.

Human resources processes focused on employee satisfaction

With 3,200 employees at the end of 2011, the Akkök Group of Companies strives to employ its present workforce in an efficient manner and maximize the value added in business processes. The Human Resources Department runs the Orientation Program and the Akkök Leadership Roadmap in line with the Group's long-term strategic targets and strives to boost employee productivity with activities such as open door meetings, the suggestion system, off-hour events, as well as training and development programs.

In addition, Group companies offer employees performance systems, award and incentive schemes, private health insurance, a choice between service buses or transport fare payment, catering service with calorie information, in-house medical services, discounts at nearby gyms and other social opportunities. Powered by the continuous development principle of Akkök Group, the Human Resources Department identifies any deficiencies in HR processes through regular surveys, introduces the necessary measures of improvement and strives to maximize employee satisfaction.

Human resources strategies for corporate development

Akkök Group's top strategic goal in human resources is to carry out qualitative and quantitative organizational risk planning to fully implement the Group's strategies. Accordingly, the Talent Management Process was initiated to include all senior and middle level managers and specialists at Akkök Group of Companies and was completed in the third quarter of 2011. During this process, Akkök Group's current human resources was evaluated through a standardized and common methodology to establish talent pools. In addition, development plans were outlined for all middle level managers and talent pool candidates and action was taken to initiate the development process. Another important area of progress in the year 2011 was the Akkök Leadership Roadmap, a development project devised for various managerial levels across Akkök.

AKKÖK YETENEK TOHUMLARI

Akkök Talent Seeds Project

Akkök Group's second top priority strategic goal in human resources is to recruit, train and retain skilled managers and employees that will carry out the Group's future strategies. In line with this strategic goal, Akkök Talent Seeds Project was launched in 2010, before being completed in 2011 in two phases. The competition was promoted with campaigns in six universities and organized online to reach out to large numbers of young individuals. Those students who made it through the elimination phase were invited to a two-day camp. Later, the students participated in a number of personal development programs and workshops and their performance was assessed by a jury composed of senior Akkök Group executives. Top performers were presented various awards.

Human Resources

Following recruiting activities to promote the Akkök Group, candidates with professional experience of between 0-3 years participated in the New Graduate Recruitment Process. In this process, the candidates were required to pass tests at international standards (such as Quantitative and Verbal Skills Tests, English Proficiency Test, Personality Inventory Study). Additionally, a group study was conducted in the Assessment Center with the participation of senior executives and the candidates' competence was observed at a presentation exercise. In the final stage of the recruitment process, one-on-one interviews were organized with the participation of the managers of relevant departments and the Human Resources Department. In line with the "right job for the right person" policy, candidates who succeeded in all these stages started their professional career at Akkök Group. All experienced professionals interested in joining Akkök Group as managers or specialists pass standardized and common procedures across the Group.

In this process, a variety of tests and inventory studies are supported with efficient recruitment mechanisms such as competence-based interviews and assessment center practices.

Human resources policies geared toward continuous development

The third strategic human resources priority of Akkök Group of Companies is the continuous development of the Group's human resources according to changing conditions and the reinforcement of employee loyalty. In line with this strategic goal, the Akkök Group of Companies launched the Akkök English Language Development Project to provide English learning support to Group employees. In this regard, the Group made various investments and provided support in 2011 to help employees raise their level of English. Employees were divided into various groups in or across companies according to their proficiency in English and language courses were conducted twice a week, for a total of four hours.

This program, which not only supports English language learning but also promotes employee motivation and interaction, continues at a high level of participation and achievement.

Another important project launched in 2011 is the Akkök Group Orientation Program devised to nurture a common group culture. The Orientation Program is the final stage of the recruitment process and one of the main areas of HR activities. At this stage, new recruits find the opportunity to acquire various skills as well as an understanding of the Group and the relevant company.

Akkök Group's Orientation Program is designed to maximize employee performance to meet the Group's requirements and to help employees acquire the skills demanded by the work. The first edition of the Group's Orientation Program was organized in December 2011. The main goals of the program were outlined as creating common ground among new employees and Akkök, reducing job initiation costs, nurturing a favorable first impression about Akkök, avoidance of time loss due to adaptation to the post and the reinforcement of communication among Group employees. As such, new members of the Akkök Group get the opportunity to adapt themselves rapidly and increase their work productivity.

The main goals of the Akkök Group Orientation Program

- Creating common ground among new employees and Akkök
- Contributing to the formation of a favorable first impression
- Reinforcing communication among Group employees

Akkök Group's Human Resources Policies

ORGANIZATIONAL DEVELOPMENT	We Offer All Candidates Equal Opportunities in Recruitment Processes
SELECTION AND APPOINTMENT	We Match the Right People with the Right Job in Our Organization
COMPENSATION MANAGEMENT	We Offer Fair Salaries Based on Work Assessment
PERFORMANCE MANAGEMENT	We Reward Success in Performance and Competence We Boost Productivity by Generating Motivation and Loyalty
AWARDS	We Mutually Recognize and Appreciate Our Accomplishments in a Timely Fashion
INDUSTRIAL RELATIONS	We Join Forces by Maintaining Workplace Harmony
COMMUNICATION	We Communicate in a Correct, Open and Multi-Directional Manner

Akkök Leadership Roadmap Project

At the Akkök Group of Companies, the Talent Management Process covering all middle and senior level managers was initiated to designate talent pools and lay out career development paths for employees. The management development program Akkök Leadership Roadmap is devised to train Akkök Group managers, who will take the Group to the future; the program is set to become the Group's top HR effort in the period ahead.

Launched in December 2010, the Akkök Leadership Roadmap Project gained added momentum in 2011. In the coming period, the program will be further refined, content will be generated and the partner firm in charge of training will be designated.

Itinerary of the Akkök Leadership Roadmap...

This project is meant to design processes and training programs to help specialists and middle and senior level managers of Akkök Group of Companies enhance their knowledge, skills and competence. Furthermore, the project will encourage professional development and superior performance among all middle level managers to prepare them for their future roles at Akkök. As such, the Group will become capable of producing competent senior executives from its in-house human resources.

The project consists of the preparation of competence-based training and development packages designed for elementary, middle and senior level managers, the design of a coaching program to support the overall program, identification and prioritization of personal interests, determination of methods and means for personal development monitoring, identification of personal development and training achievement indicators, creation of the monitoring program and integration with other HR processes.

Targets for 2012

The Performance Management System Project tops the list of Akkök's Group-wide HR projects for the year 2012. The objective is to carry out all HR processes across the Akkök Group in a standardized fashion and to create a common online platform to establish a corporate knowledge base. According to the first phase of the project plan, by end-September 2012, 360 Degrees Feedback, Skill and Competence Management, and Career and Back-Up Management processes will be transferred to the online system, accessible by specialists and more senior employees. In the second phase of the project, the Performance Management and Training Management processes will be inaugurated by December 2012. At the end of the process, all Group employees will be able to access all HR applications of the Group via internet in a practical, rapid and efficient manner.

Corporate Social Responsibility

CONSTRUCTED BY AKKÖK GROUP AS A CONTRIBUTION TO THE SOCIO-CULTURAL LIFE OF YALOVA, THE RAİF DİNÇKÖK CULTURAL CENTER WAS INAUGURATED ON MAY 12, 2011.

Social responsibility projects reinforced with stakeholder participation

In addition to making crucial contributions to the development of the Turkish economy with its successful financial performance and well-established corporate culture dating back over half a century, Akkök Group also enjoys a prestigious position in the private sector in terms of social responsibility initiatives. With the belief that value created in the economic sphere will become even richer with contributions to society, Akkök Group undersigns well-thought social projects in education, culture and arts, the environment and other fields. Positioning itself as a good corporate citizen, the Group conducts social responsibility projects in line with the sustainability principle and promotes stakeholder participation to maximize the benefit to society.

Akkök Group places special importance on those social responsibility projects conducted in Yalova and other sites where its production facilities are located. Akkök Group identifies the sensitivities and needs of the local population and supports regional development. Aimed at creating a healthy environment and to raising well-educated young generations, these campaigns further strengthen the bonds between Akkök Group and the stakeholders in its area of influence.

Culture and Arts

Akkök Group firmly believes that Turkish society must be very active in the field of culture and arts to preserve its standing in the contemporary world. As such, the Group supports and conducts a number of high profile culture and arts initiatives in both the national and international arena. Previously, the Group supported the exhibition entitled Turks, hosted by the Royal Academy of the Arts and The Study of Turkey conducted by Oxford Centre for Islamic Studies in the international arena. It also assisted in the preparation of the book Yadigar-ı Istanbul (Souvenirs of Istanbul), edited by Prof. Dr. Nurhan Atasoy. In 2011, the Akkök Group inaugurated the Raif Dinçkök Cultural Center in Yalova, thus adding to its long list of achievements in the field of culture and the arts.

Raif Dinçkök Cultural Center

Akkök Group's contribution to the socio-cultural life of Yalova is the Raif Dinçkök Cultural Center. It was inaugurated at a ceremony on May 12, 2011, attended by the Prime Minister Recep Tayyip Erdoğan; the Center commenced activities under the umbrella of the Yalova Municipality. Composed of four different blocks covering a 10,000 square meter parcel of land allocated by the Yalova Municipality, the Center has rapidly become the focal point of the town's cultural life. Named after Akkök Group's founder, the late Raif Dinçkök, the facility was designed to ensure the best performance of a variety of cultural and artistic activities. The Center features multi-purpose halls with varying capacities, training workshops, foyer, exhibition halls, cafeteria space and a panoramic terrace and stands out with the environmentally-friendly solutions employed in its physical infrastructure.

The architectual design of the Raif Dinçkök Cultural Center have received a number of prestigious awards. On September 24, 2010, the Raif Dinçkök Cultural Center was designated one of the best European projects in the category, Commercial / Recreational Buildings, at the 2010 European Property Awards in London. This award recognizes the best real estate projects in the world; a record number of entries came from 39 nations around the world. The Cultural Center was featured in the book 1000 Ideas by 100 Architects, bringing together the reflections of the world's top 100 architects on their own work. It was one of seven projects by the chief architect, Emre Arolat. In October 2010, the Raif Dinçkök Cultural Center made it to the finals of the Cityscape competition, the most important event in the Dubai real estate and construction sector; it was acknowledged in two different categories and was deemed worthy of various certificates. The Center also received an honorable mention in the Society and Social Life category.

Education

With the belief that the sustainability of economic development rests on bringing up well-educated citizens, the Akkök Group is proud to fulfill its responsibility in this area by building schools and supporting educational programs.

Schools Constructed by Akkök Group

- Raif Dinçkök Primary School, Çerkezköy/Tekirdağ
- Aksa Anatolian Technical High School and Industrial Vocational High School, Yalova

Corporate Social Responsibility

- Güzin Dinçkök Primary School, Maltepe/Istanbul
- Istanbul Technical University Maslak Dormitories, Maslak/ Istanbul
- İSOV Vocational Training Center and Social Facilities, Dinçkök Anatolian Technical High School, Zincirlikuyu/Istanbul

Akkök Group also supports TEV İnanç Türkeş High School, a special high school committed to providing an ideal educational environment for highly gifted and talented students from economically deprived families in areas of social hardship.

Akkök Firefly Mobile Learning Unit
Since October 2009, Akkök has supported the Firefly Mobile Learning Unit organized by the Educational Volunteers Foundation of Turkey (TEGV). Group companies Aksa Akrilik, Ak-Kim and Ak-Tops have pioneered the implementation of this project across Yalova. The Akkök Group strives to support the upbringing of a better educated and enlightened generation and contributes to the personal development of children, who collectively constitute the future of Turkey.

The volunteers of the Akkök Firefly Mobile Learning Unit offer children comprehensive computer literacy training in addition to a variety of other key subjects. Between 2009 and 2011, some 6,600 primary school students in Yalova benefited from this educational initiative.

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 committed to providing educational support to children living in areas without education parks or units. TEGV strives to make sure that primary school pupils receive multi-dimensional educational support outside the school and acquire crucial life skills necessary in a modern learning environment. As such, the foundation's Firefly Mobile Learning Unit covered a total distance of 80,000 kilometers and provided educational support to nearly 500,000 children.
As part of the project, Akkök Firefly Mobile Learning Unit strives to utilize all of the most recent technological developments to help the children. In the 2009-2011 academic years, the Unit worked with pupils from the following schools in Turkey: Taşköprü Primary School, Yusuf Ziya Primary School, Şaban Temüge Primary School, Saffet Çam Primary School, Mareşal Fevzi Çakmak Primary School, İsmetpaşa Mazlum Palabıyık Primary School and Orgeneral Selahattin Risalet Demircioğlu Primary School. Featured in the Firefly Mobile Learning Unit are the programs Journey to Myself and Social Life, designed to raise the individual aware ness of children. Devised to hone their social skills, the program Journey to Myself has four different versions adapted to the needs of second to eighth graders. The program nurtures creativity and teaches children the importance of mutual respect and teamwork in group activities. Young Environmentalists, Learning My Rights and Traffic are the main subjects of the Social Life program that allows children to learn about rules of social conduct.

As one of the best examples of how children can be educated virtually anywhere, the Akkök Firefly Mobile Learning Unit is parked in the school garden to allow children to participate in computer literacy education, reading hours and other personal development activities accompanied by volunteers. As in all other Akkök projects, the Akkök Firefly Mobile Learning Unit trailer is constructed of eco-friendly, recycled material. Specially produced by Otokar for this Akkök project, the vehicle is an energy efficient and environmentally friendly education unit which can be 80% recycled once it completes its economic lifespan.

Akkök Group supports The College of Europe's Master Program

Placing immense importance on its support for Turkish youth wanting to benefit from overseas educational opportunities, the Akkök Group of Companies became one of 15 private companies supporting the The College of Europe Masters Program organized by the Ministry for EU Affairs, in the academic year 2011-2012. In the scope of this program designed to offer scholarships to an increasing number of young individuals in the EU Communication Strategies scheme, Akkök Group covers the tuition and living expenses of a student pursuing a postgraduate degree.

Environment

In parallel with the increased impact of environmental problems in daily life, the Akkök Group is moving ahead with its social responsibility projects geared toward the protection of natural resources and environmental sustainability. Group companies prepare their growth and investment plans in due consideration of their environmental impact and upholds sustainable development by raising awareness among employees and social stakeholders while implementing measurable social responsibility projects devoted to minimizing environmental consequences.

Aksa Akrilik: Global Reporting Initiative, UN Global Compact and Triple Responsibility

Aksa and Ak-Kim, two flagships of the Akkök Group have signed volunteer initiatives such as the Global Reporting Initiative, UN Global Compact and Triple Responsibility to demonstrate their commitment to operating at international environmental standards. In 1993, Aksa signed the Triple Responsibility Commitment, designed to ensure that chemical companies manage and continuously enhance their production processes with due consideration of human and environmental health. In 2011, the Company fulfilled all of its responsibilities in this respect through the Triple Responsibility Teams under its umbrella.

Aksa also figures among a handful of Turkish companies participating in the Global Reporting Initiative, one of the world's most influential civil society initiatives in the area of sustainability. In 2009, the Company became the first Turkish chemicals company to receive the C GRI Checked approval of the GRI for its Sustainable Development Report. In 2011, Aksa once again issued a C level Sustainable Development Report in 2011 and continued its active GRI membership. Aksa and Ak-Kim are among the first Turkish companies to sign the UN Global Compact. Due to its superior performance in practices listed in the Compact, Aksa became one of 44 companies around the world featured in the Global Compact Yearbook 2011, yet another significant achievement on behalf of Turkey.

Akenerji Leading the Struggle Against Climate Change

To raise public awareness about emissions reduction, Akenerji joined the Carbon Disclosure Project organized by Sabancı University's Corporate Governance Forum. A worldwide volunteer effort, the Carbon Disclosure Project is committed to gathering and sharing information that will allow companies, investors and governments to take precautions against the threat posed by climate change. Companies volunteering to participate in the Turkish portion of this project disclose their emission volumes and strategies to limit carbon emissions, thereby contributing to the preparation of a nationwide report. Data collected from national reports are in turn utilized to outline worldwide strategies to fight against the climate change.

Corporate Social Responsibility

Efficient Waste Management by Akenerji

Forging ahead with full awareness of its societal responsibilities, Akenerji does its utmost to prevent environmental pollution, preserve natural resources, manage its waste and raise public awareness in this regard. All hazardous waste from power plants and Ak Han are eliminated by corporations licensed by the Ministry of the Environment and Forestry. As of October 2011, the Company had recycled roughly 422 tons of waste. In Akenerji's headquarters at Ak Han, all Akenerji and other Group employees gave support to a campaign for the collection of used batteries separately from other waste during 2011. The used batteries collected on the Company premises were delivered to the Association of Portable Battery Manufacturers and Importers (TAP). During 2011, all employees were notified about the separate collection of used batteries and accordingly 10 kilograms of these batteries were collected. In addition, 27 kilograms of used batteries collected at power plants managed by Akenerji were dispatched to the Association of Portable Battery Manufacturers and Importers.

"Green Building" Certified Living Space by Akiş

Considering that climate change and environmental pollution are common problems for all nations, Akiş has adapted an eco-friendly approach in its building designs. The Akbatı Shopping and Lifestyle Center & Akbatı Residences project by Akiş in Istanbul/Esenyurt is designed with "Green Building" certification criteria; as a result, consideration has been given to energy efficiency and optimization principles. From design to resource management, from acclimatization to administrative policies, the choice of materials and applications for the project are also in line with this environmentalist stance and for their environmental impact. Akbatı Shopping and Lifestyle Center & Akbatı Residences are in line to receive the "Green Building" certification that involves an assessment of the criteria for healthy living, energy efficiency, means of transport, water management, material supplies, waste management, ecology and environmental pollution.

Akbatı Shopping Mall is being designed to receive the recently launched Turkish 'Energy Identity Certification' at the highest level. With all of these efforts, Akbatı will become one of the first shopping and lifestyle centers to pioneer environmental awareness and energy efficiency and to receive relevant certifications.

Environmental Management System and Corporate Resource Planning at Ak-Tops

Committed to integrate quality control policies throughout its entire business methodology, Ak-Tops became one of the first 100 enterprises in Turkey to receive TS EN ISO 9002 Quality Management Systems Certificate, before obtaining TS EN ISO 9001:2008 Quality Management Systems Certification. In 2006, Ak-Tops became the first Akkök Group company to implement the TS 18001 Occupational Health and Safety Management System and in 2008 the Company transferred to the TS EN ISO 14001 Environmental Management System in line with its eco-friendly approach and received its certification. The Six Sigma scheme, which focuses on Corporate Resource Planning practices, is also immensely important for the Company. In recent years, Ak-Tops has focused on innovation, R&D and productivity efforts to improve its processes. In 2011, the Company completed its environmental permit process and obtained the associated certification. Ak-Tops treats its waste in a risk-free system, respectful of the environmental balance. Indeed, according to the results of two-weekly analyses conducted at the Company's wastewater treatment facility by an accredited laboratory, the average need for chemical oxygen totals 85-90 mg/l.

In 2008, the Company reduced gas emissions equivalent to the planting of 500 saplings. In 2010, the use of chemicals at the waste treatment facility was slashed by 24% over the previous year. The 1,200 cubic meters per day of waste water produced by Ak-Tops production plants and social facilities is treated at its own biological waste water treatment system. Ak-Tops eliminated all waste by dispatching it to companies licensed by the Ministry of the Environment and Forestry. In 2010, as a result of these recycling efforts, waste volume was cut by 20% over the previous year; this target was successfully met in the first half of the year.

Social Projects

Considering principles of transparency and accountability as integral components of its corporate values, Aksa closely adheres to its Open House Policy creating the opportunity to exchange information with stakeholders. Having transformed the Open House Policy into a written document, Aksa Akrilik now strives to ensure seamless and comprehensive communication between its employees and executives as regards any professional or non-professional subject; as well as among the society, business partners, shareholders and its officers. Members of the press, the residents of Yalova and neighboring cities, students from around the world, customers and other stakeholders are invited to the Aksa Akrilik's Open House Days, organized with the participation of the Triple Responsibility team members; during the event, guests are informed about business processes, environmental management systems and Aksa's contribution to the town. Since the inception of Open House Days in 1999, more than 17,000 guests visited Aksa Akrilik facilities to receive relevant information. During Open House Days, Aksa Akrilik not only welcomes visitors from Yalova University, Sabancı University and educational institutions in Yalova and neighboring towns, but also cooperates with representatives of national and international institutions to conduct comparative analysis and case studies.

UN Global Compact

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. In this context, the Global Compact introduces universal principles and defines a brand new corporate responsibility based on full volunteerism. 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.

In this cooperation, the significance of the private sector, which largely determines the dynamics of the world economy, increases 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 and immediately received a favorable response. To date, more than 8,000 corporations from 130 nations have signed the Global Compact Principles.

Akkök Group, which aims to raise the level of its corporate responsibility approach to universal norms, signed the UN Global Compact Principles in 2007. In doing so, 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 just society and within a conscientiously protected environment. After signing the document, following a series of transformative undertakings, Group companies have carried out the necessary transformations in line with global principles. Fully cognizant of its responsibilities as a world citizen, Akkök Group will continue to carry out 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 2011 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 (collectively referred as the "Group") which comprise the consolidated balance sheet as at 31 December 2011, 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 TL18,192 thousand and TL12,220 thousand as of 31 December 2011 and 2010, respectively. Therefore, we were not able to perform the related audit procedures for trade receivables of SEDAŞ.

Qualified Opinion

5. In our opinion, except for the possible effects of the matter described in paragraph 4 above, 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 2011, and of their fina.ncial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

6. Without further qualifying our opinion, as explained in Note 2.2 to the consolidated financial statements, the accompanying consolidated financial statements include the accounts of the parent company Akkök, its subsidiaries and joint ventures. Subsidiaries are companies in which Akkök has the power to control their financial and operating policies. Such control is established through the joint exercise of; (i) the voting rights of Akkök and its subsidiaries, (ii) the voting rights of certain members of Dinçkök family and the related shareholders in those companies who declared to exercise their voting rights inline with Akkök's voting preference, and (iii) the voting rights of entities, controlled only by the family members mentioned above and the related shareholders, that are declared to exercise their voting rights inline with Akkök's voting preference. Joint ventures are companies in which there are contractual arrangements regarding an economic activity that is undertaken through joint control by Akkök and its subsidiaries together with one or more other parties. Akkök exercises such joint control through direct and indirect ownership interest held by itself and/or through voting rights held by certain Dinçkök family members who declared to exercise their voting rights inline with Akkök's voting preference. In the accompanying consolidated financial statements, the shares held by Dinçkök family members are presented as non-controlling interests.

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

Ediz Günsel, SMMM
Partner

Istanbul, 25 June 2012

CONTENTS **PAGE**

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 2011, 2010 AND 2009

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

	Notes	2011	Restated (*) 2010	Restated (*) 2009
ASSETS				
Current assets		**1,722,282**	**1,192,883**	**1,293,516**
Cash and cash equivalents	7	423,532	267,333	241,882
Trade receivables	8	593,591	471,619	508,024
Due from related parties	9	101,718	68,578	191,163
Financial assets	10	10,705	5,272	18,726
Inventories	11	383,152	235,936	170,288
Other current assets	18	209,584	144,145	163,433
Non-current assets		**2,328,073**	**1,951,250**	**1,720,085**
Trade receivables	8	24,450	35,929	36,652
Financial assets	10	31,269	19,414	12,354
Financial investments	12	8,361	21,896	17,337
Investments in associates	13	26,877	19,392	19,286
Investment property	14	450,701	313,643	237,386
Property, plant and equipment	15	1,308,704	1,102,965	923,611
Intangible assets	16	215,966	212,448	204,838
Goodwill	17	173,075	173,075	173,075
Deferred income tax assets	22	13,379	4,204	7,068
Other non-current assets	18	75,291	48,284	88,478
Total assets		**4,050,355**	**3,144,133**	**3,013,601**

These consolidated financial statements were authorised for issue by the board of directors on 25 June 2012.

(*) 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 2011, 2010 AND 2009

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

	Notes	2011	Restated (*) 2010	Restated (*) 2009
LIABILITIES AND EQUITY				
Current liabilities		**1,358,723**	**1,013,873**	**853,392**
Trade payables	20	368,400	262,818	311,619
Due to related parties	9	87,937	51,307	48,838
Borrowings	19	567,433	413,440	289,539
Derivative financial instruments	21	2,153	3,727	3,630
Income taxes payable	22	10,957	5,978	5,518
Other current liabilities	18	321,843	276,603	194,248
Non-current liabilities		**1,102,639**	**631,852**	**603,950**
Trade payables	20	23,113	20,135	-
Due to related parties	9	-	51,328	16,677
Borrowings	19	961,202	449,924	396,614
Derivative financial instruments	21	10,588	2,484	1,165
Provision for employee benefits	23	30,100	32,015	29,372
Deferred income tax liabilities	22	42,078	59,680	62,788
Other non-current liabilities	18	35,558	16,286	97,334
Total liabilities		**2,461,362**	**1,645,725**	**1,457,342**
Equity:				
Share capital	24	13,098	13,098	13,098
Adjustment to share capital	24	168,630	168,630	168,630
Total paid-in capital		181,728	181,728	181,728
Available-for-sale investments		1,404	5,384	1,740
Hedging reserve		(9,665)	(4,801)	(3,948)
Currency translation differences		1,598	-	-
Retained earnings		649,246	641,461	710,358
Equity attributable to owners of the parent		**824,311**	**823,772**	**889,878**
Non-controlling interests		**764,682**	**674,636**	**666,381**
Total equity		**1,588,993**	**1,498,408**	**1,556,259**
Total equity and liabilities		**4,050,355**	**3,144,133**	**3,013,601**

(*) 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 2011 AND 2010

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

	Notes	2011	2010
Continuing Operations			
Sales, net	26	2,665,671	2,055,297
Cost of sales (-)	27	(2,226,983)	(1,798,967)
Gross profit		**438,688**	**256,330**
General and administrative expenses (-)	28	(140,815)	(102,451)
Marketing, selling and distribution expenses (-)	29	(68,814)	(62,179)
Research and development expenses (-)		(5,296)	(3,955)
Other operating income, net	30	15,990	32,564
Operating profit		**239,753**	**120,309**
Share of profit from associates	13	7,485	4,098
Financial expenses, net	31	(153,355)	(22,763)
Profit before income tax		**93,883**	**101,644**
Income tax expense	22	(23,056)	(29,478)
Profit from continuing operations		**70,827**	**72,166**
Loss after tax from discontinued operations		**(1,190)**	**(7,328)**
Profit for the year		**69,637**	**64,838**
Other comprehensive income/(loss):			
Currency translation differences		1,598	-
Cash flow hedges		(4,864)	(853)
Available-for-sale financial assets		(3,980)	3,644
Total comprehensive income for the year		**62,391**	**67,629**
Profit attributable to:			
Owners of the parent		5,760	21,740
Non-controlling interests		63,877	43,098
Total		**69,637**	**64,838**
Total comprehensive income attributable to:			
Owners of the parent		(1,486)	24,531
Non-controlling interests		63,877	43,098
Total		**62,391**	**67,629**

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 2011 AND 2010

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

	Attributable to owners of the parent									
		Adjustment to share capital	Available for-sale investments	Hedging reserve	Revaluation funds	Currency translation differences	Retained earnings	Total	Non-cotrolling interests	Total euity
Balance at 1 January 2010 (as previously reported)	**13,098**	**168,630**	**1,740**	**(3,948)**	**6,044**	**-**	**694,373**	**879,937**	**626,615**	**1,506,552**
Effect of restatements (Note 2,4)	-	-	-	-	(6,044)	-	15,985	9,941	39,766	49,707
Balance at 1 January 2010 (restated)	**13,098**	**168,630**	**1,740**	**(3,948)**	**-**	**-**	**710,358**	**889,878**	**666,381**	**1,556,259**
Dividends paid	-	-	-	-	-	-	(24,400)	(24,400)	(15,983)	(40,383)
Changes in consolidation scope (Note 2,2)	-	-	-	-	-	-	(66,237)	(66,237)	(18,860)	(85,097)
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)**	**-**	**-**	**641,461**	**823,772**	**674,636**	**1,498,408**
Balance at 1 January 2011(as previously reported)	**13,098**	**168,630**	**5,384**	**(4,801)**	**6,044**	**-**	**625,476**	**813,831**	**634,870**	**1,448,701**
Effect of restatements (Note 2,4)	-	-	-	-	(6,044)	-	15,985	9,941	39,766	49,707
Balance at 1 January 2011 (restated)	**13,098**	**168,630**	**5,384**	**(4,801)**	**-**	**-**	**641,461**	**823,772**	**674,636**	**1,498,408**
Capital increase	-	-	-	-	-	-	-	-	64,786	64,786
Dividends paid	-	-	-	-	-	-	-	-	(38,617)	(38,617)
Changes in consolidation scope (Note 2,2)	-	-	-	-	-	2,025	2,025	-	2,025	
Total comprehensive income for the year	-	-	(3,980)	(4,864)	-	1,598	5,760	(1,486)	63,877	62,391
Balance at 31 December 2011	**13,098**	**168,630**	**1,404**	**(9,665)**	**-**	**1,598**	**649,246**	**824,311**	**764,682**	**1,588,993**

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 2011 AND 2010

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

	Notes	2011	2010
Consolidated profit before tax including discontinued operations:		**93,703**	**93,008**
Adjustments:			
Depreciation and amortisation	14, 15, 16	93,768	81,751
Provision for employee benefits	23	8,682	11,944
Actuarial losses	23	826	1,179
Interest expenses	31	56,477	37,028
Interest income	31	(30,654)	(31,883)
Provision for/ (reversal of) impairment of inventories, net	11	(2,981)	(2,578)
Provision for/ (reversal of) impairment of receivables, net	8	18,436	(6,844)
Share of profit from associates	13	(7,485)	(4,098)
Unrealized foreign exchange loss/ (gain)		204,022	55,978
Net gain from sales of property, plant and equipment		(5,911)	(15,877)
Net loss from sales of investment property		5,804	-
Net cash generated from operating activities before changes in working capital		**434,687**	**219,608**
Changes in working capital:			
Restricted cash		(4,516)	(4,634)
Decrease in trade receivables		(128,929)	43,972
Decrease/ (increase) in due from related parties		(33,140)	122,585
Increase in inventories		(138,765)	(61,299)
Decrease/ (increase) in financial assets		(17,288)	6,394
Decrease/ (increase) in other assets		(99,288)	60,114
(Decrease)/increase in trade payables		108,560	(28,666)
Increase in due to related parties		(14,698)	37,120
(Decrease)/increase in derivative financial instruments		6,530	1,416
Increase in other liabilities		66,624	85,077
Employment termination benefits paid	23	(12,335)	(11,441)
Income taxes paid		(46,562)	(28,652)
Net cash generated from operating activities		**120,880**	**441,594**
Investment activities:			
Purchases of property, plant and equipment and intangible assets	15, 16	(340,539)	(299,683)
Purchases of investment property	14	(145,635)	(64,308)
Proceeds from sale of property, plant and equipmentand intangible assets	15, 16	31,524	20,927
Proceeds from sale of investment property	14	12,406	8,395
Change in consolidation scope	2.2	2,025	(85,097)
Acquisition of joint venture		-	(83,378)
Capital increase of minority shareholders		64,786	-
Dividends received	13	-	3,992
Interest received		37,496	31,268
Net cash used in investing activities		**(337,937)**	**(467,884)**
Financing activities:			
Proceeds from borrowings		662,285	233,250
Repayment of borrowings		(201,567)	(126,072)
Change in revolving borrowings		531	14,055
Dividend paid to owners of the parent		-	(24,400)
Dividend paid to non-controlling interests		(38,617)	(15,983)
Currency translation differences		1,598	-
Hedging reserve		(5,077)	(1,066)
Interest paid		(50,413)	(32,677)
Net cash generated from financing activities		368,740	47,107
Net increase/ (decrease) in cash and cash equivalents		151,683	20,817
Cash and cash equivalents at beginning of year	7	261,297	240,480
Cash and cash equivalents at end of year	7	412,980	261,297

(*) 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 2011

(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 members (Note 24).

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 (Note 33)
Akiş Gayrimenkul Yatırımı A.Ş. (*)	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
Aksa Egypt Acrylic Fiber Industry SAE ("Aksa Egypt") (**)	Egypt	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
Fitco BV	Holland	Investment	Other
Zeytinliada Turizm ve Ticaret A.Ş.	Turkey	Tourism	Other
Ak Yön Yönetim ve Bakım İşlemleri A.Ş	Turkey	Shopping center management	Other

(*) GAC Gayrimenkul Yatırımı A.Ş., which was included in the consolidated financial statements as of 31 December 2011 with the method of full consolidation, merged with Akiş Gayrimenkul Yatırımı A.Ş. on 30 June 2011 with all its assets and liabilities.
(**) Included in scope of consolidation in 2011 (Note 2.2).

Standalone financial statements of Akkök are classified in "Other" reportable segment (Note 33).

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 2011

(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 YatırımlarSanayi 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..
Ak-el Kemah Elektrik Üretim 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
Garanti Koza-Akiş Adi Ortaklığı	Turkey	Real estate	Real estate	Garanti Koza İnşaat

(*) The commercial title of İçkale Enerji Elektrik Üretim Ticaret A.Ş. is replaced by Ak-el Kemah Elektrik Üretim A.Ş. in 2011.

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
Saf Gayrimenkul Yatırım Ortaklığı 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
Akgirişim Kimya ve Ticaret A.Ş.	Turkey	Chemicals	Chemicals

(*) Akiş Gayrimenkul Yatırımı A.Ş. (Akiş), which is a subsidiary of the Group, transferred the Akdünya Eğitim Eğlence Sanat Yatırımları ve Dış Ticaret A.Ş. ("Akdünya") shares it held to ARD Holding A.Ş. and NDÇ Holding A.Ş. on 31 October 2011. Akdünya, which was a financial investment of the Group as of 31 December 2010, has not been included in the consolidated financial statements as of 31 December 2011.

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 the power to control their financial and operating policies. Such control is established through the joint exercise of; (i) the voting rights of Akkök and its subsidiaries, (ii) the voting rights of certain members of Dinçkök family and the related shareholders who declared to exercise their voting rights inline with Akkök's voting preference, and (iii) the voting rights of entities that are controlled by the family members mentioned above and the related shareholders, which declared to exercise their voting rights inline with Akkök's voting preference.

Effective interest rate represents the effective shareholding of the Group through the shares held directly by Akkök and indirectly by its subsidiaries in the consolidated financial statements, interests owned by the Dinçkök family members are presented 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 2011

(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 2011 and 2010:

	Proportion of voting power held by Akkök and itsa subsidiaries (%) (*)		Proportion of voting power held by certain Dinçkök family members and related shareholders (%) (**)		Total voting power held		Proportion of effective interest (%) (***)	
Subsidiaries	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
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	6.77	8.35	59.48	61.06	52.51	52.51
Ak-Kim Kimya Sanayi ve Ticaret A.Ş.	42.00	42.00	50.88	28.50	92.88	70.50	42.00	42.00
Akmeltem Poliüretan Sanayi ve Ticaret A.Ş.	50.00	50.00	1.67	3.33	51.67	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	11.85	23.69	88.10	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	0.05	0.10	75.10	75.15	31.52	31.52
Ak-Tops Tekstil Sanayi A.Ş.	60.00	60.00	33.30	40.00	93.30	100.00	23.75	23.75
Ariş Sanayi ve Ticaret A.Ş	43.37	43.37	28.31	56.63	71.68	100.00	43.37	43.37
Dinkal Sigorta Acenteliği A.Ş.	96.66	96.66	2.23	3.34	98.89	100.00	95.53	95.53
Akdepo Lojistik ve Dış Ticaret A.Ş	89.61	89.61	4.64	9.27	94.25	98.88	89.61	89.61
Zeytinliada Turizm ve Ticaret A.Ş.	89.61	89.61	4.64	9.27	94.25	98.88	89.61	89.61
İstasyon Tekstil ve Sanayi Ticaret A.Ş.	43.37	43.37	28.31	56.62	71.68	99.99	43.37	43.37
Akiş Gayrimenkul Yatırımı A.Ş.	20.00	20.00	64.17	80.00	84.17	100.00	20.00	20.00
Fitco BV	100.00	100.00	-	-	100.00	100.00	39.59	39.59
Aksa Egypt Acrylic Fiber Industries SAE	100.00	100.00	-	-	100.00	100.00	39.69	39.69
Aktek Bilgi İletişim Teknolojisi San. ve Tic. A.Ş.	20.00	20.00	40.00	80.00	60.00	100.00	20.00	20.00
Çerkezköy Tekstil Sanayi ve Ticaret A.Ş.	43.37	43.37	28.31	56.62	71.68	99.99	43.37	43.37
Ak Yön Yönetim ve Bakım Hizmetleri A.Ş.	99,99	-	-	-	99,99	-	20,00	-

(*) Represents total direct ownership interest held by Akkök and its subsidiaries.
(**) Represents total direct ownership interest held by certain Dinçkök family members and related shareholders who declared to exercise their voting power inline with the voting preference of Akkök.
(***) Represents total direct and indirect ownership interest held by Akkök.

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 2011

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

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 its subsidiaries together with one or more other parties. Akkök exercises such joint control through direct and indirect ownership interest held by itself and/or through voting power Dinçkök family members and the related shareholders who declared to exercise their voting power inline with the voting preferences 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 6). The parts of joint ventures that are not included within the scope of the consolidation are disclosed in the related party note. (Note 9). 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 2011 and 2010:

	Proportion of voting power held by Akkök and itsa subsidiaries (%) (*)		Proportion of voting power held by certain Dinçkök family members and related shareholders (%) (**)		Total voting power held		Proportion of effective interest (%) (***)	
Joint ventures	2011	2010	2011	2010	2011	2010	2011	2010
Ak-El Yalova Elektrik A.Ş..	90.07	90.07	5.86	9.93	95.93	100.00	20.43	20.43
Akenerji Elektrik Üretim A.Ş.	20.43	20.43	16.93	16.93	37.36	37.36	20.43	20.43
Ak Enerji Elektrik Enerjisi İthalat-İhracatve Toptan Ticaret A.Ş	90.00	90.00	5.00	10.00	95.00	100.00	20.43	20.43
Akkur Enerji Üretim Tic. ve San. A.Ş.	99.00	99.00	0.50	1.00	99.50	100.00	20.43	20.43
Mem Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş	99.00	99.00	0.50	1.00	99.50	100.00	20.43	20.43
Akka Elektrik Üretim A.Ş.	90.00	90.00	5.00	10.00	95.00	100.00	20.43	20.43
Akcez Enerji Yatırımları Sanayi ve Ticaret A.Ş.	72.50	72.50	-	-	72.50	72.50	36.69	36.69
Akfil Holding A.Ş.	45.00	45.00	2.50	5.00	47.50	50.00	45.00	45.00
Sakarya Elektrik Dağıtım A.Ş.	100.00	100.00	-	-	100.00	100.00	36.69	36.69
Egemer Elektrik Üretim A.Ş.	100.00	100.00	-	-	100.00	100.00	20.43	20.43
Ak-el Kemah Elektrik Üretim A.Ş.	99.99	99.99	-	0.01	99.99	100.00	20.43	20.43
Akenerji Doğalgaz İthalat İhracatve Toptan Ticaret A.Ş.	99.99	99.99	-	0.01	99.99	100.00	20.43	20.43
Garanti Koza-Akiş Adi Ortaklığı	25.00	25.00	-	-	25.00	25.00	25.00	25.00

(*) Represents total direct ownership interest held by Akkök and its subsidiaries.
(**) Represents total direct ownership interest held by certain Dinçkök family members and related shareholders who declared to exercise their voting power inline with the voting preference of Akkök.
(***) Represents total direct and indirect ownership interest held by Akkök.

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 2011

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

d) Investments in associated undertakings are accounted for using the equity method of accounting (Note 13). These are undertakings, over which the Group generally has between 20% and 50% of the voting rights; through the voting rights of Akkök and its subsidiaries and/or through the voting rights of certain members of Dinçkök family and related shareholders in those companies who declared to exercise their voting rights inline with Akkök’s voting preference or through the Group’s exercise of significant influence with, 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 2011 and 2010:

	Proportion of voting power held by Akkök and itsa subsidiaries (%) (*)		Proportion of voting power held by certain Dinçkök family members and related shareholders (%) (**)		Total voting power held		Proportion of effective interest (%) (***)	
Subsidiries	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Akmerkez GayrimenkulYatırım Ortaklığı A.Ş. (“Akmerkez”)	13.12	13.13	5.57	9.17	18.69	22.30	13.12	13.13
Saf Gayrimenkul Yatırım Ortaklığı A.Ş.	6.56	7.00	14.21	28.00	20.77	35.00	1.31	1.40

(*) Represents total direct ownership interest held by Akkök and its subsidiaries.
(**) Represents total direct ownership interest held by certain Dinçkök family members and related shareholders who declared to exercise their voting power inline with the voting preference of Akkök.
(***) Represents total direct and indirect ownership interest held by Akkök.

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 12).

	Proportion of voting power held by Akkök and itsa subsidiaries (%) (*)		Proportion of voting power held by certain Dinçkök family members and related shareholders (%) (**)		Proportion of effective interest (%) (***)	
Financial investments	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Akhan Bakım Yön. Ser. Hiz. Tic. A.Ş.	99.00	99.00	0.15	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
Akgirişim Kimya ve Ticaret A.Ş.	98.00	98.00	1.00	2.00	39.76	39.76

(*) Represents total direct ownership interest held by Akkök and its subsidiaries.
(**) Represents total direct ownership interest held by certain Dinçkök family members and related shareholders who declared to exercise their voting power inline with the voting preference of Akkök.
(***) Represents total direct and indirect ownership interest held by Akkök.

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

2011

Changes of consolidation method of Aksa Egypt and Fitco B.V.

Aksa Egypt Acrylic Fiber Industrie SAE and Fitco BV, which were financial investments of the Group as of 31 December 2010, have been included under the scope of full consolidation as of 1 January 2011 since they were believed to become significant in terms of consolidated financial statements and the financial performance of the Group. Accumulated profits increased TL 2,025 due to the relevant change.

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.

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 2011 comparatively with the consolidated balance sheet at 31 December 2010 and 31 December 2009 presented the consolidated statements of comprehensive income, cash flows and changes in equity for the year ended 31 December 2011 comparatively with such financial statements for the year ended 31 December 2010.

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 2011

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

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 in the valuation report used during the accounting of GAC Gayrimenkul Yatırımı A.Ş.'S ("GAC") share purchase in 2009 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 2011 comparatively with the restated consolidated balance sheets prepared as of 31 December 2010 and 2009. At 31 December 2010 and 2009, 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			
	Revaluation funds	Retained earnings	Non-controlling interest	Total
31 December 2009 (as previously reported)	**6,044**	**694,373**	**626,615**	**1,506,552**
GAC share purchase	(6,044)	15,985	39,766	49,707
31 December 2009(restated)	**-**	**710,358**	**666,381**	**1,556,259**

	Attributable to owners of the parent			
	Revaluation funds	Retained earnings	Non-controlling interest	Total
31 December 2010(as previously reported)	**6,044**	**625,476**	**634,870**	**1,448,701**
GAC share purchase	(6,044)	15,985	39,766	49,707
31 December 2010(restated)	**-**	**641,461**	**674,636**	**1,498,408**

The effects of the restatement on consolidated financial statements as of 31 December 2010 and 2009 are as follows:

The effects of restatement on consolidated balance sheet:	2010	2009
Increase in investment property	64,481	64,481
Increase in deferred tax liability	14,774	14,774
Increase in equity, net	**49,707**	**49,707**

Other classifications:

In order to conform to presentation of balance sheet at 31 December 2011, the Group has performed reclassifications in the consolidated balance sheets at 31 December 2010 and 2009 and consolidated statement of comprehensive income for the year ended 31 December 2010. Such reclassifications are explained as follows:

i) Derivative financial instruments amounting to TL 1,165 and TL 2,848 recorded under current liabilities were reclassified to non- current liabilities on the consolidated balance sheets as of 31 December 2010 and 2009, respectively.

ii) Commission expenses amounting to TL 11,426 recorded under general administrative expenses was reclassified to marketing, selling and distribution expenses on the consolidated balance sheet as of 1 January-31 December 2010.

iii) Commission expenses from related parties amounting to TL 4,786 net off under cost of goods sold was reclassified to marketing, selling and distribution expenses on the consolidated balance sheet as of 1 January-31 December 2010.

iv) Transportation expenses amounting to TL 7,575 recorded under other operating income, net was reclassified to marketing, selling and distribution expenses on the consolidated balance sheet as of 1 January-31 December 2010.

v) Depreciation and amortisation expenses amounting to TL 3,055 recorded under general administrative expenses was reclassified to cost of goods sold on the consolidated balance sheet as of 1 January-31 December 2010.

vi) Expenses with regards to doubtful receivables amounting to TL 11,152 recorded under cost of goods sold were reclassified to other operating income on the consolidated statement of comprehensive income as of 1 January-31 December 2010.

vii) The fact that Ak-Al Tekstil Sanayii A.Ş., a subsidiary of the Group, halted its textile manufacturing activities and it obtained revenue through leasing the relevant facilities has been evaluated as halted activities within the scope of International Financial Reporting Standard 5 ("IFRS 5") - "Fixed Assets Held For Sale and Ceased Activities" and in the consolidated income statement belonging to the 1 January - 31 December 2010 fiscal period; "sales income" amounting to TL 109,766, "sales costs" amounting to TL 100,375 "marketing, sales and distribution costs" amounting to TL 5,153, "general management costs" amounting to TL 9,704, "other operating costs" amounting to TL 3,170 and "deferred tax income" amounting to TL 1,308 have all been classified under the account for "halted activities - period loss after tax".

2.5 Changes in standards and interpretations

Standards, amendments and interpretations to existing standards that are effective as at 1 January 2011 and are relevant to the Group's operations:

• IAS 24 (revised), "Related party disclosures", is effective for annual periods beginning on or after 1 January 2011;

Annual improvements 2010 are effective for annual periods beginning 1 January 2011. This set of amendments includes changes to six standards and one interpretation, namely;

> IFRS 7 "Financial Instruments: Disclosures"
> IAS 1 "Financial statements presentation"
> IAS 27 "Consolidated and separate financial statements"
> IAS 34 "Interim financial reporting"

Standards, amendments and interpretations to existing standards that are effective as at 1 January 2011 and are not relevant to the Group's operations

• IAS 32 (amendment), "Financial instruments: Presentation", is effective for annual periods beginning on or after 1 February 2010.
• IFRIC 19, "Extinguishing financial liabilities with equity instruments", is effective for annual periods beginning on or after 1 July 2010
• IFRS 1 (amendment), "First-time adoption of IFRS", is effective for annual periods beginning on or after 1 July 2010.
• IFRIC 14 (amendment), - The limit on a defined benefit asset, minimum funding requirements and their interaction", is effective for annual periods beginning on or after 1 January 2011.

• IFRS 14, - The limit on a defined benefit asset, minimum funding requirements and their interaction", is effective for annual periods beginning on or after 1 January 2011.
• IFRS 19, "Extinguishing financial liabilities with equity instruments", is effective for annual periods beginning on or after 1 July 2010.
• IFRS 2 (amendment), "Group cash settled share based payment transactions" effective for annual periods beginning on or after 1 January 2010.
• IFRS 5 (amendment), "Non-currect asset held for sale and discontinued operations" effective for annual periods beginning on or after 1 January 2010.
• IFRS 18, "Transfers of asset from customers "effective for transfer of asset received on or after 1 July 2009.
• IAS 38 (amendment), 'Intangible assets', effective for annual periods beginning on or after 1 January 2010.
• IAS 36 (amendment), 'Impairment of assets', effective for annual periods beginning on or after 1 January 2010.
• IFRIC 16, 'Hedges of a net investment in a foreign operation' effective 1 July 2009.
• IFRIC 17, 'Distribution of non-cash assets to owners' (effective on or after 1 July 2009).Annual improvements 2010 are effective for annual periods beginning 1 January 2011. This set of amendments includes changes to six standards and one interpretation, namely;
  > IFRS 1 "First-time adoption"
  > IFRS 3 "Business combinations"
  > IFRIC 13 "Customer loyalty programmes"

Standards, amendments and interpretations to existing standards those are not yet effective at 1 January 2011

• IAS 12 (amendment), "Income taxes", is effective for annual periods beginning on or after 1 January 2012.
• IAS 1 (amendment), "Presentation of financial statements", is effective for annual periods beginning on or after 1 July 2012.
• IAS 19 (amendment), "Employee benefits", is effective for annual periods beginning on or after 1 January 2013;
• IFRS 9, "Financial instruments", is effective for annual periods beginning on or after 1 January 2015.
• IFRS 10, "Consolidated financial statements", is effective for annual periods beginning on or after 1 January 2013.
• IFRS 11, "Joint arrangements", is effective for annual periods beginning on or after 1 January 2013;
• IFRS 12, "Disclosures of interests in other entities", is effective for annual periods beginning on or after 1 January 2013;
• IFRS 13, "Fair value measurement", is effective for annual periods beginning on or after 1 January 2013;
• IAS 27 (revised), "Separate financial statements", is effective for annual periods beginning on or after 1 January 2013;
• IAS 28 (revised), "Associates and joint ventures", is effective for annual periods beginning on or after 1 January 2013;
• IFRIC 20, Stripping costs in the production phase of a surface mine;
• IFRS 7 (amendment), "Financial Instrument: Disclosures", is effective for annual periods beginning on or after 1 July 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.

2.6 Convenience Translation into English of Consolidated Financial Statements

As of 31 December 2011, the financial reporting standards described in Note 2.1 (defined as "CMB" Financial Reporting Standards) to the consolidated financial statements differ from IFRS issued by the International Accounting Standards Board with respect to the application of inflation accounting for the periods between 1 January and 31 December 2005.Accordingly, these consolidated financial statements are not intended to present the financial position and the results of operations in accordance with IFRS.

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 2011

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

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 9).

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 7).

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 2011 and 2010 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.

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 2011

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

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.

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 12).

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 12).

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 8).

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 20).

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 11).

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

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.

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 15). 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	2-50
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 30).

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.

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 2011

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

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 16).

Amortisation period of intangible assets is as follows:

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

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 16).

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.

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 2011

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

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 19).

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.

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 2011

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

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 23).

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 23).

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.

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 22).

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.

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 2011

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

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 34).

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.

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.

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 2011

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

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 17).

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 17). 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 17).

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 33).

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 2011

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

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 7).

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 24).

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 30).

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 2011

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

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 32).

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 11).

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 15, 16).

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 8).

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 32).

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 22).

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 22).

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 26).

i) Akport investments

As explained in detail in Note 32, the Agreement to Transfer the Right to Operate the Tekirdağ Port signed between Akport, TDI and the Privatisation Authority was terminated on 6 March 2012. Group management anticipates receiving compensation for the investments in Tekirdağ Port and that the compensation will not be less than their book value as recorded in the Group's consolidated financial statements dated 31 December 2011.

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 2011

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

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 2011 and 31 December 2010 is as follows:

	2011	2010
Assets	2,246,680	522,323
Liabilities (-)	(1,728,427)	(1,016,125)
Net balance sheet position	**518,253**	**(493,802)**

	2011			
	USD position	**Euro position**	**Other foreign currency position**	**Total**
Assets:				
Cash and cash equivalents	1,475,763	27,740	1	1,503,504
Accounts receivable	493,703	100,718	435	594,856
Other assets	126,254	22,066	-	148,320
Total assets	**2,095,720**	**150,524**	**436**	**2,246,680**
Liabilities:				
Short-term debt	516,632	11,391	-	528,023
Long-term debt	708,563	25,849	-	734,412
Accounts payable	204,590	20,418	1,528	226,536
Other liabilities	189,328	50,128	-	239,456
Total liabilities	**1,619,113**	**107,786**	**1,528**	**1,728,427**
Net foreign currency position	**476,607**	**42,738**	**(1,092)**	**518,253**

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 2011

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

	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)**

The following table demonstrates the sensitivity to a possible change in the net position, on the Group's balance sheet as of 31 December 2011 and 2010:

2011	**Appreciation of foreign currency**	**Depreciation of foreign currency**
In case 10% appreciation of USD against TL		
USD net asset/ (liability)	47,661	(47,661)
USD net effect - income/ (expense)	**47,661**	**(47,661)**
In case 10% appreciation of Euro against TL		
Euro net asset/ (liability)	4,274	(4,274)
Euro net effect - income/ (expense)	**4,274**	**(4,274)**

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)**

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 2011

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

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 2011 and 2010, the Group’s borrowings at floating rates are mainly denominated in USD and Euro.

At 31 December 2011, 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 4,140 (2010: TL 3,480) higher/lower, mainly as a result of high interest expense on floating rate borrowings.

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 8).

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 2011

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

Credit risk of financial instruments at 31 December 2011 is as follows:

	Trade receivables		Other receivables		Bank deposits	
2011	**Related party**	**Other**	**Related party**	**Other**	**Related party**	**Other**
Maximum credit risk exposureas of the reporting date	*101,718*	*716,393*	-	*284,875*	-	*412,066*
- Secured portion of the maximum credit risk by guarantees	-	*294,749*	-	-	-	-
Net book value of financial assets that areneither past due nor impaired	101,718	508,445	-	284,634	-	412,066
Financial assets with renegotiated conditions	-	39,439	-	-	-	-
Net book value of financial assets that arepast due but not impaired	-	71,003	-	-	-	-
- Secured portion by guarantees	-	*23,236*	-	-	-	-
Net book value of impaired assets	-	-	-	-	-	-
- Overdue (gross book value)	-	*97,506*	-	*241*	-	-
- Impairment (-)	-	*(95,506)*	-	*(241)*	-	-
- Secured portion by guarantees	-	*2,000*	-	-	-	-

AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2011

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

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 exposureas of the reporting date	*68,578*	*587,532*	-	*192,429*	-	*264,120*
- Secured portion of the maximum credit risk by guarantees	*4,872*	*223,686*	-	-	-	-
Net book value of financial assets that areneither past due nor impaired	67,362	407,260	-	192,178	-	264,120
Financial assets with renegotiated conditions	-	50,202	-	-	-	-
Net book value of financial assets that arepast due but not impaired	1,216	53,000	-	-	-	-
- 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	-	-	-	-	-	-

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 2011

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

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.

2011:

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	1,528,635	1,676,248	178,149	465,564	625,573	406,962
Accounts payable	391,513	393,580	281,782	88,679	2,317	20,802
Due to related parties	87,937	87,937	86,175	1,762	-	-
Total	**2,008,085**	**2,157,765**	**546,106**	**556,005**	**627,890**	**427,764**

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	12,741	12,853	311	1,954	8,688	1,900

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	-

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 2011

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

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 2011 and 2010 is as follows:

	2011	2010
Total liabilities	2,008,085	1,248,952
Less: cash and cash equivalents (Note 7)	(423,532)	(267,333)
Net debt	**1,584,553**	**981,619**
Total shareholders' equity	1,588,993	1,498,408
Total equity	**3,173,546**	**2,480,027**
Debt/equity ratio	**%50**	**% 40**

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.

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 2011

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

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 19).

Fair Value Estimation:

Effective from 1 January 2011, 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.

2011	Level 1	Level 2	Level 3
Available-for-sale financial assets	6,839	1,522	-
Total assets	**6,839**	**1,522**	**-**

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

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.

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 2011

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

NOTE 6 - BUSINESS COMBINATIONS

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 2011 and 2010 by using the proportionate consolidation method are as follows: (Note 2.2.c):

Balance sheet:	**2011**	**2010**
Current assets	303,522	257,836
Non-current assets	982,945	1,019,892
Total assets	**1,286,467**	**1,277,728**
Short-term liabilities	414,858	475,654
Long-term liabilities	488,955	389,403
Total liabilities	**903,813**	**865,057**
Equity	382,654	412,671
Total liabilities and equity	**1,286,467**	**1,277,728**

The aggregate amounts of income/expenses of joint-ventures included in the consolidated financial statements for the years ended 31 December 2011 and 2010 by using the proportionate consolidation method are as follows:

Statements of income	**2011**	**2010**
Gross profit	**110,976**	**55,571**
Marketing, selling and distribution expenses (-)	(25,210)	(37,736)
General and administrative expenses (-)	(49,228)	(16,537)
Research and development expenses (-)	(12)	(101)
Other operating income/ (expense), net	(3,811)	34,528
Operating profit	**32,715**	**35,725**
Share of profit from associates	(8,427)	1,341
Financial expenses, net (-)	(129,795)	(21,854)
Other extraordinary income/expense	35,846	-
Profit before income tax	**(69,661)**	**15,212**
Income tax credit/ (charge)	343	(6,025)
Loss for the period	**(69,318)**	**9,187**

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 2011

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

NOTE 7 - CASH AND CASH EQUIVALENTS

The analysis of cash and cash equivalents at 31 December 2011 and 2010 is as follows:

	2011	2010
Cash	306	1,199
Bank		
Demand deposit	40,781	18,132
Time deposit	371,285	245,988
Other	11,160	2,014
Total	**423,532**	**267,333**

The analysis of cash and cash equivalents in terms of the consolidated statements of cash flows at 31 December 2011 and 2010 is as follows:

	2011	2010
Cash and cash equivalents	423,532	267,333
Less: restricted cash	(10,552)	(6,036)
Cash and cash equivalents	**412,980**	**261,297**

Interest rate of time deposits with maturities less than 3 months at 31 December 2011 and 2010 are as follows:

	Time Deposit	2011%	Time Deposit	2010%
TL	160,149	8.50 - 12.75	129,974	7.25 - 9.25
USD	186,425	4.44 - 5.40	91,578	1.35 - 3.09
Euro	24,711	1.51 - 5.45	24,436	1.00 – 1.70
Total	**371,285**		**245,988**	

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 2011

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

NOTE 8 - TRADE RECEIVABLES

Short-term trade receivables:	2011	2010
Trade receivables	691,777	551,294
Less: provision for doubtful receivables	(95,506)	(77,070)
Less: unearned credit finance income	(2,680)	(2,605)
Total short-term trade receivables, net	**593,591**	**471,619**

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.

Maturity of trade receivables of the Group is generally less than three months (2010: less than three months) and their discount rates are as follows:

	2011	2010
USD	0.86	0.35
TL	11.27	7.13

Movements of provision for doubtful trade receivables for the years ended 31 December 2011 and 2010 are as follows:

	2011	2010
1 January	**77,070**	**83,914**
Collections and reversal of provisions	(4,689)	(15,457)
Charge for the period	23,125	8,613
31 December	**95,506**	**77,070**

Aging of provision for doubtful trade receivables

Past due 1 to 3 months	890	271
Past due 3 to 6 months	7,709	4,805
Past due 6 to 12 months	30,148	31,141
Past due more than 12 months	56,759	40,853
Total	**95,506**	**77,070**

As at 31 December 2011, trade receivables amounting to TL 71,003 (2010: TL 53,000) 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.

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 2011

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

Aging of past due but not impaired trade receivables at 31 December 2011 and 2010 is as follows:

	2011	2010
Up to 3 months	64,429	49,764
More than 3 months	6,574	3,236
Total	**71,003**	**53,000**

Long-term trade receivables:	**2011**	**2010**
Notes receivables and cheques	24,616	36,238
Less: Unearned finance income		
on term based sales (-)	(166)	(309)
Total long-term trade receivables, net	**24,450**	**35,929**

Short-term and long-term trade receivables amounting to TL 68,219 was transferred to factoring companies. (2010: TL 38,980). Factoring liabilities regarding the transfer of trade receivables are classified under borrowings (Note 19). Commissions related to the transferred trade receivables were paid in advance.

NOTE 9 - RELATED PARTY DISCLOSURES

a) Due from related parties

The analysis of due from related parties as at 31 December 2011 and 2010 is as follows:

	2011	2010
Akenerji	65,588	48,916
Garanti Koza-Akiş Adi Ortaklığı	35,776	14,572
Aksa Egypt	-	3,858
Akfil Holding	-	258
Other	354	974
Total	**101,718**	**68,578**

b) Due to related parties

Short-term liabilities	***2011***	***2010***
Saf Gayrimenkul Yatırım Ortaklığı A.Ş.	57,769	9,452
Akarsu Enerji Yatırımları Sanayi ve Ticaret A.Ş,	12,352	10,246
Akkon Yapı Taahhüt Yapı Inşaat Müşavirlik A.Ş,	8,220	-
Akenerji	5,635	22,350
Akfil Holding	-	5,435
Garanti Koza-Akiş Adi Ortaklığı	-	2,374
Other	3,961	1,450
Total	**87,937**	**51,307**

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 2011

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

Long-term liabilities

	2011	2010
Saf Gayrimenkul Yatırım Ortaklığı A.Ş.	-	51,328
Total	**-**	**51,328**

c) Sales to related parties

	2011	2010
Akenerji	33,242	10,093
Sakarya Elektrik	2,001	1,011
Aksa Egypt	-	45,424
Other	5,465	2,924
Total	**40,708**	**59,452**

d) Service and product purchases from related parties

	2011	2010
Akenerji	10,446	27,112
Akhan Bakım Yönetim Servis Hizmet Ticaret A,Ş,	3,880	2,223
Akfil Holding	-	782
Other	598	894
Total	**14,924**	**31,011**

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.

	2011	2010
Key management compensation	16,603	12,065
Total	**16,603**	**12,065**

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 2011

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

NOTE 10 - FINANCIAL ASSETS

The analysis of financial assets at 31 December 2011 and 2010 is as follows:

	2011	2010
Short-term financial assets	10,705	5,272
Long-term financial assets	31,269	19,414
Total	**41,974**	**24,686**

Collection plan of financial assets are as follow:

	2011	2010
Up to 1 year	10,705	5,272
1 to 2 years	5,204	9,508
2 to 3 years	3,632	6,536
3 to 4 years	22,433	3,370
Total	**41,974**	**24,686**

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).

NOTE 11 - INVENTORIES

	2011	2010
Raw materials	142,391	113,777
Semi-finished goods	25,363	13,742
Uncompleted residence	149,719	33,081
Completed residence	2,615	-
Finished goods	40,561	55,984
Trade goods	6,493	8,728
Other inventories and spare parts	17,684	15,279
Less: Provision for impairment in inventories	(1,674)	(4,655)
Total	**383,152**	**235,936**

Movement in provision for impairment in inventories which is related with finished goods for the years ended 31 December 2011 and 2010 is as follows:

	2011	2010
1 January	**4,655**	**7,233**
Collections	(4,655)	(7,233)
Charged in for the year	1,674	4,655
31 December	**1,674**	**4,655**

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 2011

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

NOTE 12 - FINANCIAL INVESTMENTS

Long-term financial investments:	2011	2010
Available-for-sale financial investment	6,839	12,115
Financial investments not includedin the scope of consolidation	1,522	9,781
Total	**8,361**	**21,896**

Available-for-sale financial investments:	%	2011	%	2010
Yapı ve Kredi Bankası A.Ş.	<1	6,332	<1	11,525
Akçansa Çimento Sanayi A.Ş.	<1	312	<1	347
Türkiye Sınai Kalkınma Bankası A.Ş.	<1	194	<1	242
Türkiye Vakıflar Bankası A.Ş.	<1	1	<1	1
Total		**6,839**		**12,115**

Movements of available-for-sale financial investments for the years ended 31 December 2011 and 2010 are as follows:

	2011	2010
1 January	**12,115**	**7,560**
Changes in fair value	(5,276)	4,539
Merger effect	-	-
Capital increase	-	16
31 December	**6,839**	**12,115**

Financial investments not included in the scope of consolidation:

	2011	2010
Üçgen Bakım ve Yönetim Hizmetleri A.Ş.	107	107
Akhan Bakım Yönetim Servis Hizmet Ticaret A.Ş.	122	121
Aken B.V.	406	406
Fitco B.V.	-	7,863
Aksa Egypt	-	84
Akgirişim Kimya ve Ticaret A.Ş.	98	98
Aksu Textiles E.A.D.	789	752
Akdünya Eğitim Eğlence Sanat Yatırımları veDış Ticaret A.Ş.	-	350
Total	**1,522**	**9,781**

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).

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 2011

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

NOTE 13 - INVESTMENTS IN ASSOCIATES

The analysis of the investments accounted for by the equity method at 31 December 2011 and 2010 is as follows (Note 2.2.d).

	2011	2010
Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş.	21,145	16,217
Saf Gayrimenkul Yatırım Ortaklığı A.Ş.	5,732	3,175
Total	**26,877**	**19,392**

Movements of investments in associate during the years ended 31 December 2011 and 2010 is as follows:

	2011	2010
1 January	**19,392**	**19,286**
Share of profit from associates	7,485	4,098
Dividend received	-	(3,992)
31 December	**26,877**	**19,392**

2011	Assets	Liabilities	Revenue	Net profit for the period
Akmerkez Gayrimenkul				
Yatırım Ortaklığı A.Ş.	166,508	5,339	62,754	42,014
Saf Gayrimenkul Yatırım Ortaklığı A.Ş.	947,695	510,673	585,198	329,488
Total	**1,114,203**	**516,012**	**647,952**	**371,502**

2010	Assets	Liabilities	Revenue	f Net profit or the period
Akmerkez Gayrimenkul	154,031	30,470	52,509	29,119
Yatırım Ortaklığı A.Ş.				
Saf Gayrimenkul Yatırım Ortaklığı A.Ş.	1,080,632	853,867	-	19,731
Total	**1,234,663**	**884,337**	**52,509**	**48,850**

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 2011

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

NOTE 14 - INVESTMENT PROPERTY

Movement of investment property for the years ended 31 December 2011 and 2010 are as follows:

	1 January 2011	Additions	Disposals	Transfers (*)	31 December 2011
Cost:					
Land and land improvements	321,086	145,635	(16,021)	8,238	458,938
Total	**321,086**	**145,635**	**(16,021)**	**8,238**	**458,938**
Accumulated depreciation:					
Land and land improvements	7,443	794	-	-	8,237
Total	**7,443**	**794**	**-**	**-**	**8,237**
Net book value	**313,643**				**450,701**

(*) The transfers are within the scope of Akis’s Beyaz Kule Project in 2011.The land transferred from investment property to inventories amounting to TL 1,957 and land and buildings transferred from property, plant and equipment to investment properties amounting to TL 10,195.

Fair value of investment property is determined as TL 920,486 by an independent valuation company (2010: TL 622,203 and 2009: TL 331,241).

Capitalized financing costs amounting to TL 8,892 on 31 December 2011 consist of the borrowing costs associated with the construction under the shopping center within scope of the Akbatı project.

	1 January 2010	Additions	Disposals	Transfers (*)	31 December 2010
Cost:					
Land and land improvements	244,469	64,308	(8,395)	20,704	321,086
Total	**244,469**	**64,308**	**(8,395)**	**20,704**	**321,086**
Accumulated depreciation:					
Land and land improvements	**7,083**	**360**	**-**	**-**	**7,443**
Total	7,083	360	-	-	7,443
Net book value	**237,386**				**313,643**

(*) The transfers are representing to land and land improvements transfers from property, plant and equipment to investment property in 2010.

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 2011

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

NOTE 15 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2011	Additions	Disposal	Transfers (*)	Changes in consolidation scope	31December 2011
Cost						
Lands	85,989	3,904	(11,797)	10,751	1,154	90,001
Land improvements	226,142	306	-	8,931	-	235,379
Buildings	178,419	3,033	(820)	36,592	2,390	219,614
Machinery and equipment	1,335,299	5,485	(5,812)	207,668	4,697	1,547,337
Motor vehicles	74,081	1,963	(529)	-	290	75,805
Furniture and fixtures	52,839	8,188	(823)	(598)	176	59,782
Leasehold improvements	17,567	977	(43)	24,953	-	43,454
Construction in progress (*)	292,839	314,788	(10,908)	(315,771)	-	280,948
Total	**2,263,175**	**338,644**	**(30,732)**	**(27,474)**	**8,707**	**2,552,320**
Accumulated depreciation						
Land improvements	48,895	8,750	-	-	-	57,645
Buildings	71,446	4,233	(88)	-	666	76,257
Machinery and equipment	927,542	62,167	(4,660)	-	4,494	989,543
Motor vehicles	60,694	2,489	(392)	-	181	62,972
Furniture and fixtures	40,587	3,457	(222)	-	164	43,986
Leasehold improvements	11,046	2,195	(28)	-	-	13,213
Total	**1,160,210**	**83,291**	**(5,390)**	**-**	**5,505**	**1,243,616**
Net book value	**1,102,965**					**1,308,704**

(*) The transfer amounting to TL 17,279 are representing to development cost transfers from property, plant and equipment to intangible asset in 2011. The transfer amounting to TL 10,195 are representing to land and buildings transfers from property, plant and equipment to investment property.

Financing costs consist of the capitalized amounting to TL 24,073 directly attributable within scope of the coal plant construction, carbon fiber production line and efficiency projects in the period ended 31 December 2011. In the energy segment, the investments are made as of 31 December 2011 amounting to TL 4,271 borrowing costs directly attributable to the added cost of the asset.

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 2011

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

	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
Special costs	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
Special costs	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 fiber investment and expenditures of Akenerji, a joint venture of the Group, for Feke 1, Gökkaya, Himmetli and Kemah hydroelectric plants and Egemer İskenderun Erzin combined cycle natural gas power plant.
(**) The transfer amounting to TL 709 are representing to rights transfers from property, plant and equipment to intangible asset in 2010. The transfer amounting to TL 20,704 are representing to land and land improvements transfers from property, plant and equipment to investment property in 2010.

TL 82,006 (2010: TL 73,967) of the depreciation expense is included in “cost of goods sold”, TL 2,228 (2010: TL 1,921) is included in “research and development expenses”, TL 5,756 (2010: TL 1,300) is included in “general and administrative expenses”, TL 549 (2010: TL 138) is included in “marketing, selling and distribution expenses”, TL 2,189 (2010: TL 3,803) related with the ongoing project development costs are classified as “construction in progress”, TL 3,513 (2010:TL 1,771) is included in “inventories” and TL 3,229 (2010: TL 4,425) is included in discontinued operation expenses.

As of 31 December 2011, lands owned by the Group was burdened with mortgages amounting to TL 410,780 (2010: TL 318,090)

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 2011

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

NOTE 16 - INTANGIBLE ASSETS

	1 January 2011	Additions	Disposals	Transfers(*)	31 December 2011
Cost:					
Rights	9,010	1,775	(254)	95	10,626
Development costs	7,117	-	-	17,184	24,301
Customer relationship	166,729	-	-	-	166,729
Licences	43,205	-	-	-	43,205
Other intangible assets	3,507	120	(17)	-	3,610
Total	**229,568**	**1,895**	**(271)**	**17,279**	**248,471**
Accumulated amortisation:					
Rights	5,508	729	-	-	6,237
Development costs	2,152	1,743	-	-	3,895
Customer relationship	5,134	3,055	-	-	8,189
Licences	1,081	9,724	-	-	10,805
Other intangible assets	3,245	134	-	-	3,379
Total	**17,120**	**15,385**	**-**	**-**	**32,505**
Net book value	**212,448**				**215,966**

(*) The transfer amounting to TL 17,279 are representing to development cost transfers from property, plant and equipment to intangible asset in 2011.

	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**

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 2011

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

NOTE 17 - GOODWILL

	2011	2010
Goodwill	173,075	173,075

Akcez, a joint venture of the Group, won the privatisation tender dated 21 November 2008 for the sale of 99.99% of Sakarya Elektrik's shares in return for USD 600 million (TL 963,300). The positive difference arising from the purchase price was distributed to identifiable assets on 30 April 2009, the takeover date for Sakarya Elektrik, and TL 173,075 – the remaining amount after distribution – was recorded as goodwill.

NOTE 18 - OTHER ASSETS AND LIABILITIES

Other current assets:	2011	2010
VAT receivable	141,262	93,042
Advances given	23,250	21,730
Income accruals	15,113	18,384
Prepaid tax and funds	13,561	2,882
Prepaid expenses	8,432	3,420
Other	7,966	4,687
Total	**209,584**	**144,145**

Other non-current assets:	2011	2010
Advances given (*)	36,256	18,020
VAT receivable	27,378	26,690
Prepaid expenses	10,544	3,247
Other	1,113	327
Total	**75,291**	**48,284**

(*) Advance given are related to Group's construction in progress which was given to the vendors for the purchase of property, plant and equipment.

Other current liabilities:	2011	2010
Advances received (*)	212,751	110,708
Accrual for rent expense	24,656	26,652
Other expense accruals	22,474	12,954
Deposits and guarantees received	20,095	13,701
Taxes and funds payable	15,559	17,147
Deferred revenue (**)	15,140	1,496
Due to Privatisation Administration (***)	-	87,566
Other	11,168	6,379
Total	**321,843**	**276,603**

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 2011

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

Other long-term liabilities:	2011	2010
Advances received (*)	14,845	-
Deferred income with government grants (****)	12,771	16,286
Other	7,942	-
Total	**35,558**	**16,286**

(*) Advances received mostly consist of advances regarding the sale of the residences of Akiş Gayrimenkul Yatırımı A.Ş., a subsidiary of the Group.
(**) As of 31 December 2011, TL 4,082 - the remaining balance of short-term deferred income amounting to TL 15,140 - represents the invoiced house sales without final acceptance within the scope of the Akkoza project and TL 6,742 - the remaining balance - represents the invoiced house sales without final acceptance within the scope of the Akbatı project.
(***) 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 amounting TL 12,771 and they are recognised in the consolidated income statement on a systematic basis over the estimated useful life of the related assets as of 31 December 2011.

NOTE 19 - BORROWINGS

	2011	2010
Short-term bank borrowings	387,899	260,091
Current portion of long-term bank borrowings	112,705	104,314
Short-term financial debt	27,280	26,109
Short-term factoring and leasing liabilities	39,549	22,926
Total short-term financial liabilities	**567,433**	**413,440**
Long-term bank borrowings	932,532	433,870
Long-term factoring and leasing liabilities	28,670	16,054
Total long-term financial liabilities	**961,202**	**449,924**

	2011		2010	
	Fair Value	Book Value	Fair Value	Book Value
USD Loans (*)	1,223,533	1,171,871	752,578	723,805
Euro Loans (*)	276,488	267,099	54,275	50,141
TL Loans	13,820	89,665	89,418	89,418
	1,513,841	**1,528,635**	**896,271**	**863,364**

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

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 2011

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

	2011		2010	
	Weighted average interest rate %	TL	Weighted average interestrate %	TL
Short term bank borrowings:				
USD Loans	2.19	304,025	2.71	219,566
TL Loans	11.52	83,874	6.23	40,311
Euro Loans	-	-	4.24	214
Total		**387,899**		**260,091**
Short-term factoring and leasing liabilities		39,549		22,926
Short-term financial debt		27,280		26,109
Current portion of long-term bank borrowings:				
USD Loans	3.60	101,570	3.43	74,288
TL Loans	-	-	4.47	22,487
Euro Loans	3.25	11,135	2.82	7,539
Total		**112,705**		**104,314**
Total short-term financial liabilities		**567,433**		**413,440**
Long-term bank borrowings:				
USD Loans	3.15	894,706	3.93	379,411
TL Loans	-	-	4.19	22,207
Euro Loans	4.77	37,826	4.05	32,252
Total		**932,532**		**433,870**
Long-term factoring and leasing liabilities		28,670		16,054
Total long-term financial liabilities		**961,202**		**449,924**

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 2011

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

The redemption schedule of borrowings is as follows:

	2011	2010
The payment within 1 - 2 year	198,315	81,112
The payment within 2 - 3 year	243,204	154,662
The payment within 3 - 4 year	71,571	95,843
The payment within 4 year and over	448,112	118,307
Total	**961,202**	**449,924**

At 31 December 2011, bank borrowings with floating interest rates amounted to TL 414,034 (2010: TL 348,033). 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+1.6% and Libor+3.5% (London Interbank Offered Rate) (2010: Libor +1.4%-Libor +3%).

NOTE 20 - TRADE PAYABLES

Short-term trade payables:	2011	2010
Suppliers	356,394	263,637
Other trade payables	14,073	628
Less: unincurred credit finance charges (-)	(2,067)	(1,447)
Total	**368,400**	**262,818**

Long-term trade payables:	2011	2010
Suppliers (*)	23,113	20,135
Total	**23,113**	**20,135**

(*) Akenerji, a joint venture of the Group, and the Studies and Planning Department of the General Directorate of State Hydraulic Works (DSI) have signed an agreement on the Right to Use Water in the Uluabat Power Tunnel and Hydroelectric Energy Generation Facility within the scope of the Emet-Orhaneli Çınarcık Dam Project. According to this agreement, Akenerji's liability to pay for Energy Participation Share in connection with the project, "which is under construction and which has been taken over" from the General Directorate of State Hydraulic Works (DSI), shall arise on the date when operations start, while the relevant payments shall start five years later. These liabilities shall be calculated by indexing to CPI according to the agreement and the payments shall be divided into 10 equal installments. This project has been completed as of the balance sheet date and is recorded under "long-term payables" in the Group's consolidated balance sheet with the first installment of TL 23,113 to be paid in 2015. (2010: TL 20,135)

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 2011

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

NOTE 21 - DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2011		31 December 2010	
	Asset	**Liability**	**Asset**	**Liability**
Held for hedging	-	12,741	-	6,193
Held for trading	-	-	-	18
Total	**-**	**12,741**	**-**	**6,211**

Derivative instruments held for hedging:

	31 December 2011		31 December 2010	
	Contract amount	**Fair value Liability**	**Contract amount**	**Fair value Liability**
Interest rate swap	159,067	12,741	141,533	6,193

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".

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 2011, the fixed interest rates vary from 1.65% to 5% (2010: 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 2011 will be continuously released to the income statement within finance cost until the repayment of the bank borrowings (Note 19).

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 2011

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

NOTE 22 - TAXES ON INCOME

	2011	2010	2009
Corporate and income taxes payable	48,465	29,112	38,043
Less: prepaid corporate income tax	(37,508)	(23,134)	(32,525)
Taxes on income, net	**10,957**	**5,978**	**5,518**

The details of taxation on income in the statements of comprehensive income for the years ended 31 December 2011 and 2010 are as below:

	2011	2010
Current income tax expense	(48,465)	(29,112)
Deferred tax income, net	25,409	(366)
Total tax expense, net	**(23,056)**	**(29,478)**

	2011	2010	2009
Deferred income tax assets	44,350	27,756	24,543
Deferred income tax liabilities	(73,049)	(83,232)	(80,263)
Deferred income tax liabilities, net	**(28,699)**	**(55,476)**	**(55,720)**

Group's cumulative temporary differences and the resulting deferred income tax assets/liabilities are as below:

	2011	2010	2009
Deferred income tax assets	13,379	4,204	7,068
Deferred income tax liabilities	(42,078)	(59,680)	(62,788)
Deferred income tax liabilities, net	**(28,699)**	**(55,476)**	**(55,720)**

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 2011

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

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 2011, 2010 and 2009 using the enacted tax rates is as follows:

	Temporary taxable differences			Deferred tax assets / (liabilities)		
	2011	2010	2009	2011	2010	2009
Effect of the service concessionarrangements	42,750	44,260	31,490	8,550	8,852	6,298
Provision for employee benefits	30,100	32,015	29,370	6,020	6,403	5,874
Provision for doubtful receivables	13,500	22,545	30,670	2,700	4,509	6,134
Carry forward tax losses	72,735	13,565	5,420	14,547	2,713	1,084
Provisions for lawsuits	8,565	6,520	6,350	1,713	1,304	1,270
Derivative financial instruments	12,741	6,211	4,796	2,548	1,242	959
Investment incentives	9,730	5,165	5,165	1,946	1,033	1,033
Other	31,630	8,500	9,455	6,326	1,700	1,891
Deferred income tax assets				**44,350**	**27,756**	**24,543**
Property, plant and equipment and intangible assets	(276,145)	(306,080)	(298,460)	(55,229)	(61,216)	(59,692)
Investment property	(58,560)	(93,365)	(97,985)	(11,712)	(18,673)	(19,597)
Available-for-sale financial investments	(100)	(6,630)	(2,175)	(20)	(1,326)	(435)
Other	(30,440)	(10,085)	(2,695)	(6,088)	(2,017)	(539)
Deferred income tax liabilities				**(73,049)**	**(83,232)**	**(80,263)**
Deferred income tax liabilities, net				**(28,699)**	**(55,476)**	**(55,720)**

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.

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 2011

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

Movements of deferred tax liability as at 31 December 2011, 2010 and 2009 are as below:

	2011	2010	2009
1 January	**55,476**	**55,720**	**49,895**
Deferred tax income for the year, net	(25,409)	366	(12,459)
Change recognised under equity	(2,378)	698	523
Tax income/ (expenses) fromdiscontinued operations	1,010	(1,308)	-
Change in the scope of consolidation (Note 2)	-	-	(8,198)
Business combinations	-	-	25,959
Balances at 31 December	**28,699**	**55,476**	**55,720**

The reconciliation of tax expenses stated on the consolidated statement of comprehensive income for the years ended 31 December 2011 and 2010 is as follows:

	2011	2010
Profit before tax on consolidated financial statements	93,883	101,644
Expected tax expense of the Group (20%)	**(18,777)**	**(20,329)**
Effect of tax losses for which no deferred tax asset recognized	(12,837)	(4,214)
Disallowable expenses	(4,359)	(3,828)
Effect of consolidation adjustments	(2,822)	(2,226)
Other income exempt from tax	7,717	4,473
Other	8,022	(3,354)
Actual tax expense of the Group	**(23,056)**	**(29,478)**

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 2011

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

At 31 December 2011, carry forward tax losses that the Group can deduct on future tax periods amount to TL 188,172. At 31 December 2011, the Group recognised deferred income tax assets for carry forward tax losses of TL 72,735. Carry forward tax losses for which the Group did not recognize deferred income tax assets and their expiration dates are as follows:

Dates	Tax losses
2014	5,016
2015	30,248
2016	80,173
Total	**115,437**

The expiration date of the TL 72,735 carry forward tax losses the Group recognised deferred income tax assets for as of 31 December 2011 is 2016.

NOTE 23 - EMPLOYEE BENEFITS

Long-term employee benefits

	2011	2010
Provision for employment termination benefits	27,045	28,421
Unused vacation provision	3,055	3,594
Total	**30,100**	**32,015**

The conditions of provision for employment termination benefits are explained below.

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 2,732 (2009: TL 2,517) for each year of service at 31 December 2011.

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:

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 2011

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

	2011	2010
Discount rate (%)	4.66	4.66
Probability of retirement (%)	99	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 2,805 effective from 1 January 2012 (1 January 2012: TL 2,623) 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 2011 and 2010 are as follows:

	2011	2010
1 January	**32,015**	**29,372**
Compensation paid	(12,335)	(11,441)
Service cost	8,682	11,944
Interest cost	912	961
Actuarial loss	826	1,179
31 December	**30,100**	**32,015**

NOTE 24 - SHARE CAPITAL

At 31 December 2011 and 2010, the Group's share capital and shareholding structure were as follows:

	% Share	2011	% Share	2010
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 (2010: 13,097,521,124). There are no privileges given to shares of different groups and shareholders.

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.

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 2011

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

NOTE 25 - 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:

	2011	2010
- Legal reserves	452,788	452,788
- Undistributed legal reserves	148,000	127,988
Total	**600,788**	**580,776**

NOTE 26 - SALES

	2011	2010
Domestic sales	1,997,249	1,535,813
Foreign sales	724,576	538,185
Less: Sales returns (-)	(7,909)	(5,085)
Less: Sales discounts (-)	(48,245)	(13,616)
Sales, net	**2,665,671**	**2,055,297**

NOTE 27 - COST OF SALES

	2011	2010
Raw materials	1,541,208	1,163,035
Electricity purchase cost	370,408	430,631
Personnel expenses	53,067	48,148
General production expense	53,726	49,337
Depreciation and amortisation	82,006	73,967
Network expenses	13,386	13,324
Cost of trade goods sold	24,398	6,289
Cost of services sold	40,922	379
Shopping mall costs	10,395	-
Other	37,467	13,857
Total	**2,226,983**	**1,798,967**

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 2011

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

NOTE 28 - GENERAL AND ADMINISTRATIVE EXPENSES

	2011	2010
Personnel expenses	43,821	37,763
Consultancy expenses	26,589	16,106
Other tax expenses	11,092	4,521
Information technologies expense	7,274	5,422
Depreciation and amortisation	5,756	1,300
Travelling expenses	3,396	4,794
Rent expenses	2,341	2,830
Repair and maintenance expenses	2,080	2,407
Office expenses	4,307	1,094
Vehicle expenses	1,378	1,119
Sponsorship expenses	4,226	2,150
Other	28,555	22,945
Total	**140,815**	**102,451**

NOTE 29 - MARKETING, SELLING AND DISTRIBUTION EXPENSES

	2011	2010
Personnel expenses	21,362	19,747
Export expenses	9,666	9,498
Commission expenses	8,574	6,640
Advertisement and sponsorship expenses	7,032	5,595
Transportation expenses	5,634	6,455
Rent expenses	982	1,686
Consultancy expenses	902	1,003
Travel expenses	654	792
Other	14,008	10,763
Total	**68,814**	**62,179**

AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

31 ARALIK 2011 TARİHİNDE SONA EREN HESAP DÖNEMİNE AİT KONSOLİDE FİNANSAL TABLOLARA İLİŞKİN AÇIKLAYICI NOTLAR

(Tutarlar aksi belirtilmedikçe bin Türk Lirası ["TL"] cinsinden ifade edilmiştir.)

NOTE 30 - OTHER OPERATING INCOME/(EXPENSES), NET

	2011	2010
Rent income	10,362	1,772
Guarantee expenses (*)	8,139	-
Gain on sale of property, plant and equipment	5,911	15,877
Collection for doubtful receivables	3,222	14,098
Indemnity expense	(11,765)	-
Other	121	817
Total	**15,990**	**32,564**

(*) At the time of the acquisition of Sakarya Elektrik, Akcez gave a letter of guarantee for USD300 million to the Privatisation Authority. As regards the said letter of guarantee Akkök Sanayi ve Yatırım Geliştirme A.Ş. and CEZ a.s. acted as the guarantors in favour of Akcez. The guarantorship fee includes this amount.

NOTE 31 - FINANCIAL EXPENSES, NET

	2011	2010
Interest income	30,654	31,883
Due date charges on term sales	2,392	7,785
Foreign losses, net	(125,675)	(28,690)
Interest expense, net	(56,477)	(37,028)
Other	(4,249)	3,287
Total	**(153,355)**	**(22,763)**

NOTE 32 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions:	2011	2010
Provision for employee benefits (Note 23)	30,100	32,015
Provision for lawsuits	17,891	8,088
Other provisions	4,125	562
Total	**52,116**	**40,665**

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 2011

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

Contingent assets and liabilities:

a) The details of collaterals, pledges and mortgages (“CPM”) given by the Group are as follows:

Collaterals, Pledges and Mortgages (CPMs):	2011	2010
A. CPM given on behalf of the Company’s legal personality	929,612	788,781
B. CPM given on behalf of fully consolidated subsidiaries	7,500	13,641
C. CPM given for continuation of its economic activities on behalf of third parties	1,976	-
D. Total amount of other CPM given		
i) Total amount of CPM given on behalf of the majority shareholder	-	-
ii) Total amount of CPM given to on behalf of other group companies which are not in scope of B and C	379,783	243,978
iii) Total amount of CPM given on behalf of third parties which are not in scope of C	-	-
Total CPMs:	**1,318,871**	**1,046,400**

	2011	2010
Letter of guarantees and mortgages given for purposesother than the purchase of Sakarya Elektrik	1,304,312	862,793
Letter of guarantees and mortgages given related to the purchase of Sakarya Elektrik	714	183,607
Letter of credit	13,845	-
Total	**1,318,871**	**1,046,400**

Agreement with Republic of Turkey Prime Ministry Privatisation Administration has been reached regarding payment in two installments for the remaining USD 300 million over the total consideration of USD 600 million regarding the acquisition of Sakarya Elektrik. Related to those mentioned installments 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 installment 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 installment, 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.

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 2011

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

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

	2011	2010
Guarantee letters received	306,793	172,348
Guarantee notes and cheques received	152,625	96,291
Mortgages received	75,940	68,970
Total	**535,358**	**337,609**

c) The details of Akport port's investment are as follows:

Akport, a subsidiary of the Group, took over the right to operate the Tekirdağ Port for 30 years on 17 June 1997 as a result of the Agreement to Transfer the Right to Operate the Tekirdağ Port ("Agreement") signed with Türkiye Denizcilik İşletmeleri A.Ş. ("TDİ") and the Republic of Turkey's Prime Ministry Privatisation Authority ("Privatisation Authority").

Based on its conclusion in its business plans that the Tekirdağ Port would be operationally effective only if it were transformed into a container port, Akport built a container terminal area of 101,820 square metres by filling in the sea along the coast within the coordinates specified in the Tekirdağ Port Instruction as of the date the operation right was acquired. The container terminal area is recognised with a net book value of TL 54,026,957 in the Group's consolidated financial statements as of 31 December 2011.

Following construction of the container port, the Ministry of Finance's General Directorate of National Estate claimed title to the area on which the container platform was located and charged various eviction penalties to Akport. Subsequently, Akport's permission to operate the Tekirdağ Port expired on 1 November 2010. The Undersecretariat for Maritime Affairs did not extend the permission, and Akport was charged an administrative fine of TL 4,434,349 on the grounds that the port was used without permission until the date 31 December 2011. The fine payments are recorded as expense in 2011.

As efforts to obtain the required permission remained fruitless, the situation created legal and penal liabilities for Akport and its officials and events occurring outside of Akport's discretion reached an uncontrollable level. It became impossible to manage the port administratively and legally, which in turn made it impossible to uphold the Agreement between TDİ, the Privatisation Authority and Akport.

In the face of these developments, Akport advised the Privatisation Authority on 6 February 2012 that the operational activities were halted and the facility should be taken back over.

The response letter sent to Akport by the Privatisation Authority on 6 March 2012 stated that the Privatisation Authority and TDİ were authorised to take actions in line with the decision of the Privatisation Authority relating to the request of Akport, and the Tekirdağ Port began to be operated by TDİ during the course of March 2012.

Because the Agreement was terminated due to the impossibility of fulfilling the requirements as specified in the Code of Obligations, the area built for the purpose of transforming the port into a container port should be returned to Akport. However, as the area constructed by means of filling the sea cannot be returned by means of an ordinary demounting process, the liability arose requiring that Akport should be compensated for its expenses. Group management estimates that the compensation amount will not be less than the book value of the relevant constructed area included in the consolidated financial statements as of 31 December 2011. However, the amount of compensation and its payment date remain to be defined.

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 2011

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

NOTE 33 - SEGMENT REPORTING

a) The analysis for the period between 1 January - 31 December 2011:

ASSETS	Chemical	Textile	Real-estate	Energy	Other	Consolidation Adjustments	Total
Cash and cash equivalents	121,308	65,687	56,654	86,154	93,729	-	423,532
Trade receivables	313,720	26,239	30,480	63,683	159,603	(134)	593,591
Due from related parties	154,843	6,286	37,909	7,643	336,756	(441,719)	101,718
Financial assets	-	-	-	10,705	-	-	10,705
Inventories	223,146	2,307	152,334	5,225	3,393	(3,253)	383,152
Other current assets	102,201	994	77,207	20,185	8,863	134	209,584
Total current assets	**915,218**	**101,513**	**354,584**	**193,595**	**602,344**	**(444,972)**	**1,722,282**
Trade receivables	1,074	6,044	11,003	6,077	252	-	24,450
Financial assets	-	-	-	31,269	-	-	31,269
Financial investments	37,543	1,029	77,329	406	629,640	(737,586)	8,361
Investments accountedthrough equity method	-	-	-	37,841	-	(10,964)	26,877
Investment property	-	35,393	410,158	-	5,150	-	450,701
Property, plant and equipment	909,112	19,115	4,774	288,533	87,170	-	1,308,704
Intangible assets	21,541	15	156	193,906	348	-	215,966
Goodwill	-	-	-	173,075	-	-	173,075
Deferred tax assets	17	910	-	9,695	2,757	-	13,379
Other current assets	16,667	4	15,126	43,114	380	-	75,291
Total non-current assets	**985,954**	**62,510**	**518,546**	**783,916**	**725,697**	**(748,550)**	**2,328,073**
Total assets	**1,901,172**	**164,023**	**873,130**	**977,511**	**1,328,041**	**(1,193,522)**	**4,050,355**

AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AT 31 DECEMBER 2011

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

LIABILITIES	Chemical	Textile	Real-estate	Energy	Other	Consolidation Adjustments	Total
Trade payables	237,451	615	39,647	64,193	18,997	7,497	368,400
Due to related parties	49,144	887	9,452	18,705	308,021	(298,272)	87,937
Financial liabilities	192,158	22,221	255,600	110,320	138,078	(150,944)	567,433
Derivative financial instruments	2,153	-	-	-	-	-	2,153
Income tax liability	1,357	369	15	3,071	6,145	-	10,957
Other current liabilities	14,033	1,204	223,367	48,709	34,530	-	321,843
Total current liabilities	**496,296**	**25,296**	**528,081**	**244,998**	**505,771**	**(441,719)**	**1,358,723**
Trade payables	-	-	-	23,113	-	-	23,113
Due to related parties	-	-	-	-	-	-	-
Financial liabilities	327,801	8,406	188,055	413,329	23,611	-	961,202
Derivative financial instruments	2,022	-	-	8,566	-	10,588	
Employee termination benefits	22,007	2,277	193	3,505	2,118	-	30,100
Deferred tax liabilities	22,316	291	3,692	18,833	217	(3,271)	42,078
Other non-current liabilities	12,826	(3)	15,667	7,068	-	-	35,558
Total non-current liabilities	**386,972**	**10,971**	**207,607**	**474,414**	**25,946**	**(3,271)**	**1,102,639**
Paid in share capital	211,203	43,142	83,000	235,519	47,868	(607,634)	13,098
Inflation adjustment differences	277,972	256,694	-	-	256,838	(622,874)	168,630
Financial investments value increase fund	-	22	-	-	1,382	-	1,404
Hedge fund	(3,340)	-	-	(6,325)	-	-	(9,665)
Premium in access of par	1,537	32,938	-	33,214	-	(67,689)	-
Revaluation fund	-	-	-	-	-	-	-
Currency translation differences	1,598	-	-	-	-	-	1,598
Retained earnings/ (loss)	528,758	(205,040)	14,676	(4,521)	490,236	(174,863)	649,246
Equity attributable to equity holders of the parent	**1,017,728**	**127,756**	**97,676**	**257,887**	**796,324**	**(1,473,060)**	**824,311**
Non-controlling interest	**176**	**-**	**39,766**	**212**	**-**	**724,528**	**764,682**
Total equity	**1,901,172**	**164,023**	**873,130**	**977,511**	**1,328,041**	**(1,193,522)**	**4,050,355**

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 2011

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

b) 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 accountedthrough equity method	-	-	-	46,268	-	(26,876)	19,392
Investment property	-	20,420	293,223	-	-	-	313,643
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 non-current assets	8,177	18	29,536	10,189	364	-	48,284
Total non-current assets	**771,349**	**68,876**	**364,870**	**708,058**	**705,195**	**(667,098)**	**1,951,250**
Total assets	**1,499,102**	**181,202**	**467,367**	**876,398**	**1,049,587**	**(929,523)**	**3,144,133**

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 2011

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

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 payables	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	2,516	18	-	1,193	-	-	3,727
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	**396,733**	**48,333**	**252,002**	**363,760**	**266,011**	**(312,966)**	**1,013,873**
Trade payables	-	-	-	20,135	-	-	20,135
Due to payables	-	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
Derivative financial instruments	2,484	-	-	-	-	-	2,484
Employee termination benefits	21,284	5,003	156	3,562	2,010	-	32,015
Deferred tax liability	16,202	1,000	18,782	22,272	1,424	-	59,680
Other non-current liabilities	13,461	-	-	2,825	-	-	16,286
Total non-current liabilities	**192,738**	**52,084**	**176,878**	**205,062**	**19,087**	**(13,997)**	**631,852**
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	-	-	-	-	-	-	-
Retained earnings/ (loss)	441,918	(219,182)	(4,279)	73,108	454,530	(104,634)	641,461
Equity attributable to equity holders of the parent	**909,490**	**80,785**	**(1,279)**	**307,826**	**764,489**	**(1,237,539)**	**823,772**
Non-controlling interest	**141**	**-**	**39,766**	**(250)**	**-**	**634,979**	**674,636**
Total equity	**1,499,102**	**181,202**	**467,367**	**876,398**	**1,049,587**	**(929,523)**	**3,144,133**

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 2011

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

d) 2011 segment assets:

Statement of comprehensive income :	**Chemical**	**Textile**	**Real-estate**	**Energy**	**Other**	**Consolidation Adjustments**	**Total**
Revenue	1,972,934	35,915	74,300	585,143	794,040	(796,661)	2,665,671
Cost of sales	(1,658,385)	(26,826)	(56,159)	(496,822)	(762,004)	773,213	(2,226,983)
Gross profit	**314,549**	**9,089**	**18,141**	**88,321**	**32,036**	**(23,448)**	**438,688**
General administration expenses	(65,272)	(5,263)	(19,010)	(15,807)	(35,463)	-	(140,815)
Marketing, selling and distribution expenses	(42,542)	-	(7,094)	(24,478)	(724)	6,024	(68,814)
Research and development expenses	(5,284)	-	-	(12)	-	-	(5,296)
Other operating income/ (expenses),net	(15,990)	7,942	9,890	(6,530)	39,359	(18,681)	15,990
Operating profit/ (loss)	**185,461**	**11,768**	**1,927**	**41,494**	**35,208**	**(36,105)**	**239,753**
Investments accountedthrough equity method shares	-	-	-	(8,427)	-	15,912	7,485
Financial income/(expenses), net	(14,748)	11,001	(60,103)	(109,804)	14,216	6,083	(153,355)
Profit/(loss) before tax	**170,713**	**22,769**	**(58,176)**	**(76,737)**	**49,424**	**(14,110)**	**93,883**
Income tax/(expense)	(31,557)	(3,342)	18,303	(477)	(5,983)	-	(23,056)
Loss after tax fromdiscontinued operations	-	(1,190)	-	-	-	-	(1,190)
Net profit(loss) for the period	**139,156**	**18,237**	**(39,873)**	**(77,214)**	**43,441**	**(14,110)**	**69,637**
Other comprehensive (expense)/income:							
Derivative financial instruments at fair value	660	-	-	(5,524)	-	-	(4,864)
Financial investments value increases	-	(59)	-	-	(3,921)	-	(3,980)
Currency translation differences	1,598	-	-	-	-	-	1,598
Total comprehensive income/(loss)	**141,414**	**18,178**	**(39,873)**	**(82,738)**	**39,520**	**(14,110)**	**62,391**
Net income for the periodattributable to:							
Equity holders of the parent	139,121	18,237	(38,973)	(76,746)	43,441	(79,320)	5,760
Non-controlling interests	35	-	(900)	(468)	-	65,210	63,877
Total	**139,156**	**18,237**	**(39,873)**	**(77,214)**	**43,441**	**(14,110)**	**69,637**
Total comprehensive incomeattributable to:							
Equity holders of the parent	141,379	18,178	(38,973)	(82,270)	39,520	(79,320)	(1,486)
Non-controlling interests	35	-	(900)	(468)	-	65,210	63,877
Total	**141,414**	**18,178**	**(39,873)**	**(82,738)**	**39,520**	**(14,110)**	**62,391**

AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AT 31 DECEMBER 2011

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

e) 2010 segment assets:

Statement of comprehensive income :	Chemical	Textile	Real-estate	Energy	Other	Consolidation Adjustments	Total
Revenue	1,471,380	31,322	3,654	576,389	109,951	(137,399)	2,055,297
Cost of sales	(1,271,305)	(29,059)	(2,827)	(534,157)	(81,126)	119,507	(1,798,967)
Gross profit	**200,075**	**2,263**	**827**	**42,232**	**28,825**	**(17,892)**	**256,330**
General administration expenses	(75,801)	8,979	(5,050)	(11,909)	(25,490)	6,820	(102,451)
Marketing, selling and distribution expenses	(33,637)	935	(4,639)	(22,480)	(395)	(1,963)	(62,179)
Research and development expenses	(3,854)	-	-	(101)	-	-	(3,955)
Other operating income/ (expenses),net	511	(6,322)	13,055	19,037	8,919	(2,636)	32,564
Operating profit/(loss)	**87,294**	**5,855**	**4,193**	**26,779**	**11,859**	**(15,671)**	**120,309**
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**	**8,468**	**(5,661)**	**9,362**	**18,457**	**(11,129)**	**101,644**
Income tax/(expense)	(15,764)	(1,093)	(588)	(5,436)	(6,473)	(124)	(29,478)
Loss after tax from discontinued operations	-	(7,328)	-	-	-	-	(7,328)
Net profit(loss) for the period	**66,383**	**47**	**(6,249)**	**3,926**	**11,984**	**(11,253)**	**64,838**
Total comprehensive income/(loss):							
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**

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 2011

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

NOTE 34 - EVENTS AFTER THE BALANCE SHEET DATE

1. The group has provided 35,000,000 US Dollar loans on 25 June 2009 and 14 December 2010 respectively from CEZ a.s which is the shareholder of the Group. The Group has also provided 19,000,000 US Dollar loan from Akkök Sanayi Yatırım ve Geliştirme A.Ş. on 15 December 2010 and 16,000,000 US Dollar loan from Akarsu Enerji Yatırımları Sanayi ve Ticaret A.Ş. on 15 December 2010, 19,000,000 US Dollar from Akkök Sanayi Yatırım ve Geliştirme A.Ş. and 16,000,000 US Dollar from Akarsu Enerji Yatırımları Sanayi ve Ticaret A.Ş. These loans maturity dates are extended to 27 June 2012 in accordance with Capital Markets Board Commitee by Kapital Karden Bağımsız Denetim ve YMM. A.Ş.’s valuation report with fair and reasonable market conditions on 5 January 2012.

2. In accordance with sub-paragraph (b), paragraph 3, Article 19 and Article 20 of Corporate Tax Law No. 5520; Article 19.2.2 of Corporate Tax General Communiqué Serial 1, dated 3 April 2007, of the Ministry of Finance; the Communiqué of the Ministry of Finance and Ministry of Industry and Trade on Principles and Procedures for Partial Spin-off Transactions of Joint Stock Companies and Limited Liability Companies that was published in the Official Gazette No. 25231, dated 16 September 2003; and Decision No. 39/1065, dated 25 November 2011, of the Capital Markets Board, partial spin-off of Aksa Akrilik Kimya Sanayii Anonim Şirketi to establish a new joint stock company comprising the carbon fiber operations as a capital in kind was approved. Transaction was also approved at the extraordinary general assembly held on 28 December 2011.Following the completion of partial spin-off transactions, Aksa Karbon Elyaf Sanayi A.Ş. was established on 2 January 2012 and with the objective to specifically focus on production and worldwide marketing of carbon fiber and carbon fiber-based high technology materials.

A Joint Enterprise Agreement was executed by between Aksa Akrilik Kimya Sanayii A.Ş. and Dow Europe Holding B.V. on 20 December 2011 with the intention to establish integrated manufacture facilities containing whole value chain, presenting a wide product range and technical service solutions to the carbon fiber based composite industry, and developing activities on the international level by evaluating all alternatives by means of the new company 99.99% of which is owned by Aksa Akrilik Kimya Sanayii A.Ş.Following the completion of relevant preliminary conditions, it is planned that shares corresponding to 50% of total shares in Aksa Karbon Elyaf Sanayi A.Ş., whose Enterprise Value is USD 275,000,000 and total share value is USD 185,000,000, will be transferred to Dow Europe Holding B.V. within 2012. The share transfer value will be adjusted taking into account the closing balance sheet date at the date of the partnership in Aksa Karbon Elyaf Sanayi A.Ş.

3. With the consideration that it would not be a realistic assessment to expect positive improvements or changes regarding the condition of Ak-Al, a subsidiary of the Group, according to the studies regarding the future of the textile industry and the current conditions; and with the aim of creating resources for utilisation in new activities, the fibre manufacturing facility in Alaplı district in Zonguldak province was sold in March pursuant to the decision taken on 2 March 2012.

4. At the Board meeting of Ak-Al, a subsidiary of the Group, held on 20 April 2012, it was decided to hold the 2011 Ordinary General Assembly on 16 May 2012 and to seek approval to change the title of the company to “Ak-Al Gayrimenkul Geliştirme ve Tekstil Sanayii Anonim Şirketi” within the scope of amendments to the Articles of Association.

5. The request to amend the articles of association that would transform Akiş Gayrimenkul Yatırımı A.Ş., a subsidiary of the Group, into a real estate investment trust under the name “Akiş Gayrimenkul Yatırım Ortaklığı A.Ş.” with issued capital worth TL 83,000,004 within the registered equity ceiling of TL 200,000,000 was approved, provided that conditions required by the Capital Markets Board were met. After these conditions were met, the articles were amended on 19 April 2012.

Directory

Akkök Sanayi Yatırım ve Geliştirme A.Ş.
Miralay Şefik Bey Sokak No: 15
Ak Han Gümüşsuyu 34437 İstanbul
Tel: (+90) 212 393 01 01
Fax: (+90) 212 393 01 12
www.akkok.com.tr
akkok@akkok.com.tr

CHEMISTRY

Aksa Akrilik Kimya San. A.Ş.
Merkez
Miralay Şefik Bey Sokak No: 15
Ak Han Gümüşsuyu 34437 İstanbul
Tel: (+90) 212 251 90 00
Fax: (+90) 212 251 45 07
www.aksa.com
aksa@aksa.com

Plant
Yalova Karamürsel Yolu 13. Km
P.K. 114, 77600 Yalova
Tel: (+90) 226 353 25 45
Fax: (+90) 226 353 33 07

Ak-Kim Kimya San. ve Tic. A.Ş.
Merkez
Vişnezade Mah. Süleyman Seba Cad.
No: 82 Maçka İstanbul
Tel: (+90) 212 258 31 22 -
(+90) 212 381 71 00
Fax: (+90) 212 259 12 92
www.akkim.com.tr
akkim@akkim.com.tr

Plant 1
Taşköprü Mevkii, P.K. 39 Yalova
Tel: (+90) 226 815 33 00
Fax:(+90) 226 353 25 39

Plant 2
Organize Sanayi Bölgesi, Fevzi Paşa Mah.
Namık Kemal Bulvarı No: 116
Çerkezköy/Tekirdağ
Tel: (+90) 282 726 70 60
Fax: (+90) 282 726 70 63

Aktem Uluslararası Mümessillik ve Tic. A.Ş.
Süleyman Seba Cad. Acısu Sokak Taşlık
Apt. No: 13 Maçka 34357 İstanbul
Tel: (+90) 212 258 31 22 -
(+90) 212 259 74 02
Fax: (+90)212 259 79 86

ENERGY

Akenerji Elektrik Üretim A.Ş.
Merkez
Miralay Şefik Bey Sok. No: 15 Ak Han
Gümüşsuyu 34437 İstanbul
Tel: (+90) 212 249 82 82
Fax: (+90) 212 249 73 55
www.akenerji.com.tr
info@akenerji.com.tr

Branch
Tepe Prime Business
Eskişehir Devlet Yolu (Dumlupınar Blv.)
9. Km. No: 266 A Blok Kat: 15
D:85 06800 Mustafa Kemal
Mah./Çankaya/ANKARA
Tel: (+90) 312 447 50 60
Fax: (+90) 312 446 17 93

SEDAŞ-Sakarya Elektrik Dağıtım A.Ş.
Orhangazi Cad. Trafo Tesisleri PK 160
54100 Sakarya
Tel: (+90) 264 295 85 00
Fax: (+90) 264 275 10 48

SEDAŞ Müşteri Hizmetleri
Hattı 444 5 186
www.sedas.com
info@sedas.com

REAL ESTATE

Akiş Gayrimenkul Yatırımı A.Ş.
Miralay Şefik Bey Sokak No: 11 K: 4-5-6
Gümüşsuyu 34437 İstanbul
Tel: (+90) 212 393 01 00
Fax: (+90) 212 393 01 07
www.akisgmy.com
info@akisgmy.com

Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş.
Nispetiye Cad. E-3 Blok K: 1
Etiler 34340 İstanbul
Tel: (+90) 212 282 01 70
Fax: (+90) 212 282 01 15 -(+90) 282 01 65
www.akmerkez.com.tr
info@akmerkez.com.tr

Akmerkez Residence
Adnan Saygun Cad. Ulus 34340 İstanbul
Tel: (+90) 212 282 01 70 -
(+90) 212 282 11 28
Fax: (+90) 212 282 06 12
www.akmerkez.com.tr
residence@akmerkez.com.tr

Ak Turizm ve Dış Tic. A.Ş.
Miralay Şefik Bey Sokak No: 15 Ak Han
Gümüşsuyu 34437 İstanbul
Tel: (+90) 212 251 92 00
Fax: (+90) 212 292 13 66-67

SAF Gayrimenkul Yatırım Ortaklığı A.Ş
Ankara Devlet Yolu Haydarpaşa yönü
4. km Çeçen Sokak Acıbadem, Üsküdar
34660 İstanbul
Tel: (+90) 216 428 3132
Fax: (+90) 216 340 6996

TEXTILE

Ak-Al Tekstil San. A.Ş.
Merkez
Gümüşsuyu Mah. İnönü Cad.
Miralay Şefik Bey Sok. Hayrun Apt. No: 13
Daire: 3 34437 Beyoğlu /istanbul
Tel: (+90) 212 377 49 00 (8 hat)
Fax: (+90) 212 377 49 09
www.ak-al.com
info@ak-al.com

Plant
Aşağı Doğancılar Mevkii
Alaplı/Zonguldak
Tel: (+90) 372 378 56 00
Fax: (+90) 372 378 02 89

Ak-Tops Tekstil San. A.Ş.
Taşköprü Mevkii P.K. 98 77200 Yalova
Tel: (+90) 226 353 32 05
Fax: (+90) 226 353 22 18
www.ak-tops.com
ak-tops@ak-tops.com

Aksa Egypt Acrylic Fiber Industry S.A.E.
4th Industrial Zone,
Plot: 19 (Parts:1-2-13-14)
New Borg El Arab City, Alexandria Egypt
Tel: +203 459 48 50/51
Fax: +203 459 74 31

SERVİCES

Akport Tekirdağ Liman İşletmesi A.Ş.
Merkez
Miralay Şefik Bey Sok.
Reşat Bey Apt. No: 1/2
Gümüşsuyu 34437 İstanbul
Tel: (+90) 212 393 01 20
Fax: (+90) 212 393 01 26
www.akport.com.tr
info@akport.com.tr

Liman
Barbaros Yolu Üzeri
Liman Tekirdağ
Tel: (+90) 282 261 08 00
Fax: (+90) 282 261 23 46

Akmerkez Lokantacılık Gıda San. ve Tic. A.Ş.
Paper Moon İstanbul
Ulus Cad. Akmerkez No: 224
Etiler 34340 İstanbul
Tel: (+90) 212 282 16 16
Fax: (+90) 212 282 13 34

Ak-Pa Tekstil İhracat Pazarlama A.Ş.
Miralay Şefik Bey Sokak No: 15 Ak Han
Gümüşsuyu 34437 İstanbul
Tel: (+90) 212 251 92 00
Fax: (+90) 212 292 13 66-67
www.akpa.com.tr
akpa@akpa.com.tr

Aktek Bilgi İletişim Teknoloji San. ve Tic. A.Ş.
Miralay Şefik Bey Sok. No: 11 K: 2-3
Gümüşsuyu 34437 İstanbul
Tel: (+90) 212 393 00 90
Fax: (+90) 212 393 00 91
www.aktekbilisim.com
info@aktekbilisim.com

Dinkal Sigorta Acenteliği A.Ş.
Miralay Şefik Bey Sok. No: 11 Kat: 1
Gümüşsuyu 34437 İstanbul
Tel: (+90) 212 393 01 11
Fax: (+90) 212 393 00 11
www.dinkalsigorta.com.tr
dinkal@dinkalsigorta.com.tr

PRODUCED BY FINAR KURUMSAL
WWW.FINARKURUMSAL.COM • TEL +90 212 269 37 20

Akkök Sanayi Yatırım ve Geliştirme A.Ş.
Miralay Şefik Bey Sokak No: 15 Akhan
Gümüşsuyu 34437 Istanbul/TURKEY
Tel: +90 212 393 01 01 Fax: +90 212 393 01 12
www.akkok.com.tr

This Annual Report is printed on 100% recycled paper.