Our rise continues in our core business areas

AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

2012 ANNUAL REPORT

AKKÖK

Contents

We have left behind a year in which we focused on the main business areas and yielded strong financial results.

With the strategic collaboration established between Aksa and Dow Chemicals, we aim to become one of the major players in the field of carbon fiber and its derivatives with DowAksa.

By activating five of the hydroelectric power plants whose investments are completed, Akenerji increased the number of HEPPs in its portfolio to eight and contributed significantly to our Group's profitability in 2012.

Our Akasya project is complete except for the Kent phase. With the largest shopping mall on the Anatolian side of Istanbul, Akasya is scheduled to be fully completed by August 2013.

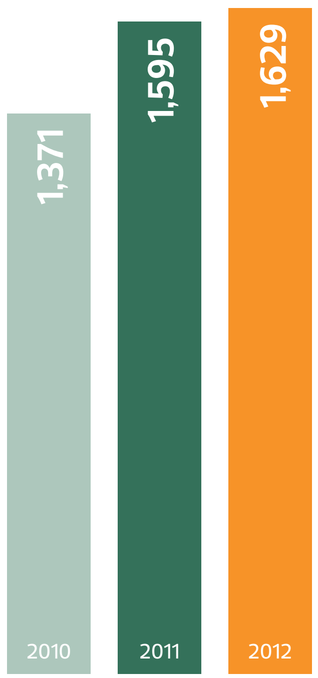
Key Financial Indicators

NET SALES

7.2% INCREASE*

COMBINED
(USD millions)

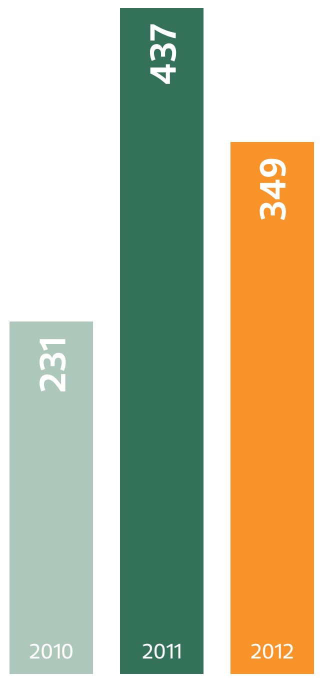
2.1% INCREASE*



CONSOLIDATED
(IFRS USD millions)

As a result of the synergy created particularly in the energy industry and the activation of the renewable energy investments as well as the positive contribution of revenues from Akbatı Shopping Mall, Akkök Group increased its combined net sales by 7% to USD 3,142 million, and raised its consolidated net sales by 2% to USD 1,629 million.

EBITDA



COMBINED
(USD millions)

Akkök Group recorded combined earnings before interest, taxes, depreciation and amortization (EBITDA) of USD 349 million in 2012.

CONSOLIDATED
(IFRS USD Millions)

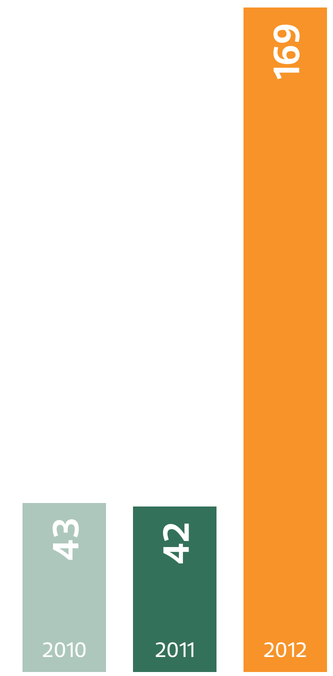
Akkök Group posted consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) of USD 155 million in 2012.

NET PROFIT

381% INCREASE*

COMBINED
(USD millions)

302% INCREASE*



CONSOLIDATED
(IFRS USD millions)

Owing to profit generated from the transfer of shares as part of the establishment of Dow Aksa joint venture, the exchange rate profit from foreign currency borrowings due to the increased value of the TL over the USD, and various real estate sales gains, Akkök Group reported USD 409 million in net combined profit and USD 169 million in net consolidated profit.

*Increase realized during 2011-2012.

History and Development

1950s

The foundations of Akkök Group were laid with the establishment of Aksu in Bakırköy, İstanbul in 1952, as the Group's first industrial investment. Ariş was also founded the same year in Bakırköy. Dinarsu commenced operations in Eyüp in 1955.

1960s and 1970s

Aksa was established in Yalova in 1968. Commencing production three years later, Aksa made its first export in 1977. The Ak-Al Yalova Plant was set up in 1974. A year later, the Dinarsu Çerkezköy facilities were founded. Dinkal, the Group company involved in textile production and trade, started operations as Ariş Sanayi ve Ticaret A.Ş in 1976. During the same year, Akmeltem and Ak-Pa were established and began operating. In 1977, Ak-Kim was founded and started producing sulfur dioxide. In 1978, Aksu commenced operations at its Çerkezköy Plant while Ak-Kim completed construction of its production facility in the Çerkezköy Organized Industrial Zone.

1980s

In 1980, Ak-Kim changed its production from sulfur dioxide to sodium metabisulphite due to greater convenience in usage and storage. In April of the same year, the Çerkezköy Plant started producing sodium metabisulphite with an annual capacity of 1,100 tons. In 1981, Ak-Kim began manufacturing persulfates solely with its own technology.

After establishing its Textile Softening and Moisturizing Plant in 1982, Ak-Kim commenced production of sodium thiosulphate and iron trichloride in 1984.
The Ak-Al Bozüyük Plant was founded in 1982 and the Akmerkez Etiler Ordinary Partnership was set up in 1985. In 1986, Ak-Tops was established and Ak-Kim Organic Facilities were founded. The same year in March, Aksa was listed on the İstanbul Stock Exchange (İSE) followed by Ak-Al in September.
In 1989, Akenerji and Aktem were established and Ak-Kim began producing methylamines.

1990–1994

In 1990, Dinkal was restructured as an insurance brokerage and consulting firm. During the same year, Ak-Kim began manufacturing dimethylformamide for the first time in Turkey. In 1991, Aksu moved all its production facilities to Çerkezköy while Akenerji Yalova Power Plant started operations with an installed capacity of 21 MW. The following year, the Power Plant's cogeneration unit was commissioned with an installed capacity of 17 MW. Ak-Kim Chlorine-Alkaline Facility also started production during 1992. In 1993, Ak-Al Alaplı Factory was established and started up production. In November, Aksu was listed on the İstanbul Stock Exchange (İSE) and the first cogeneration unit of Akenerji Çerkezköy Power Plant commenced operation 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, one of the major developments of the year 1993.

1995–1996

In 1995, 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. The same year, the second cogeneration unit of Akenerji Çerkezköy Power Plant began operating with an installed capacity of 43.5 MW. In 1996, Akenerji increased its total installed capacity to 98 MW with the commissioning of its Alaplı Power Plant with an installed capacity of 6.3 MW along with the third cogeneration unit at the Çerkezköy Power Plant with an installed capacity of 33 MW. Also during this year, Akmerkez Lokantacılık opened Paper Moon restaurant and Akmerkez was 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 an installed capacity of 132 MW. In 1998, Ak-Kim started up the first hydrogen peroxide facility in Turkey while Akport launched the Tekirdağ-Trieste Ro-Ro line. In 1999, Akrom Ak-Al Textile Romania SRL was established.

2000–2002

In 2000, the Akrom Romania Plant started production, Akenerji was listed on the İSE in July and Ak-Kim began manufacturing polyaluminium chloride. In 2001, Akenerji commissioned the Çorlu Power Plant with an installed capacity of 10.4 MW, the Orhangazi Power Plant with an installed capacity of 5.08 MW, the Denizli Power Plant with an installed capacity of 15.6 MW, the Uşak Power Plant with an installed capacity of 16 MW, and the Yalova Ak-Al Power Plant with an installed capacity of 10.4 MW. In addition, two new units of Gürsu Power Plant were commissioned with an installed capacity of 10.4 MW. In 2002, 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. Ak-Kim started exporting its know-how and technology abroad during the same year.

2003–2004

Aksa Egypt was founded in Alexandria, Egypt in 2003. Commissioning its İzmir-Batıçim Power Plant with an installed capacity of 45 MW, Akenerji was selected the Most Successful Cogeneration Facility by the Turkish Cogeneration Association. During the same year, Ak-Kim Monochloroacetic Acid Facility was established while Aksa founded Fitco B.V. for its future investments. Aksu also became the first Turkish company to participate in the Premiere Vision Fair. In 2004, Akenerji Elektrik Enerjisi İthalat İhracat Toptan Ticaret A.Ş. commenced operations; in addition, Ak-Kim delivered the chlorine-alkaline plant, a turnkey project constructed near the Dead Sea, to JBC, a US-Jordanian joint venture. Ak-Kim was also granted ISO 14001:1996 Environmental Management System Certification the same year.

2005–2006

In April 2005, Akmerkez was listed on the İSE and Dinarsu was sold to Merinos Halı Sanayi Group. Aksa Egypt commenced manufacturing operations that year while Akenerji commissioned the Izmir Kemalpaşa Power Plant with a total installed capacity of 127.2 MW. Also in 2005, Ak-Kim began producing paper chemicals and Akiş was founded to develop and manage the real estate investments of Akkök Group.

In 2006, Akenerji acquired Akkur Enerji Üretim Ticaret ve Sanayi A.Ş. and in September, Paper Moon opened a branch in Ankara. The same year, Ak-Kim launched the first sodium per carbonate facility in Turkey.

2007

In 2007, Ak-Kim delivered the hydrogen peroxide plant, for which it had completed the technical and detailed engineering, to Sitara Chemicals operating in Pakistan; the Company also commenced production of chemical additives for concrete. Additionally, Ak-Kim signed the United Nations Global Compact as an indication of its commitment to sustainability and corporate citizenship. Aktek was founded signed an agreement for the construction of Yalova Raif Dinçkök Cultural Center. Akiş began the construction of Akkoza. Akenerji acquired MEM Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş. Aksa was named the Most Responsible Company in Turkey by Capital magazine. The book entitled Yadigâr-ı İstanbul, which was compiled from the photography albums of Yıldız Palace, was published with the support of Akkök.

History and Development

2008

In 2008, Ak-Kim delivered two turnkey chlorine-alkaline plants to Jana and Cristal operating in Saudi Arabia with installed capacities of 50,000 and 40,000 tons/year, respectively. The AkÇez Consortium, a partnership between Akkök, Akenerji and the Czech Republic energy company CEZ, won the tender held by the Privatization Administration for Sakarya Elektrik Dağıtım A.Ş. (SEDAŞ). Akkök Holding signed a strategic partnership agreement with CEZ for the 50:50 partnership of Akenerji. While Aksa was awarded the Quality Association's (KalDer) National Quality Grand Prize, a groundbreaking ceremony was also held for Yalova Raif Dinçkök Cultural Center for which a construction agreement was signed the previous year.

2009

In 2009, Akiş acquired the partnership shares of Garanti Koza and Corio in the Akkoza Project and as a result became the sole owner of Akbatı Shopping Mall and Akbatı Residences. The AkÇez Consortium, founded the prior year, took over Sakarya Elektrik Dağıtım A.Ş. (SEDAŞ) from the Privatization Administration. Aksu and Ak-Al merged under the name of Ak-Al. Akenerji commissioned the Ayyıldız Wind Power Plant with an installed capacity of 15 MW in Bandırma, Balıkesir. Aksa commissioned its carbon fiber production facility with a capacity of 1,500 tons/year. Having received OHSAS 18001:2007 Occupational Health and Safety Management Certification, Ak-Kim was presented with the Best Supplier award from Cargill. The Akkök Firefly Mobile Learning Unit Project was initiated in Yalova.

2010

All of the human resources departments across Akkök Group were restructured and the Talent Management Process for all senior- and mid-level managers and experts was implemented. Ak-Kim was awarded the designation Highest Performing Supplier in 2009 in the Domestication Category under Petkim's Quality Day and 45th Anniversary. After undergoing a reorganization, Ak-Kim revised its corporate logo. The Company also completed the REACH registration for eight of its products for which the final registrations were to be completed by December 1, 2010. Already having a carbon fiber production facility with a capacity of 1,500 tons/year, Aksa decided to invest in a second manufacturing facility with a capacity of 1,700 tons/year. Continuing its operations at the ongoing hydroelectric power plant sites throughout 2010, Akenerji commissioned the Akocak, Bulam, Burç, Uluabat and Feke II hydroelectric power plants. In addition, the total electricity generation capacity of 100MW of Polat Enerji's wind power plants was also procured. The Tekirdağ-Muratlı railroad line connecting to the Akport Tekirdağ Port started operations.

2011

Aksa signed a strategic partnership agreement in the area of carbon fiber with Dow Chemicals, one of the world's leading players in the chemical industry.

Completing its carbon fiber investment with an additional capacity of 300 tons/year, Aksa also increased its total production capacity to 1,800 tons/year. Commercializing over 80 new products and thereby considerably expanding its portfolio, Ak-Kim participated in the International Textile Machinery Exhibition (ITMA), the Company's first international fair. In addition to its existing Sodium Metabisulfite facilities, Ak-Kim established a second Sodium Metabisulfite facility with a capacity of 40,000 tons/year. Designed with a productivity-oriented approach, the new plant consumes less energy per ton and generates products with larger crystals. Ak-Kim also delivered turnkey hydrochloric acid facilities with a capacity of 3,300 tons/year to Kapachim operating in Greece.

Akiş's Akbatı Shopping Mall, located in Esenyurt, İstanbul, opened its doors. Akenerji obtained USD 651 million in funding for the Egemer Combined Cycle Natural Gas Power Plant to be constructed in Erzin, Hatay with a capacity of 900 MW. As of December 2011, Akkök Group's subsidiary SAF REIT started trading on the İSE. The Raif Dinçkök Cultural Center, the foundations of which were laid by Akkök Group in 2008 in Yalova, was completed.

2012

Aksa:
The first of the two-phase dual-fuel (coal and natural gas) power plant project, with a capacity of 100 MW, was completed and started operations in March.

DowAksa:
DowAksa, the joint venture between Aksa and Dow Europe Holding B.V. for the worldwide production and marketing of carbon fiber and carbon fiber based products, was established.

Akenerji:
Himmetli Regulator and Hydroelectric Power Plant started operations with an installed capacity of 27 MW.
Feke I Regulator and Hydroelectric Power Plant commenced operations with an installed capacity of 30 MW.
Gökkaya Dam and Hydroelectric Power Plant began operating with an installed capacity of 30 MW.
Akenerji became the first Turkish energy company to receive IIP (Investors In People) certification.
Akocak, Uluabat, Burç, Bulam and Feke II Hydroelectric Power Plants were included in the ISO 9001:2008 Quality, ISO 14001:2004 Environment and OHSAS 18001:2007 Occupational Health and Safety Management Systems certifications.
Bozüyük Natural Gas Power Plant was named the Cleanest Industrial Facility and was awarded with an Environment Charter as part of World Environment Day celebrated yearly on July 5.

Egemer DGS:
Two of the gas turbines were placed in the field and the ongoing construction of the project is expected to be complete in 2014.

Ak-Kim:
As an additional investment to the Chlorine-Alkaline Facility in Oran, Algeria, Ak-Kim signed a Basic and Detail Engineering Procurement Service Agreement with Adwan Chemicals for the 40% iron trichloride project with a capacity of 90 tons/day.

Akiş GYO:
Akiş received the designation of Real Estate Investment Trust with the approval of the Capital Markets Board.
Akiş REIT assumed control over Ak-Al with all its assets and liabilities.
Akasya Acıbadem received five stars in the "Best High-Rise Architecture" category in the European Property Awards 2012 and was selected the "Most Successful Project in Europe." The Grove and Lake Phases of Akasya Acıbadem were opened to residents in 2012.

Akmerkez:
Akmerkez was presented with 11 prizes for four different projects from the IPRA Golden Awards, Hermes Awards, ICSC Solal Marketing Awards, Stevie International Business Awards and MarCom Awards.

Aktek:
Yalova Data Center commenced operations.

Ak-Pa:
Ak-Pa was awarded the Platinum Plaque by the İstanbul Textile and Raw Material Exporters' Association where companies received awards based on the volume of their exports.

Akkök:
From 2009 to 2012, more than 10 thousand elementary school children received support under the Akkök & TEGV Firefly Mobile Learning Project operating in Yalova.
The Akkök Festival for Kids was organized and held at the Raif Dinçkök Cultural Center in Yalova.

Message from the Chairman of the Board of Directors

In a challenging period of economic recovery, Akkök Group continues to grow rapidly in its main industries.

Enjoying a pioneering position in its core business areas, Akkök maintained its investments in value-added industrial products and emerging technologies with a strong operational performance in 2012.

2012: A year of fragile recovery across the world

While discussions about the global economic recovery dominated the world agenda, 2012 was marked by the recession in Europe. Fractures occurred in large economies that had previously seemed strong, distress arose in industries that had experienced past successes, and the European Central Bank was compelled to take unparalleled measures to rectify the sputtering business conditions in an increasingly vulnerable European market. After 2011, when the world economy achieved growth of 3.8%, 2012 was expected to see ongoing recovery at this level, at minimum. However, the global economy managed to expand by only 3.3%, with the soft landing of big emerging economies including India and China, and contraction in the Euro Zone.

Europe's year of survival

Expressions such as austerity measures, unemployment, and haircut were the top-of-mind keywords in 2012, which was largely a year of survival for Europe. The aspect rendering 2012 particularly difficult for the European economy was that austerity policies were implemented for regional countries running budget deficits while they experienced economic recession. As a result, businesses were shuttered and economic indicators declined across Europe. Since 2008, some 7 million individuals have become unemployed in the Euro Zone and the gap between the rich north and the poor south has widened. Rating firms such as Standard & Poor's downgraded the sovereign credit ratings of nine European countries in 2012. In July, the President of the European Central Bank, Mario Draghi, declared that the ECB "is ready to do whatever it takes to preserve the Euro." The bond buyback plan, also known as a "haircut," was announced in October. According to the plan, Greek private sector investors holding Greek bonds accepted to book a loss of 50% in value, lowering Greece's debt by 100 billion Euros. This practice is expected to reduce Greece's debt to GDP ratio to 120%. The Euro Zone was forecast to have been in recession as of the end of 2012.

Fiscal cliff prevented in the USA

The US economy was seen to have gained momentum and enjoyed moderate growth in 2012 driven by the rebound in the housing industry. In an election year, the world's biggest economy experienced positive developments in the labor market, the top item on American agenda, and the unemployment rate retreated from 8.9% in 2011 to 8.1% in 2012. Another major issue facing the US economy was the shaping of the fiscal policy. The expiration of temporary tax cuts, which were available to middle- and high-income brackets since 2001, and the end of tax relief applied since 2010 to help create jobs, gave rise to concerns not only about the course of the American economy but also that of the global economy in 2013. These fiscal policy shifts were expected to give rise to major changes in public sector spending and to exert contractionary pressure on the US economy. The draft budget approved in early 2013 helped the US economy to ward off the impending fiscal cliff while including

Message from the Chairman of the Board of Directors

Geographic diversity in foreign trade will ensure our country's strength for resisting possible external shocks.

partial tax increases. These developments seem to have put an end to the immediate concerns of a fiscal cliff, which had preoccupied global markets. However, the absence of a long-term solution to the issue of exceeding the debt ceiling points suggests that developments related to the US budget are likely to remain a focus of the global business community in the coming period.

Soft landing in China and India

As Asian markets have adopted an export-based growth model, their performance in 2012—when Western economies were expected to suffer recession—has been one of the key concerns since the beginning of the year. China and India were predicted to have a "soft landing" after their strong growth rates of 9.2% and 6.8%, respectively, in 2011. The two countries strived to prevent an abrupt slowdown in their economies. In 2012, the Chinese economy grew by 7.8% while India's economy expanded 4.9%. Both countries seem to have soft-landed-albeit with somewhat more difficulty than anticipated at the beginning of the year.

Low growth, improved current account deficit in Turkey

The Turkish economy expended significant efforts to minimize the impact of the recession in Europe while addressing its current account deficit, which had widened in 2011. At this point, both issues can be deemed to have been handled effectively in 2012. However, a challenging road still lies ahead for our country, especially regarding the current account deficit. Our economy expanded 2.2% this year. This indicates that a rather hard landing was experienced when compared to 2011. As domestic demand softened, imports contracted from USD 241 million to USD 237 million and foreign trade decreased 21% over the previous year. The most favorable development in foreign trade was Turkey's diversification of its export markets. While in 2011 the European Union's share in Turkey's exports was 46.2%, this percentage fell to 38.8% in 2012. Meanwhile, the share of Near- and Middle-Eastern countries in the country's exports rose from 20.7% to 27.8%, and the share of North African countries in exports increased from 5% to 6.2%. Geographic diversity in foreign trade will ensure our country's resilience in the event of possible external shocks.

Firmly believing that raising well-educated and socially aware generations are key to the development of a country, our Group has reached more than 10 thousand pupils from 2009 to end-2012 through the Educational Volunteers Foundation of Turkey (TEGV) and supported their personal development and education.

Akkök Group continues to provide support to the nation's economy and social development

Akkök Group companies continued to achieve robust growth in a year that was challenging for Turkey. All the companies in our main industries have closed the year with solid success. While adding value to the national economy and contributing to employment levels with our strong performance, we further worked to improve the social and cultural environment in regions where we implement corporate social responsibility projects.

The "Akkök Children's Festival," which was organized for the first time this year, played host to the children of Yalova. The young participants spent a joyful day at the Raif Dinçkök Cultural Center engaging in entertaining activities aimed at enhancing their interests and skills. We expect to continue the festival in the coming years with the same enthusiasm. Our Group is, at the same time, supporting the Yalova Orthopedic Sports Club (YOSK) as the main sponsor in the 2012-2013 season, to assist YOSK in its efforts to contribute to sports in Turkey.

Firmly believing that raising well-educated and socially aware generations are key to the development of a country, our Group has reached more than 10 thousand pupils from 2009 to end-2012 through the Educational Volunteers Foundation of Turkey (TEGV) and supported their personal development and education. With the same objective, we supported the Master's Program at Avrupa Koleji in the 2012-13 academic year. Further, we extended support to one student under the Anadolu Scholarship Program, launched by Koç University to provide full scholarships with the assistance of individuals, institutions and companies to successful students from Anatolia who lack the necessary resources.

Akkök Group of Companies plans to continue to achieve stable growth in coming years through its strategies that aim at sustainable success as well as social involvement. We would like to extend our gratitude to our valuable employees and managers for their contribution to the Group's strong results, and to our stakeholders for their confidence in our Group.

Sincerely yours,

Ali Raif Dinçkök
Chairman of the Board

Message from the CEO

We continue our investments apace in our main industries, namely, energy, chemicals and real estate.

In line with our Group's focus strategy, we have greatly increased our financial profitability in 2012 in the chemicals, energy and real estate industries.

In 2012, we once again witnessed the slow pace of recovery across the world following the global crisis. The popping of the bubble in the US mortgage system in 2008 and the global economic crisis that started in the financial sector caused the world economy to shrink by 0.6% in 2009. That contraction went down in history as the biggest recession since that which followed the second World War. While the global economy bounced back and posted rapid growth in 2010, the world's economic growth rate slowed in 2011 and 2012. The true damage inflicted on the global economy came in the form of rising unemployment and increased poverty worldwide. While unemployment climbed with slowing economic growth, reaching stubbornly high levels in advanced economies, the rise in poverty in less developed countries could not be averted.

2013 is expected to be a brighter year

Attempts to prevent overheating by the Turkish economic administration at the beginning of the year helped to slow growth, and reduce the current account balance. Turkey's current account deficit retreated from USD 77 billion in 2011 to USD 49 billion in 2012.

The improvement in the current account balance in 2012 is due to the controlling of domestic demand in line with policy measures implemented, the continued rise in exports owing to market diversification, and the significant increase in gold exports during the year. The fall in the current account deficit represents a major success. To finance the current account deficit, however, short-term capital inflow, also known as "hot money," plays an increasingly important role. Financing through short-term and debt resources, such as portfolio investments, rose from USD 22 billion in 2011 to USD 41 billion in 2012. Simultaneously, net direct investments favorably impacted non-debt generating resources and long-term foreign funding and decreased from USD 14 billion in 2011 down to USD 8 billion. Net energy imports, one of the major negative items in the current account deficit, increased 10% over the previous year and rose to USD 52.4 billion in 2012.

While the current account deficit recovered in 2012, Turkey's economic growth rate slowed down. Having started the year with 4% GDP growth, the Turkish economy performed below expectations with actual growth of 2.2%. All parties expect that 2013 will be a better year than 2012. However, this is anticipated to lead to an increase in the current account deficit. As a result, Turkey must take action to resolve its structural issues and establish an economic model that will allow the country to grow without increasing its current account deficit. To achieve this objective, the country should support investments aimed at value-adding products, adopt policies that will reduce foreign dependency on raw materials and energy, and provide energy incentives to industrial enterprises to encourage more domestic investment.

Message from the CEO

The international success of DowAksa, a participation of Aksa, has made us both proud and happy.

The incentive law and attraction of industrial investments to Turkey
The "Decree on Government Subsidies for Investments" which was enacted in June 2012 has introduced major changes with respect to the previous incentive laws. Non-discrimination of regions in subsidies for strategic investments and investments designated as "priority" areas are highly favorable developments. Additional incentives should be provided to Turkish industry in areas such as electricity and natural gas, the most essential industrial inputs. It is well known that US, Russian and European industries, our competitors in the international arena, operate with considerably advantageous energy costs in comparison with Turkish industrial enterprises. Advances in the USA in shale gas, described as a "quiet revolution," has circumvented the need for any energy imports to the country for a very long time. Business circles also point out that the US, which provides cheap energy to its domestic industry, will attract investments from Europe in the coming period. At the same time, many US investments that have gone to China in search of cheap labor are likely to return to the country, not having found what they sought. As many countries, including Turkey, are competing to attract long-term industrial investments, these developments should not be disregarded.

Akkök Group's strong results in 2012
The 2012 financial statements of Akkök Group of Companies demonstrate that the Group enjoyed a profitable year that exceeded the national average in its three focus industries. The Group's consolidated net sales were up 10% from the previous year and totaled TL 2.9 billion, while consolidated EBITDA was at TL 278 million. The Group's consolidated net profit jumped from TL 70 million in 2011 to TL 302 million in 2012. This sharp rise was largely due to the impact of the profit from the transfer of shares during the establishment of the DowAksa joint venture, income from foreign exchange rate differences as a result of the increase in the value of the Turkish lira at the beginning of the period when the Akkök Group had taken on long-term foreign currency debt, and gains from the sales of various properties. The Group's total investments in 2012 were about USD 480 million.

Ak-Sa and Ak-Kim maintained their leading positions in the chemical industry
Also enjoying a good year in 2012, the Turkish chemical industry's export volume rose 11% over the prior year and totaled USD 17.5 billion. With this solid result, the chemical industry maintained its position as the second largest exporter after the automotive sector in Turkey. In 2012, Akkök Group too maintained its leading positions in the chemical industry with Aksa and Ak-Kim.

Aksa preserved its 14% market share in the world acrylic fiber market in 2012. Our Company has both increased its total acrylic fiber sales volume, and, recovering from the dip in market prices, maintained its profit level. Aksa, a company with a financially robust structure, increased its net profit by 59% compared to 2011 with the contribution of the subsidiary shares transfer profit generated in the spin-off of its Carbon Fiber unit to become a part of DowAksa established under a jointly controlled shareholding structure.

Ak-Kim, an Akkök Group company manufacturing organic and inorganic chemicals, textile auxiliaries, paper and water treatment chemicals, cement and concrete additives improved its total chemicals sales by 5% over the prior year.

Ak-Kim presently ranks among Turkey's leading manufacturers of such products as sodium hydroxite, hydrochloric acid, sodium hypochlorite, sodium metabisulfite, hydrogen peroxide, and sodium percarbonate and textile auxiliaries. In the coming period, Ak-Kim plans to grow through investments in both basic chemicals and performance chemicals.

Akenerji, one of Turkey's leading private sector energy companies, raised its total installed power capacity to 745 MW as of end-2012.

Global partnership of Aksa and Dow in carbon fiber
Aksa is widely known as the first company in 30 years to enter the carbon fiber industry, a sector that has been globally dominated by US, Japan and European-based companies. On June 29, 2012, Aksa finalized its agreement with Dow Europe Holding B.V. for DowAksa İleri Kompozit Malzemeler Sanayi Limited Şirketi (DowAksa Ltd.), a new joint venture that will operate in the production and worldwide marketing of carbon fiber and carbon fiber based products. A partnership on a global scale, Aksa and Dow each hold 50% of the shares in this joint venture. In the next five years, DowAksa plans to invest USD 1 billion in total, including investments in Turkey and abroad as well as third party investments. DowAksa aims to introduce a wide range of products together with technical services solutions to the composite industry in which carbon fiber is used as raw material. Carbon fiber, ultimately used in wind turbines, pressure vessels, infrastructure, especially in earthquake reinforcement of buildings, and the automotive industry, as well as in many areas such as transportation, sporting goods, petroleum and gas platforms, and maritime, is renowned as one of the high value adding investments in Turkish industry.

Akenerji launched countdown at Egemer Power Plant
We left behind a good year in the electricity industry, one of the major sub-sectors of the energy industry. In 2012, Turkey's total electricity consumption was 241,947 GWh, up 5.1% from the previous year.

The year's average System Day Ahead Prices increased about 19% over 2011. The dynamism of the electric power industry in 2012, during a period of slow growth for the Turkish economy, demonstrates the reason why that industry is an important investment area for Akkök Group.

Akenerji, one of Turkey's leading private electricity generation companies, increased its total installed power to 745 MW as of the end of 2012. The Feke I Hydroelectric Power Plant, with an installed capacity of 30 MW, the Himmetli Hydroelectric Power Plant, with an installed capacity of 27 MW, and Gökkaya Hydroelectric Power Plant, with an installed capacity of 30 MW were all commissioned during the reporting year.

In 2012, the Company increased its electricity sales volume by 24% to 4,947 GWh. With the positive impact of the sales prices, as well as other factors that trended favorably during the year, Akenerji's net sales rose 43% and totaled TL 802 million.

Two major investments in the coming period will further increase Akenerji's production capacity. The first is the Egemer Natural Gas Combined Cycle Power Plant for which financing was secured and construction commenced in 2011. The Egemer project will be commissioned in the third quarter of 2014 and constitutes Akenerji's most important investment with an installed capacity of 900 MW and 6.7 billion KWh in electricity production. The second key investment is the Kemah Damn and Hydroelectric Power Plant project which was included in the Company portfolio in 2010.

The largest hydroelectric power plant in Akenerji's portfolio, this project will have an installed capacity of 198 MW.

SEDAŞ continued to focus on separating electricity distribution and retail
Akkök Group's participation in the electric power distribution industry, SEDAŞ enjoyed a successful investment period in 2012. Providing electric power distribution services in Kocaeli, Sakarya, Düzce and Bolu, the Company completed investments totaling TL 74.8 million in 2012. SEDAŞ targets TL 86 million in investments in 2013. Continuing to combat loss and theft, SEDAŞ's loss/theft ratio was 7.3% for the year and it is one of Turkey's leading distribution companies.

Message from the CEO

Active in the real estate sector since 1993, Akkök Group pioneered the shopping center concept in Turkey, with Akmerkez as the first example. The Group founded Akiş Gayrimenkul Yatırımı A.Ş. in 2005 to conduct its operations in shopping center investment and management.

The SCADA project is designed to ensure remote monitoring and fast intervention of the distributed power and was accelerated in 2012. Transformation and renovation work on the substation structures continue under the initiative. Implementation of the Automated Meter Reading System, another SEDAŞ project, is aimed at the remote reading of both street lighting meters and independent consumer meters and is currently underway. This initiative is scheduled for completion in 2013.

The Energy Market Law now mandates that electric power distribution and retail operations are separated. SEDAŞ has conducted a very successful transition process to that end in 2012 and has achieved a position to seamlessly accommodate the change.

Akiş REIT & Ak-Al merger in real estate and Akiş REIT' transformation into a real estate investment company

Active in the real estate sector since 1993, Akkök Group pioneered the shopping center concept in Turkey with Akmerkez as the first example.

The Group founded Akiş Gayrimenkul Yatırımı A.Ş. in 2005 to conduct its operations in shopping center investment and management. Akiş became a real estate investment trust (REIT) on May 18, 2012.

The merger of Akiş and Ak-Al in the second half of 2012 was completed with the approval of the Capital Markets Board and the assent of the two companies' general assemblies; the merged entity was officially registered on January 4, 2013. With this merger, Akiş REIT has acquired an extensive and productive portfolio comprised of shopping centers, residential units, land tracts, and manufacturing facilities.

Akiş REIT's shares started to be traded on the BİST Corporate Products Exchange on January 9, 2013. Akiş REIT will continue in the coming period to successfully implement distinctive projects in the real estate sector.

The last turn in the Akasya Project and the World of KidZania

SAF REIT, Akkök Group's partnership with Yıldız Holding, Sinpaş REIT and Doğu-Batı, implements top-quality development projects in the real estate sector. "Akasya Acıbadem," a project developed by SAF REIT in Acıbadem İstanbul, consists of 1,357 housing units in total, including 463 in the Göl (Lake) phase, 436 in the Koru (Grove) phase and of 458 in the Kent (City) phase, plus 471 office units all in the Kent (City) phase. While residents started occupying their units in the Lake and Grove phases in 2012, almost all of the units in these phases and 88% of the units in the City phase, which is scheduled for completion in fourth quarter 2013, are already sold. The Akasya Shopping Center, which includes a gross leasable area of 80 thousand m2, is expected to open in the last quarter of 2013. One of the major features that will without a doubt differentiate Akasya from other real estate development projects is KidZania. KidZania is an "edutainment" concept that will enable children aged 4 and 14 to perform and experience real life professions such as doctor, police officer, journalist, television presenter, dentist and hair stylist and will be located in an 8,000 m2 area. KidZania will also be a playground where youth can become familiar with the economic cycle of the real world by learning how to earn and spend money.

Akkök Group plans to invest a total of about USD 565 million in 2013. Some 64% of the Group's investments will be in energy, 25% in chemicals and 11% in real estate.

Continued growth in the services sector

Ak-Pa conducts the international marketing and export activities of Akkök Group companies and the import of yarn. The Company achieved all of its performance targets for the reporting year, with exports of USD 356 million and imports of USD 36.6 million as of end-2012. In the coming period, Ak-Pa plans to achieve even higher figures in exports with the growing investments of Akkök Group. Meanwhile, our company active in the insurance sector, Dinkal Sigorta Acenteliği A.Ş., had USD 18 million in premium production in 2012. Dinkal continues to expand its product portfolio each year and in turn to increase its non-group premium volume.

Founded in 2007 to meet Akkök Group of Companies' information technology needs, Aktek has quickly grown to take its value-added know-how outside of the Group and rose to the 138th position in Turkey's IT 500 list.

Today, Aktek ranks among Oracle's largest business partners, thanks to its expert team focused on finance, logistics, human resources, business intelligence and corporate budgeting in the Oracle e-Business Suite. Aktek is also the business partner of EMC, SUN Microsystems, and VMWare, the market leaders in servers and virtualization. Having entered the SAP domain in 2011 with Software, Datacenter Investment, Software Maintenance and project-based periodic Development Support and other tasks in the Sakarya Elektrik Dağıtım SAP initiative, the Company launched the Remote Meter Reading project for Sakarya Elektrik Dağıtım in 2012. Together with its business partner Netaş Telekomünikasyon A.Ş., Aktek was also awarded the tender for Aydem Elektrik Dağıtım A.Ş for 12,000 meters with ASOS (Aktek Meter Reading System). In addition, Aktek constructed an IT Center in Yalova with an investment of more than TL 1 million and started to provide, among other services, Disaster Recovery and Data Backup for its clients at the Center.

Handover in Akkök Group and our 2013 goals

Some changes were made in our Group's management at the end of 2012. Ahmet C. Dördüncü became our new CEO on January 1, 2013. We are confident that his contributions will take Akkök Group to even higher levels. As of January 1, 2013, I continue to serve at Akkök as Advisor to the Executive Board and to provide my services as Chairman and Member of the Board of Directors in the Group companies.

In 2013, Akkök Group plans to continue its investments that contribute to Turkey's development with companies that serve as examples for achieving sustainable success. The Group targets investing about USD 565 million in 2013 with 64% of that amount to be spent in the energy industry, 25% in chemicals and 11% in real estate.

Akkök Group of Companies has played an active role in Turkish industry for more than 60 years with major investments and by successfully implementing profitable and effective business processes in its focus areas. We would like to extend our gratitude to our valuable employees who are most responsible for the success our Group has achieved in 2012, to our shareholders, business partners and all stakeholders for their unwavering support to our activities.

Sincerely yours,

Mehmet Ali Berkman
CEO

Akkök Board of Directors in 2012

Ali Raif Dinçkök
Chairman
Born in İstanbul in 1944, Ali Raif Dinçkök graduated from the Austrian High School and subsequently Aachen University, Department of Textile Engineering in 1969. He started his business career at Akkök Group of Companies. Currently, he serves as Chairman of Akkök Sanayi Yatırım ve Geliştirme A.Ş. and as Board Member at other Akkök Group companies.

Nilüfer Dinçkök Çiftçi
Vice Chairman
Born in İstanbul in 1956, Nilüfer Dinçkök Çiftçi graduated from Lycée Français Sainte Pulchérie in İstanbul in 1970. She continued her education in Switzerland, where she graduated from St. Georges School in 1976. Ms. Dinçkök Çiftçi currently serves on the Board of Directors of Akkök Sanayi Yatırım ve Geliştirme A.Ş., and on the Boards of Directors of other Group companies.

Ahmet Cemal Dördüncü
Member of the Board of Directors and the Executive Board
Born in İstanbul in 1953, Ahmet C. Dördüncü graduated from the Business Administration Department of Çukurova University and furthered his studies with post-graduate programs at Mannheim University and Hannover University. Starting his professional career at Claas OHG in Germany, Mr. Dördüncü worked at Mercedes Benz A.Ş. in Turkey from 1984 to 1987. In 1987, he joined Sabancı Group and undertook several different responsibilities at Kordsa A.Ş. until 1998. That same year, he started work at DUSA, one of the Group's companies, as General Manager/Chairman of first DUSA South America, then DUSA North America. In 2004, he became the Strategic Planning and Business Development Director at H.Ö. Sabancı Holding A.Ş., and later, in 2005 until 2010, he held the position of CEO of the Holding.

Mr. Dördüncü joined Akkök Group on September 3, 2012 as Member of the Executive Board. He has served as Chairman of the Executive Board since January 2013. Mr. Dördüncü speaks English, German, Portuguese and Spanish. He is a founding member of the National Innovation Initiative. Mr. Dördüncü is also a member of Endeavor Turkey and he is the former President of TÜSİAD's Energy Working Group. Currently, he is serving as Board Member at International Paper.

Raif Ali Dinçkök
Member of the Board of Directors and the Executive Board
Born in İstanbul in 1971, Raif Ali Dinçkök graduated from Boston University, Department of Business Administration in 1993. After graduation, he joined the Akkök Group of Companies. From 1994 to 2000, he worked in the Purchasing Department of Ak-Al Tekstil San. A.Ş.; from 2000 to 2003, he served as Coordinator at Akenerji. Mr. Dinçkök currently serves as Member on both the Board of Directors and the Executive Board of Akkök Sanayi Yatırım ve Geliştirme A.Ş., and on the Boards of Directors of several Akkök Group companies.

Mehmet Ali Berkman
Member of the Board of Directors and Chairman of the Executive Board
Mehmet Ali Berkman was born in 1943 in Malatya. After graduating from the Business Administration Department of Middle East Technical University, he received his MBA in Operations Research from Syracuse University in the USA. In 1972, Mr. Berkman joined Koç Group and subsequently retired from the Group in 2004. In September 2005, he joined Akkök Sanayi Yatırım ve Geliştirme A.Ş. as Board Member and Chairman of the Executive Board. He has served as Member and Chairman of the Boards of Akkök Group companies.

Mr. Berkman stepped down from the Chairmanship of the Executive Board at Akkök on January 1, 2013, and continues to serve as Advisor to the Executive Board at the Company. In addition to these responsibilities, Mr. Berkman also serves as Chairman of the Board at Aksa Akrilik, Akiş REIT and Aktek, and as Board Member at other Group companies.

Alize Dinçkök Eyüboğlu
Board Member
Born in 1983 in İstanbul, Alize Dinçkök Eyüboğlu graduated from Suffolk University, Sawyer School of Management, Department of Business Administration in 2005. She started her business career in 2005 as Strategic Planning Expert at Ak-Al Tekstil Sanayi A.Ş. Upon the establishment of Akiş Gayrimenkul Yatırımı A.Ş., she transferred to this company in 2005 and served as Project Coordinator, Sales and Marketing Manager, and Assistant General Manager responsible for Sales and Marketing. Mrs. Dinçkök Eyüboğlu also serves on the Boards of Directors of the Akkök Group companies.

Mehmet Emin Çiftçi
Board Member
Born in 1987 in İstanbul, Mehmet Emin Çiftçi graduated from the Faculty of Communications of İstanbul Commerce University. Having started his professional career in 2006 at Ak-Kim Kimya Sanayi ve Ticaret A.Ş., he currently serves on the Boards of Akkök Sanayi Yatırım ve Geliştirme A.Ş. and other Group companies. Additionally, he is furthering his studies in Business Administration at UCLA in the USA.

Melis Gürsoy
Board Member
Born in 1978 in İstanbul, Melis Gürsoy graduated from Özel Işık High School in 1996 and continued her higher education in Boston, Massachusetts, where she received her degree in Business Administration from Mount Ida College in 2000. She started her business career at Ak-Pa Tekstil İhracat Pazarlama A.Ş.

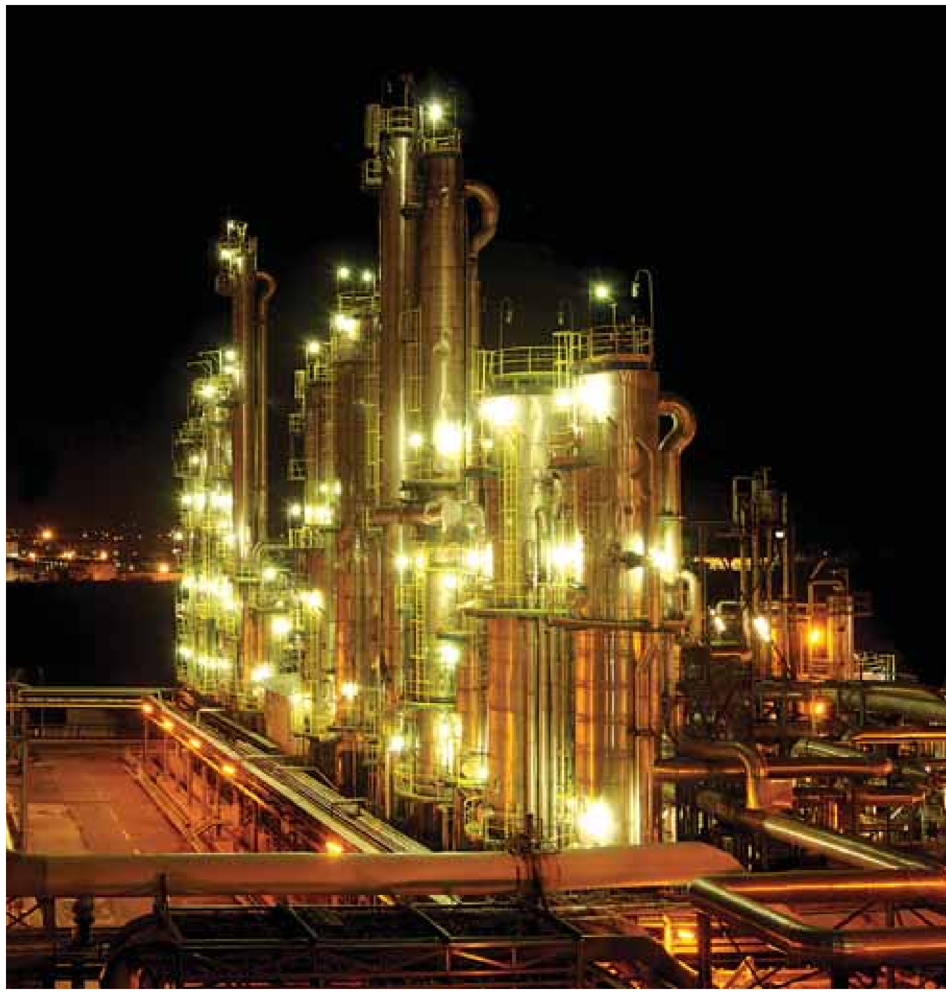
Erdoğan Moroğlu
Board Member
Born on October 26, 1934 in Gürün, Erdoğan Moroğlu attended Gürün Cumhuriyet Elementary, Sivas 4 Eylül Junior and İstanbul Haydarpaşa High Schools. Subsequently, he graduated from the Faculty of Law of İstanbul University in 1959. After receiving his attorney's license, he became an assistant in the Land Trade Law Department at the university. In 1966, he became a Doctor of Law, followed by Associate Professor in 1971, and Professor in 1978. From 1971 to 2001, he lectured at İstanbul University's Faculty of Law and from 1972 to 1977 in the Faculty of Economics. Between 1977 and 1979, he taught at Bursa Faculty of Economics and Business Administration (which later became Uludağ University). In the 1984-85 academic year, he lectured in Commercial Law, Banking Law, Capital Markets Law and Notice Law at Dicle University's Faculty of Law. From 1995 to 1998, he served in the Senate of İstanbul University as representative of the Faculty of Law. He retired from the university in 2001.

Since 1961, Prof. Dr. Erdoğan Moroğlu has worked as a lawyer under the İstanbul Bar Association, and served as Chief Legal Consultant and Board Member to many banks and companies in Turkey and abroad. From 1995 to 1997, he was the Adviser to the Chairman of the Capital Markets Board. He has authored books on Commercial Law, Banking Law, Capital Markets Law and Law of Civil Procedure, as well as many technical articles and papers. Mr. Moroğlu speaks German and French. He is married with two children.

Mustafa Yılmaz
Member of the Board of Directors and the Executive Board
Born in Tekirdağ in 1949, Mustafa Yılmaz graduated from the Department of Chemical Engineering of the Faculty of Science at Ankara University. He received his Master's Degree from the same faculty and started his professional career at Etibank Ergani Copper Operations. He joined Aksa Akrilik Kimya Sanayii A.Ş. as Operations Engineer and he served in the departments of Research, Production and Quality Management. Having held the position of General Manager from 2002 to 2011, Mr. Yılmaz has served as Board Member at Aksa since 2002.

Chemicals

Chemical companies that have become world brands with innovative products...



AKSA
Akrilik Kimya Sanayii A.Ş.

AKSA'S GLOBAL MARKET SHARE

14%

Playing a major role in making Turkey the second largest acrylic fiber market after China, Aksa maintained its global market share in 2012.

AKSA

Sustainable leadership through a productivity-focused approach

Thanks to its market insight and commitment, Aksa maintained its financial stability in 2012 in the face of an uncertain global economic environment and the political problems in the Middle East. Aksa successfully closed the year as the market leader despite the contraction in demand for acrylic fiber and fluctuations in raw material prices caused by the ongoing economic crisis in Europe.

Having increased its capacity utilization rate from 93% in 2011 to 95% in 2012, the Company places importance on developing lasting strategies to ensure the sustainability of its success. Aksa maintained its 14% market share in 2012 despite instability in world markets and declining demand. The Company has remained committed to continuing its maintenance, conduct, upkeep and modernization projects over the past two years, and has achieved noteworthy success in raising the productivity of its operations.

Competitive advantage on a global scale with a new partnership venture

One of Aksa's most significant events in 2012 was the establishment of the joint venture DowAksa. The Company signed a partnership agreement for its strategic alliance in carbon fiber with Dow Europe Holding B.V. (Dow Chemicals), a global concern with sales of USD 55 billion in 2011, a USD 2.3 billion R&D budget and a worldwide sales network. Under this alliance with Dow Chemicals, one of the major players in the world chemical industry, Aksa's carbon fiber operations were transferred as of January 2, 2012 to a new company registered as an individual legal entity operating under the name of Aksa Karbon Elyaf A.Ş. The 99.99% of the shares of the referenced company were owned by Aksa Akrilik Kimya Sanayi A.Ş. until June 29, 2012.

On that date, Aksa signed the final agreement with Dow Europe Holding B.V. for DowAksa İleri Kompozit Malzemeler Sanayi Limited Şirketi, a new partnership on an international scale. With this agreement, all shares of Aksa Karbon Elyaf Sanayi A.Ş. were transferred to Dow Chemicals and DowAksa Advanced Composites Holdings B.V., which was founded in the Netherlands.

Reliable and economic solution to meet the energy need

While Aksa's investment spending in 2012 totaled USD 45,019 thousand, its most important investment was the completion of the first phase of the power plant project.

Aksa's Energy Management System plays an important role in the Company's achieving economies of scale with the energy-saving and operational improvements this system enables. The completion of the first phase of the power plant marks a major advancement in the company's Energy Management System in 2012. The testing permissions were obtained for the plant in March 2012 as stipulated in Article 20 of the Business License Regulations. Subsequent to the granting of permission, the preliminary acceptance of the first phase was conducted by the Ministry of Energy and Natural Resources and first phase of production was commissioned.

AKSA
Akrilik Kimya Sanayii A.Ş.

Aksa's high production capacity and the importance placed on operational efficiency play key roles in the Company's ever rising trajectory of success.

While the dual-fuel (coal and natural gas) power plant will be commissioned in two phases, the facility has a capacity to produce 100 MW electricity and 350 tons/hour once it is fully commissioned. With this plant, in which all phases are scheduled for completion in first half 2013, Aksa will have taken a significant step toward its goal of generating affordable energy reliably and seamlessly.

Targeting operational excellence through R&D

Aksa supports its operational excellence philosophy—one of the primary sources of its consistent growth—with R&D operations. The Company's high production capacity and the importance placed on operational efficiency play important roles in the Company's ever rising trajectory of success. The R&D Center bolsters the Company's global leadership each year by developing new products as well as operational efficiency-related practices.

The projects supported by TÜBİTAK-TEYDEB rank among Aksa's most key R&D initiatives in 2012. Aksa R&D Center was admitted into the Eurostars program, one of the major R&D incentives in Europe, thanks to a project targeting new product development. Aksa joined a four-company consortium with firms from Switzerland and Austria, and another Turkish company. Furthermore, two Aksa projects targeting the support of the Santez Program run by the Ministry of Science, Industry and Technology, were accepted during the year. Prioritizing social and environmental factors and developing quality and efficiency oriented process improvement applications, Aksa's R&D Center reinforces the Company's strong reputation with its highly effective operations.

59%

Owing to its efficient business processes, Aksa increased 2012 net profit by 59% over the prior year.

Health, security and environment friendly approach

Aksa pays utmost attention to the principles of the Responsible Care Program and took significant steps in this area in 2012.

With the establishment of the Department of Health, Safety and Environment in April 2012, Aksa merged the Environmental Expertise, Occupational Health and Safety, and Office Health units under one roof for greater efficiency. Having adopted environmentally-friendly policies in all of its business processes, Aksa obtained a Temporary Certificate of Operation for emission and waste water discharge, and the vessel waste reception facility license as required under the Regulation on the Permits and Licenses and as stipulated by the Environmental Law.

The Company completed the application process at the end of 2013 to obtain the license. Additionally, the Company maintained its zero non-compliance level in the yearly external audits for ISO 14001 as performed by the Turkish Standards Institution since 2002.

Aksa's 2013 goals

2013 is anticipated to be a fruitful year in which Aksa strengthens its leadership position in world markets and creates a global model based on its innovative and committed approach.

Throughout the coming year, Aksa plans to maintain and improve its domestic market leadership and preserve its significant market share, particularly with the success achieved in the Iranian market. Aksa's further goals for 2013 include capturing higher shares from other export markets, increasing its shares on the value-added products market of China—the world leader in acrylic fiber manufacturing—and developing new strategies toward becoming a steady supplier in this market.

Aksa's investments under its 2013 business plan include continuing to prioritize maintenance, operational and upkeep projects that target increasing efficiency and quality. In addition, the Company will realize efficiency-enhancing investments at the power plant as part of its business plan for the coming year.

DOWAKSA
İleri Kompozit Malzemeler Sanayi Ltd. Şti.

DOWAKSA JOINT VENTURE

50%

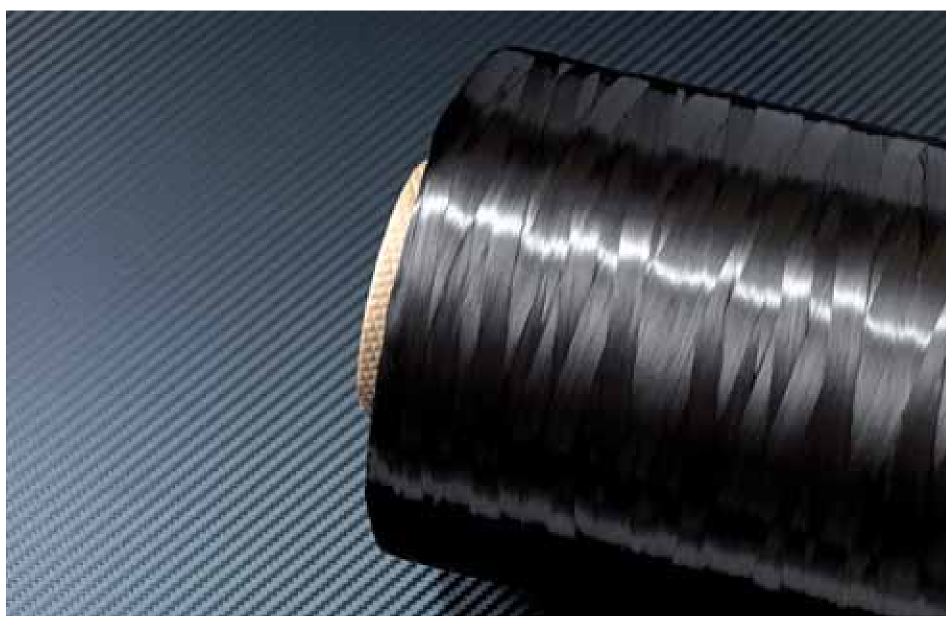
Having entered the carbon fiber market in 2009, Aksa established the joint venture DowAksa in 2012 based on a 50% equal partnership with Dow Europe Holding B.V., a participation of The Dow Chemical Company.

Having developed its proprietary technological infrastructure, with the help of Turkish engineers, Aksa entered the carbon fiber market in 2009 and established the joint venture DowAksa in 2012 based on a 50% equal partnership with Dow Europe Holding B.V., a participation of the Dow Chemical Company.

As a result, DowAksa is one of the strongest candidates targeting leadership in carbon fiber and intermediate goods for carbon fiber production.

The DowAksa venture is a partnership on an international scale. The Company aims to focus on integrated solutions that enhance competition in the globally expanding fields of energy, transportation and infrastructure. In addition, DowAksa plans to create wider implementation areas by developing solutions aimed at reducing total cost in the target sectors which use carbon fiber and its derivative products. The Company further aims to introduce a wide-range of diverse products to the fast-growing carbon fiber composite industry. This will allow for savings in the total costs throughout the entire product chain. The fact that the industrial structure known as 'clustering,' which is currently exploited in high-technology investments across the world, is developing in the area around DowAksa facilities and around Yalova will, without doubt, strategically strengthen Turkey's hand globally.

The clustering model is composed of sectors using advanced material technologies and companies marketing their products are projected to create employment for about 1,000 individuals in both the region and the sector.



AK-KİM
Kimya Sanayi ve Ticaret A.Ş.

2012 TEXTILE CHEMICALS GROWTH RATE

16%

Owing to the overall success trend in the textile sector, Ak-Kim enjoyed a growth rate of 16% on a USD basis.

High success, high goals in the textile sector
2012 was a highly productive year for Ak-Kim in textile chemicals. Owing to, among other factors, the overall success trend in the textile sector, the Company achieved a growth rate of 16% on a USD basis in textile chemicals; it holds a 10% share on the domestic market in the textile sector. Ak-Kim targets to repeat this success in 2013 and grow by increasing its market share by 20%. The Company further plans to add technical textiles and trimming to its textile operations in the second half of 2013.

The Company achieved its 2012 turnover target in paper and water chemicals. In addition, this division exported some of its products overseas for the first time during the reporting year.

Developments in exports
Ak-Kim nearly reached its total overseas sales targets for the year; however, the Company was impacted by the unfavorable market environment resulting from the devaluation of the rupee in India and the proliferation of low-priced products from China. Ak-Kim's achievements in 2012, notwithstanding the challenging market conditions, include the following:

- Ak-Kim's exports to Europe increased 30% over the previous year based on tons.
- AKPEK 202, a paper chemical, was exported for the first time.
- The Company sold a total of 332 tons of this product to Saudi Arabia, the UAE, Egypt and Lebanon.
- Sales to the Iranian market, which represented a volume of 596 tons in 2011, expanded to 1,660 tons (HP, DMF, Textile Auxiliaries, MMA 40% and SMBS) in 2012.
- While Ak-Kim's SMBS sales to the Bangladeshi market was 140 tons in 2011, this figure increased two-fold in 2012 and totaled 306 tons.
- While the Company exported 24 tons of SMBS to the UAE market in 2011, this figure jumped to 192 tons in 2012.
- The volume of exports to Egypt, a market that received 690 tons of exports in 2011, climbed at 1,635 tons in 2012.

New products to strengthen competitive power
The R&D Department, aiming to develop value-adding products for customers with an innovative approach, implemented three new projects in 2012; two of these were supported by TÜBİTAK-TEYDEB and one received support from the SANTEZ Program which is run by the Ministry of Science, Industry and Technology. Additionally, various R&D projects have helped enrich the Company's product range with new performance chemicals developed for the textile, paper, concrete fabrication and construction industries. These products offer solutions to technical problems experienced by customers and support them in their efforts toward achieving more environmentally-friendly operations.

Nine percent of Ak-Kim's 2012 sales in textiles consist of products that the Company has added to its product range over the past three years. In paper and water treatment sector, the Company marked a first with its decolorizer product. Even though this new product, which is a pioneering step in the purification industry, primarily addresses the needs of textile producers, its qualities allow it to be conveniently used in treatments demanding high levels of chemical oxygen.

Besides the textile, paper, water treatment, concrete, cement and construction industries, Ak-Kim further aims to develop and introduce new products for the personal care and house cleaning sectors.

AK-KİM
Kimya Sanayi ve Ticaret A.Ş.

With the completion and opening of the Storage and Logistics Center investment, products and raw materials that were previously stored at different locations can now be managed and distributed via a central system.

An engineering project on an international scale
In December 2012, Ak-Kim successfully commissioned the Chlorine-Alkaline Facility built in Oran, Algeria with a capacity of 75.75 tons/day 100% sodium hydroxide based on an agreement signed with Saudi Arabia-based Adwan Chemicals in 2008. The plant has commenced the production and sale of liquid chlorine, caustic, sodium hypochlorite and hydrochloric acid.

In 2012, as an additional investment to the Chlorine-Alkaline Facility, Ak-Kim signed a Basic and Detail Engineering Procurement Service Agreement with Adwan Chemicals for the 40% iron trichloride project with a capacity of 90 tons/day. The Company launched the project-related activities soon after execution of the agreement and completed the basic and detailed engineering studies. Procurement of material and equipment is currently underway.

The 40% Iron Trichloride Project with a capacity of 90 tons/day will be delivered to Algeria-based Adwan Chemicals in August 2013.

Ak-Kim's 2012 investments

Advances in R&D
Having adopted an innovative vision and a pioneering approach in the industry, Ak-Kim strengthens its competitive advantages with R&D investments.

The R&D and laboratory equipment capital investment project, with a value of TL 1,370,000, started to be implemented in early 2013. The Company is currently processing equipment orders and the investment is scheduled for completion later in 2013. Ak-Kim also commenced R&D process development and R&D project development investments totaling TL 1,600,000. Additionally, the Company completed the modernization of the Quality Control Laboratory with an investment budget of TL 1,400,000 in July 2012.

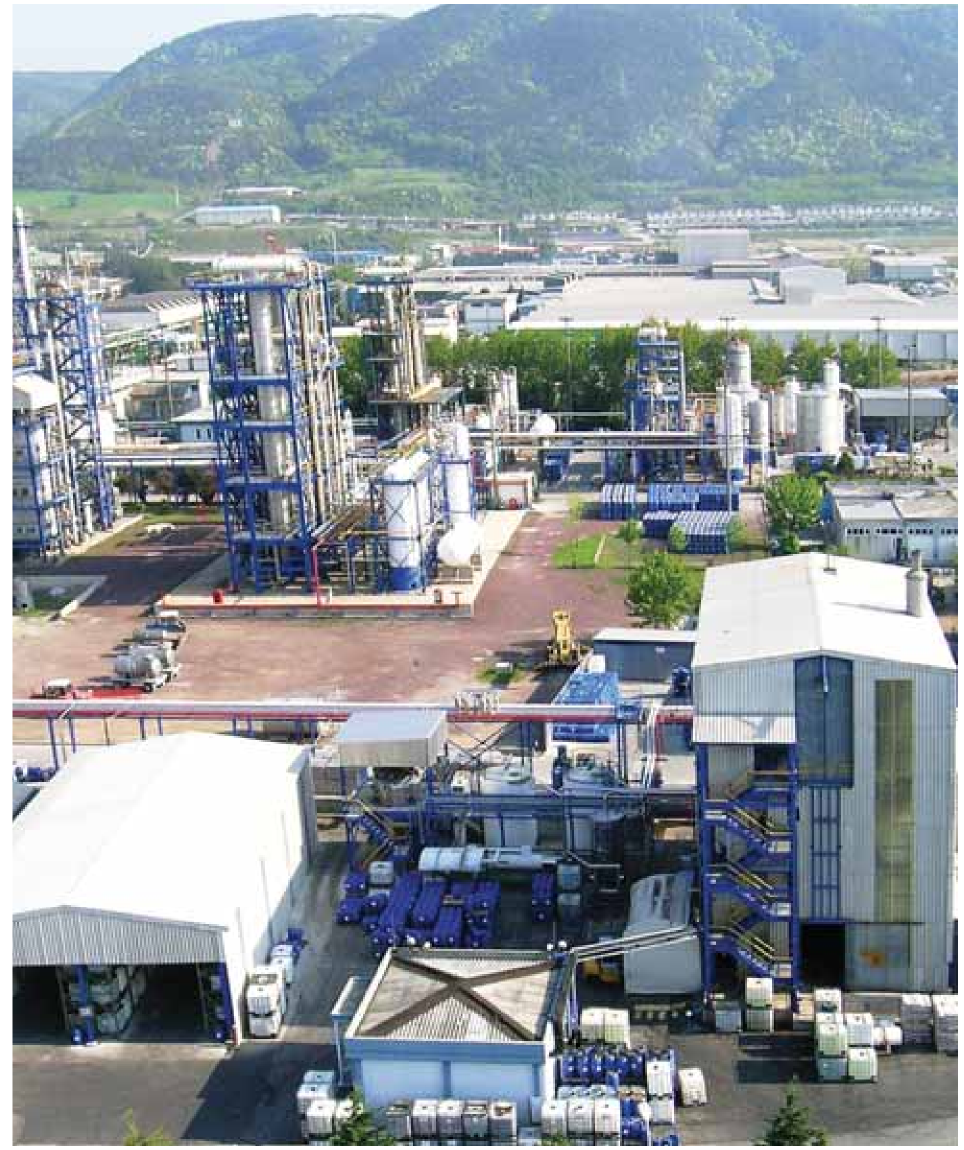
The initial phases of the TL 3,780,000 investment to upgrade the R&D facility started in 2012 and the shell and core construction were completed. Interior work is ongoing. The facility is scheduled for completion in June 2013.

Practices to achieve energy savings
Ak-Kim's chlorine alkaline electrolyzer investment, another energy efficiency related project, is expected to result in energy savings of 1,300,000 kWh per year.

The Company ordered a turbo compressor for the SPC plant. The plant is expected to bring about 1,500,000 kWh in energy savings after being commissioned.

Completion of the persulfates electrolyzer investment, another initiative targeting energy efficiency, will result in energy savings of 900,000 kWh per year. While this investment is expected to reduce maintenance costs and downtimes at the plant, a decrease in product costs is also projected.

Other investments in 2012
The second phase of the performance chemicals investment, which was ongoing in 2012, is scheduled for completion in 2013. As a result, the Company placed an order for a new spangle sampling system to be installed in June-July 2013. The activation of this system is expected to reduce the product cost and diversify the customer range.



Ak-Kim completed its Storage and Logistics Center investment in 2012. With the completion and opening of the Center, products and raw materials that were previously stored at different locations can now be managed and distributed via a centralized system.

In 2012, Ak-Kim completed its initiative to enhance the product quality of and plant capacity for monochloroacetic acid (MCAA). Enhancement in product quality and sustainability is anticipated with the commissioning of the MCAA plant.

Equipment manufactured as part of the Chlorine Alkaline and Salts Plant investment was delivered to Ak-Kim in early 2013. Installation of the new equipment will be completed under this initiative that targets the replacement of equipment at the end of its economic life. This process will also ensure the suitability of various equipment sizes in line with the plant's capacity. Ak-Kim also placed orders for electrolyzers as part of the SPS investment that commenced in 2012. The electrolysis technology investment planned at the South Ak-Kim plant will enable SPS production. The investments are scheduled to be operational in 2013.

Owing to its expertise in the water treatment chemicals, Ak-Kim has significantly proven its competitive power in international markets.

Improvements were made in the product quality and the capacity of the new SMBS Plant.

Investments continuing in 2013 and new products
While offering innovative solutions to its customers as part of its continuous improvement approach, Ak-Kim conducts extensive research to identify applications to further increase operational efficiency. The Company plans to continue this approach and its investments in this area in 2013. The Company has allocated a total budget of USD 27 million for ongoing investments from 2012 and new investments planned for 2013. One of Ak-Kim's new product investments from 2012, the betaine plant with a capacity of 10,000 tons/year, is expected to be completed in 2013. Furthermore, efforts to reconfigure the SMBS plant for the production of potassium metabisulphite and sodium sulphite have commenced and are scheduled for completion in 2013.

Energy

Energy companies powering Turkey's consistent growth...

AKENERJİ
Elektrik Üretim A.Ş.

AKENERJI TOTAL INSTALLED POWER CAPACITY

745 MW

One of Turkey's leading private sector energy companies, Akenerji increased its total installed power capacity to 745 MW as of end-2012.

Significant strides in energy trading

While dependency on foreign energy resources is one of the major issues facing the Turkish economy, the country's energy needs are also rising rapidly due to its growing population. While Turkey's economy expanded 2.6% in the first three quarters of 2012 over the prior year, the country's electricity need rose 7% in the same period. These figures once more demonstrate the importance of local and renewable energy sources for the country. Among the major developments in the Turkish energy sector in 2012 were the steps taken to establish an Energy Stock Exchange.

In addition, 2012 saw the scope of privatization expand in the energy industry. The bidding processes for the Mediterranean, Bedaş and Gediz distribution regions were completed and privatization processes were implemented during the year. Private and public sector investments are expected to continue in 2013.

A year of productivity, stability and confidence

Widely known as a reliable, high-quality and consistent brand since its inception in 1989, Akenerji continued its investments in 2012 to make lasting and sustainable contributions to meeting Turkey's energy need. Regularly appearing in the "Turkey's Top 500 Industrial Companies" list compiled by the İstanbul Chamber of Industry (İSO) since 1993, the Company has strengthened its position among the industry's leaders with its high financial performance throughout the period.

Akenerji prioritized efficiency-oriented solutions in its production and trade operations in 2012. To this end, the Company established energy trade coordination with the Retail Sales and Trade Departments of SEDAŞ, the regional retail sales company, to ensure the effective sales of each MWh of energy produced by the Group. Pioneering the industry with its electricity trade operations, Akenerji started selling externally provided energy in addition to its own production. In 2012, the Company gained added value through the sale of 120 million kWh from other producers. In addition, Akenerji's bilateral energy trade operations with European countries continued during the year.

High financial success through consistent strategies

As a result of its strong commercial strategies, Akenerji's total sales volume increased 24% over the previous year. Together with the contributions from the hydroelectric power plants commissioned in 2012, the Company achieved an increase of 248 GWh in electricity generated from renewable sources. As a result, the Company's gross profit rose 27% over 2011 and totaled TL 138.6 million. Akenerji closed the year with net profit of TL 81 million.

Bold investments in renewable energy sources

With its 23 years of experience in electricity production, Akenerji enjoys a solid market position among the most established and reliable companies in the industry and serves an example for the sector by supporting sustainable energy sources. Established to help satisfy Turkey's ever-growing electricity needs, the Company has invested about USD 740 million in eight individual hydroelectric power plants to meet this goal.

AKENERJİ
Elektrik Üretim A.Ş.

Akenerji contributes to Turkey's economic and social development and provides support to the future of sustainable energy in the country with high-quality projects in energy production and distribution.

Attracting widespread attention with its renewable energy investments, Akenerji increased its total electricity production capacity to 745 MW with the commissioning of the Himmetli Control Unit and Hydroelectric Power Plant (27 MW), Feke-I Control Unit and Hydroelectric Power Plant (30 MW), Gökkaya Damn and Hydroelectric Power Plant (30 MW) in 2012. Akenerji has now commissioned all of the renewable energy sources in its portfolio, namely, eight hydroelectric power plants and one wind energy facility. The share of renewable energy in the Company's total portfolio has climbed to 52%. Akenerji's renewable energy projects taken together contribute the clean air equivalent of 42.2 million trees on an expanse of 82,600 hectares each year.

Pioneering approach in environmental policies

In line with its quality policies, Akenerji places great importance on using modern and environmentally friendly technologies in all of its power plants.

Akenerji initiated the practice of disclosing its carbon emission and climate change related policies after participating in the Carbon Disclosure Project in 2011; the Company published its second Environment and ISG report in 2012.

Akenerji's environmentally responsible approach, which has significantly increased the share of renewable energy in its portfolio with the hydroelectric power plants brought onstream through the year, prevents about 1 million tons of CO_2 emissions each year.

Besides these environment-related activities, Akenerji has undertaken a pioneering role in emissions trading. The Company is conducting the carbon certification and trading process for all its renewable energy investments, and is filing certificate applications with the Voluntary Carbon Market for these projects.

Akenerji largely completed its carbon certification processes in 2012. During the year, Akenerji also participated in ISE's Sustainability Index initiative, which is designed to enable large-scale Turkish firms to effectively compete in global markets; with its participation, the Company once more demonstrated its active role in this key area.

Akenerji's Bozüyük Natural Gas Power Plant was named the "Cleanest Industrial Facility of 2012" by the Provincial Directorate of Environment and Urban Planning in Bilecik. The Company's respectful approach to nature and the environment was acknowledged with the receipt of this important award.

SEDAŞ
Sakarya Elektrik Dağıtım A.Ş.

SEDAŞ TOTAL INSTALLED POWER CAPACITY

6,723 MVA

SEDAŞ's installed power capacity is 1,649 MVA with peak power capacity of 6,732 MW..

Prudent investments for seamless, reliable and quality energy

The Akkök-Akenerji-ČEZ Consortium (AkČez) won the tender announced by the Turkish Prime Ministry Directorate of Privatization for the privatization of 100% of the shares of Sakarya Elektrik Dağıtım A.Ş. The Consortium was awarded the tender at a price of USD 600 million and the transfer process was completed on February 11, 2009. Under the terms of the contract, AkČez now holds the operating rights to SEDAŞ until 2036. Within AkČez's partnership structure, Akenerji Elektrik Üretim A.Ş. holds a 45% stake, while Akkök Sanayi Yatırım ve Geliştirme A.Ş. and Čez Group each hold 27.5% shares. Having launched a major transformation initiative following the transfer transactions, today SEDAŞ ranks among Turkey's major electric power distribution companies with installed power capacity of 6,723 MVA, peak power of 1,640 MW and a portfolio of 1.5 million subscriptions.

SEDAŞ provides 24/7 uninterrupted energy distribution services to a population of 3.3 million in 45 districts, 66 municipalities and 1,443 villages in its operation area covering Kocaeli, Sakarya, Bolu and Düzce.

In addition to its core business of distributing electrical energy, SEDAŞ is also responsible for building, having built, operating and commissioning the operation of distribution facilities; executing connection agreements with electricity consumers and providing services under retail sales contracts; taking actions to ensure efficient and uninterrupted services in electric power distribution; determining, accruing and collecting electrical consumption charges. Having maintained its competitive edge through successful projects implemented and prudent investment decisions made throughout the year, SEDAŞ sold a total of 8.2 billion kWh of electricity to its customers, who consist of 56.5% industrial, 22.9% residential, 13.6% commercial, and 7.0% other subscriber groups. SEDAŞ purchased is 8.8 billion kWh of energy in 2012.

Owing to its controlling mechanisms that effectively use state-of-the-art technology across its operations, SEDAŞ closed the year with a loss/theft ratio of 7.31%. Aimed at reducing its loss/theft ratio to 6.96% in 2013, the Company has prioritized investments to modernize its electric power installation in order to minimize technical losses.

As at the end of 2012, SEDAŞ employed 821 personnel. The Company provides employment to 2,000 persons in total including staff hired under service contracts. SEDAŞ's collection/accrual ratio of 98.5% as of end-2012 demonstrates the Company's sustainable financial structure.

SEDAŞ
Sakarya Elektrik Dağıtım A.Ş.

SEDAŞ distributes electrical power to an area of 19,421 km2 including Sakarya, Kocaeli, Bolu, and Düzce, which are among the most populated provinces in Turkey.

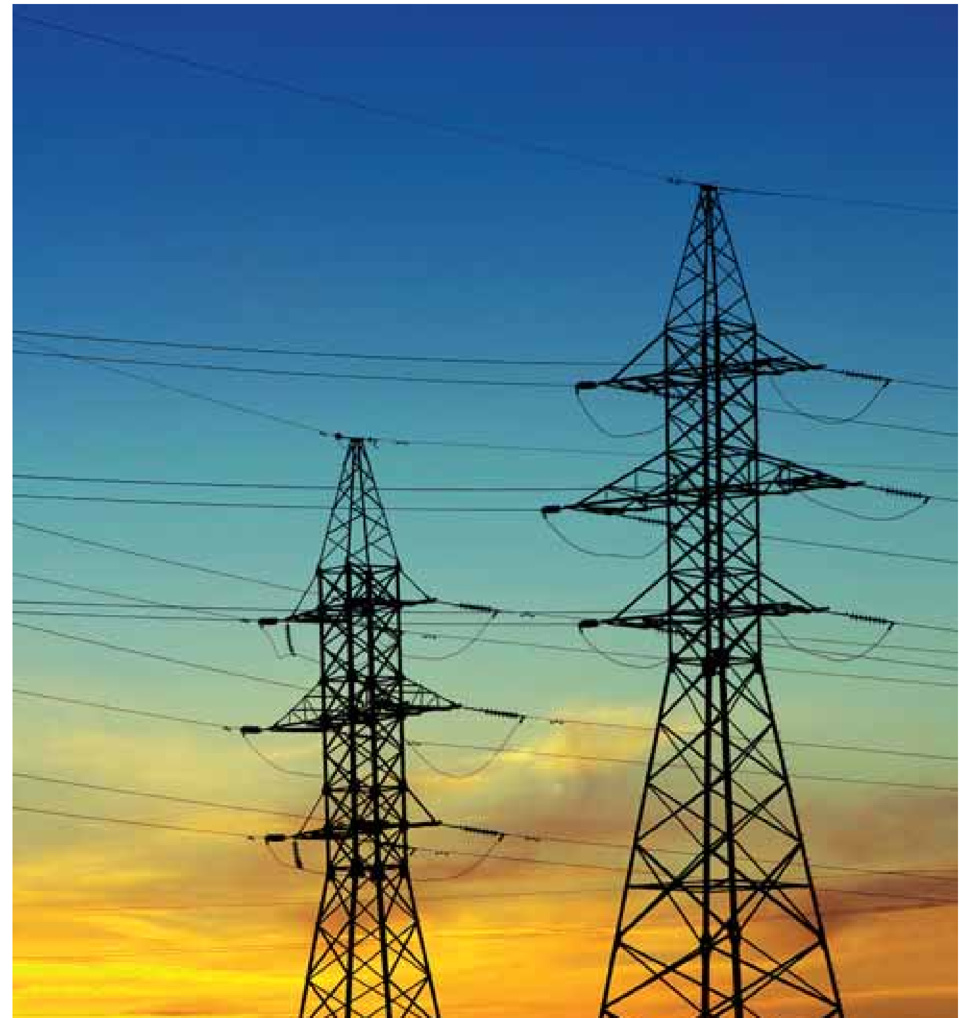
Indexing activities targeting increase efficiency

SEDAŞ contracts out its index reading services for an area covering 1.5 million subscribers who are located within the borders of four provinces. The Index Service executes the Company's meter reading operations based on the address types of subscribers and by regional files. On a daily basis, the Index Service provides transaction-related instructions to employees who use handheld terminals to remotely and manually read the indices on the meters.

During the reporting year, the Company read (12-month) consumption of 11,428,258 subscriptions, and entered and assessed status and error codes for 1,428,397 (12-month) meters for controlling purposes.

High levels of customer satisfaction through visionary investments

SEDAŞ distributes electrical power over an area of 19,421 km^2 including Sakarya, Kocaeli, Bolu, and Düzce, which are among Turkey's most industrialized regions. These areas receive high in-migration because of their attractive characteristics, which in turn, presents an ever-increasing need for electricity and electrical distribution which requires a robust infrastructure. SEDAŞ aims to provide uninterrupted and high-quality services to its customers under all market conditions. To that end, SEDAŞ plans to make investments worth TL 313 million in total between 2011 and 2015, as approved by the Energy Market Regulatory Authority (EMRA). In 2012, SEDAŞ invested a total of TL 74,843,248 under its investment program.



SEDAŞ aims to provide uninterrupted and high-quality services to its customers under all market conditions. To that end, SEDAŞ plans to make investments worth TL 313 million in total between 2011 and 2015, as approved by the Energy Market Regulatory Authority (EMRA).

A giant step forward in uninterrupted energy distribution

2012 yılının Şubat ayında başlayan The SCADA/DMS initiative, launched in February 2012, makes up a significant part of the Company's investment plan. The project targets the establishment of a remotely controlled distribution network that will facilitate quick response to electricity cuts and ensure higher efficiency.

Initially the system is planned to be commissioned in the Kocaeli-Gebze region in 2013, followed by Sakarya in 2014, and finally in the Bolu-Düzce region in 2015. An investment of TL 38.5 million, this project is expected to considerably increase the quality of services offered by SEDAŞ.

SEDAŞ
Sakarya Elektrik Dağıtım A.Ş.

In addition to scheduling new capital investments, SEDAŞ has successfully completed previous ongoing investments, maintenance and repair work, which were planned in line with the demands and expectations of customers.

Reliable and seamless service with the Automated Meter Reading System

Closely monitoring the latest technological developments, SEDAŞ continued work on its Automated Meter Reading System, a critical project in terms of electric power distribution and retail operations, in 2012. Integrated with the existing e-business applications within the Company, the Automated Meter Reading System enables remote reading of meters and automatic invoicing through electronic meters that communicate via an Internet based network. Another significant advantage of the automated system is its ability to store historical data in relation to the condition of the meter such as meter identification, data related to accrual and invoicing, active and reactive energy indices, demand data and load profile curves, calibration date, low battery warnings, warnings about open connectors and terminal boxes in the central system. The system will increase meter reading quality and result in a decrease of illegal and unregistered consumption, taking SEDAŞ's corporate development one step further.

In addition to scheduling new capital investments, SEDAŞ has successfully completed previous ongoing investments, maintenance and repair work, which were planned in line with the demands and expectations of customers.

Continuing to move forward confidently with the ongoing Transformation Process initiated 2011, SEDAŞ also strives to further develop its human resources, the Company's most important asset in achieving its objectives. With its well-skilled human resources and management team who follows industry developments closely, the Company will continue to provide its services at international standards.

EGEMER
Elektrik Üretim A.Ş.

EGEMER YEARLY PRODUCTION CAPACITY

6.7 BILLION WH

When commissioned, the Egemer project, designed by Akenerji subsidiary Egemer Elektrik Üretim A.Ş., is expected to generate 6.7 billion kWh of electricity per year and increase Akenerji's energy production twofold.

One of Turkey's largest natural gas power plant investments, the construction of Egemer Combined Cycle Natural Gas Power Plant is currently underway in Erzin, Hatay. The natural gas power plant, with a capacity of 900 MW, is one of the most important projects undertaken by the Akkök-ČEZ strategic partnership Akenerji. When commissioned, the Egemer project, designed by Akenerji subsidiary Egemer Elektrik Üretim A.Ş., is expected to generate 6.7 billion kWh of electricity per year and increase Akenerji's energy production twofold.

The Egemer project alone is expected to meet approximately 2.6% of Turkey's current electricity demand.

The project will contribute to the region a modern electrical power plant that targets high efficiency operations with an environmentally-friendly approach, while also assuming a key role in meeting the country's growing energy need.

The project will contribute to the region a modern electrical power plant that targets high efficiency operations with an environmentally-friendly approach, while also assuming a key role in meeting the country's growing energy need.

Real Estate

Increased Capital Value and Prestigious Projects...

AKİŞ
Gayrimenkul Yatırım Ortaklığı A.Ş.

AKBATI PROJECT INVESTMENT

USD 250 MILLION

Akbatı Residences & Akbatı Shopping Mall located in Esenyurt İstanbul offer every convenience for a modern lifestyle with a level of comfort that exceeds expectations.
Investments totaling more than USD 250 million were made in the project in which Akiş REIT holds 100% of the shares.

AKİŞ GYO

Akkök Group has been active in the real estate industry—one of the Group's main lines of business—since 1993. By transforming the concept of shopping center into a holistic lifestyle center with the construction of Akmerkez, the Group brought a new visionary approach to Turkish real estate. Deciding to reflect its know-how and expertise in this business area in new investments, the Group founded Akiş Gayrimenkul Yatırımı A.Ş. in 2005. Since its inception, Akiş has realized a series of significant investments, primarily shopping malls, in the real estate industry.

New identity strengthens the Company's market power

Akiş received the designation of Real Estate Investment Trust on May 18, 2012 upon its application to the Capital Markets Board. This new corporate identity further reinforced the position of the Company in the real estate industry. In addition, the Company assumed control of Ak-Al in 2012, one of the subsidiaries of Akkök Group, with all its assets and liabilities. With its increasing capital value and prestigious real estate development projects, Akiş REIT will continue its significant contributions to the Akkök Group.

Offering profitable investment opportunities with a rich portfolio

Akiş REIT closely observes and monitors real estate trends with an open-minded and dynamic approach; with this strategic outlook, the Company develops pioneering projects within the sector in Turkey. With the prudent investment decisions it makes in light of social and economic developments both in Turkey and around the world, Akiş REIT contributes new concepts to the real estate sector.

Akiş REIT creates new investment opportunities in diverse areas of the sector, including shopping malls , residential housing, land and manufacturing facilities; and with its wide-ranging portfolio, it offers investors a rich variety of options via one single Company stock. Akiş REIT brings top-of-the-line, high quality lifestyle development projects to fruition, and has proven its success in the sector with the international awards received by its Akbatı and Akasya developments.

A year full of real estate projects to add value to life

Akiş REIT aims to develop lifestyle projects that will contribute to the region as a whole, and to that end analyzes the socio-economic base of the target area. Throughout 2012, the Company continued to create value in the real estate sector with its ongoing and completed development projects.

Akbatı

Akbatı Residences & Akbatı Shopping Mall located in Esenyurt Istanbul offers everything needed for a modern living with a level of comfort that exceeds expectations. Investments totaling more than USD 250 million were made in the project in which Akiş REIT holds 100% of the shares.

AKİŞ
Gayrimenkul
Yatırım Ortaklığı A.Ş.

In 2011, Akbatı Residences was recognized by both the general public and the competition jury, and won two awards in the "Smart Homes" category in "Turkey's Most Successful Real Estate Investments" Contest, owing to its residential units that prioritize comfort and contemporary living.

The symbol of high-quality living with its shopping mall and residential units, Akbatı Shopping Mall has a construction area of 242,000 square meters and net leasable area of 65,542 square meters. The Akbatı Shopping Mall features about 200 stores, nine movie theaters, restaurants offering cuisines from around the world, playgrounds and sports fields, and a Festival Park for 5,000 persons to exquisitely meet the entertainment, leisure and culinary expectations of visitors. The dining area offers café and restaurants selected among exclusive world brands and is one of the development's primary transit areas.

While Akbatı Shopping Mall opened its doors to shoppers and visitors in September 2011, residential life at Akbatı Residences started in early 2012. The project which accommodates the Shopping Mall on four levels, and offers 350 residential units ranging from 1+1 to 4.5+1, as well as lofts, apartments with terraces, penthouses and duplex units in the 21-storey Blue Tower and the 11-storey Green Tower.

Akbatı Residences & Akbatı Shopping Mall has been crowned with awards both in Turkey and abroad for its solutions that meet the needs of the modern city living. In 2011, Akbatı Residences received recognition from both the general public and the competition jury, and won two awards in the "Smart Homes" category in "Turkey's Most Successful Real Estate Investments" Contest, owing to its residential housing units offering that prioritizes comfort and contemporary living. In 2012, the website of Akbatı Shopping Mall received the bronze award in the "Consumer Information" category of the international "Horizon Interactive Awards". The project was also presented with the "Best Retail Development" and "Highly Commended in Mixed-Use Project" awards from the "European Property Awards 2012" given to promote excellence in the real estate industry and establish world-class standards. Akbatı Shopping Mall also received the "Cleanest Shopping Center" award from Cleaner Magazine's Industrial Cleanliness Awards.

The widely acclaimed project was also a finalist in the MAPIC Awards 2012 in the "Best Retail & Leisure Development" category, and in the "New Developments-Large" category of the ICSC European Shopping Centers Awards 2013.

Akbatı Beyaz Kule (Akbatı White Tower)
Akbatı White Tower is located in close proximity to Akbatı Shopping Mall in Esenyurt Istanbul. The development is situated on a 3,000 square meter tract and includes 100 residential units ranging from 1+0 to 4+1. The 1+0 and 1+1 furnished apartments, and the enclosed social facilities, as well as commercial areas designed for the use of residents rank among the most attractive features of Akbatı White Tower. The project is being developed by Akiş REIT and is scheduled for completion in 2014.

Other projects developed under partnership

Akasya
The Akasya development project, built on a 121,000 square meter tract in Acıbadem Istanbul, is 33.73% owned by Akiş REIT and Akkök Group. The project is being developed by SAF REIT and is comprised of 1,357 residential units in three phases, namely the Grove, Lake and City. The Grove and Lake Phases were completed and opened to residents in 2012. The third phase, City, is scheduled for completion and delivery in the last quarter of 2013. Akiş REIT has undertaken the leasing process of the retail stores on 80,000 square meters of the shopping and lifestyle center in the Akasya project. The Shopping Center will open for business in fourth quarter 2013.

The most popular lifestyle center on the Asian side of the city, the many awards that Akasya Acıbadem has received demonstrate the privileged position of the development in the sector. Akasya Acıbadem received 5 stars in the "Best High-Rise Architecture" category from the European Property Awards 2012 and was named the "Most Successful Project in Europe." Akasya Shopping Center was also presented to international investors at the Mapic 2012 trade fair.

Akasya Acıbadem received 5 stars in the "Best High-Rise Architecture" category from the European Property Awards 2012.

Akkoza
The Akkoza project was initiated with the aim of making Esenyurt one of the most exclusive and popular districts of Istanbul. Realized with a 75% Garanti Koza and 25% Akiş partnership, the project's first phase was completed in 2011 with the second phase completed the following year. The 2C phase, constructed by Akiş, was completed and delivered to owners in 2012.

Akiş REIT will continue to grow in 2013
Having acquired the designation of Real Estate Investment Trust in 2012, Akiş REIT will be traded on the Borsa Istanbul in 2013. Having further strengthened its powerful position within the real estate sector with its new corporate identity and reorganized structure, the Company plans to enrich its portfolio and continue offering new and attractive opportunities to investors. Since its inception, Akiş REIT has been making the right investment decisions for high-return investments that add value to society as a whole.

The Company plans to maintain this approach in 2013 and undertake innovative, high profile projects that add multi-dimensional value to their environment while strengthening its position within the real estate industry.

AKMERKEZ

Gayrimenkul Yatırım Ortaklığı A.Ş.

AKMERKEZ AWARDS RECEIVED IN 2012

11 AWARDS

Akmerkez was presented with 11 awards for four different projects by some of the most established and reputable competitions in the world––the IPRA Golden Awards, Hermes Awards, ICSC Solal Marketing Awards, Stevie International Business Awards and MarCom Awards.

akmerkez

A lifestyle center adding vibrancy to Istanbul

Akmerkez opened its doors in 1993 as a joint venture of the Akkök, Tekfen and İstikbal groups and has been energizing city living since its very first day of operation. Including both residential and office functions, as well as a shopping center that gathers many prestigious brands under its roof, Akmerkez sets an example in the real estate sector with the high-quality and exclusive lifestyle area it offers. Akmerkez presents highly convenient facilities to the citizens and visitors of Istanbul with its central location.

Offered to the public in 2005, Akmerkez generates interest among both domestic and foreign investors with its top-of-the-line, world-class quality. The awards and admiration Akmerkez receives worldwide not only strengthens Akkök Group's global image but also inspires the Turkish real estate sector to develop new investments.

Presenting an approach ahead of its time with its construction quality and genuine design, Akmerkez continually rejuvenates and enhances its physical facilities as well as its brand range. Assuming a pioneering role in the real estate sector, Akmerkez also aims to add value to society as a whole by undertaking a wide variety of activities. To that end, Akmerkez hosts cultural events throughout the year and also engages in social responsibility activities.

Akmerkez is the preferred choice of distinguished guests

Although located the city center, Akmerkez Residence offers guests a peaceful and serene oasis away from the hassles of modern urban life. With Akmerkez Residence, the comfort of the residential concept combining luxury with functionality has come to Turkey.

At Akmerkez Residence, which provides guests with a level of quality that exceeds expectations, the residential units and the shopping center are part of the same complex. This enables residents to benefit from the services of the hair stylist, supermarket, pharmacy, tailor, as well as cinemas and restaurants, among others, without having to walk the crowded streets of the city. The first choice of the elite with such coveted features, Akmerkez Residence continually renews itself in line with its modern and innovative management approach.

11 awards in a single year

Having become the symbol of sustainable success in the real estate sector since its foundation, Akmerkez crowned its myriad accomplishments with global awards in 2012. Akmerkez was presented with 11 awards for four different projects from some of the most established and reputable competitions in the world-the IPRA Golden Awards, Hermes Awards, ICSC Solal Marketing Awards, Stevie International Business Awards and MarCom Awards.

While the "Opera Show," a special Akmerkez event, received the platinum award from the Hermes Awards, the "Youth Group Show," in which the works of about 70 young artists were presented to Akmerkez visitors for the first time, received two awards from the MarCom Awards and one from the ICSC Solal Marketing Awards. The "Seven Elephants on the Loose at Akmerkez" campaign, in which visitors searched for elephants hidden across Akmerkez using an app that they download on their smartphones, returned from MarCom, Hermes, ICSC Solal Marketing, IPRA and Stevie International Business with awards.

"FashionAir/Fashion Side Out," held for the first time in Turkey showcasing the products of young designers, was presented with two awards from the MarCom Awards.

An ever-improving art center

Since its foundation, Akmerkez has opened its doors to art related events to present the arts to the public at large.

The Art at Akmerkez Gallery attracts a high level of interest from both artists and patrons with its events throughout the year.

The Art at Akmerkez Gallery makes Akmerkez more than a shopping center and generates great interest from both artists and patrons with its events throughout the year. The "Art at Akmerkez 8" exhibition series, organized in collaboration with the Tunca Art Gallery in 2012, hosted several exhibitions featuring artworks from various fields. These exhibitions received a high level of interest from art enthusiasts, the media, and community leaders and high-level state officials.

The "Hüsn-ü Hat" calligraphies exhibition, held in February, presented the most important works of the Ottoman art of calligraphy and the royal decrees that have survived to date.

With the "Turkey's Modern Contemporaries" exhibition held in May, Akmerkez visitors had the opportunity to view works of top Turkish artists such as Bedri Baykam, Bedri Rahmi Eyüboğlu, Burhan Doğançay and Mustafa Ata.

Akmerkez continued its contributions to the arts during the summer season. In summer 2012, the works of students participating in the Painting Workshop of Düşler Akademisi (Dreams Academy)—an art school which offers art education to physically disabled and socially disadvantaged children and youth—were hosted with a show at the Art Gallery of Akmerkez.

AKMERKEZ
Gayrimenkul
Yatırım Ortaklığı A.Ş.

Akmerkez hosted the Istanbul Shopping Fest from June 9 to 29. Akmerkez enhanced the joy of the festival with various activities and lively concert events on June 16.

Free hours for children in collaboration with UNICEF
As part of its social responsibility activities, Akmerkez participates in initiatives that support the education and personal development of children. With that aim, Akmerkez implemented the "Boyamiko" project together with UNICEF. The initiative aims to enhance children's creativity by allowing them to freely reflect their world of imagination. "Boyamiko" was carried out from May 15 to June 15, and generated interest not only among area youth but also among adults.

Turkey's first and most colorful stretcher space, the 40-square meter walls of the Boyamiko room were covered with 19 canvas panels. Canvases depicting 3,420 cartoon characters, which were specially designed for this initiative by the young artist Asu Ceren, were placed on the boards. This configuration allowed the young participants to freely paint the panel canvases with the specially designed illustrations.

UNICEF prepared a Boyamiko signature collection as part of the project. Proceeds from the sales of this special collection, comprised of bags and books on which the Boyamiko room is replicated at a scale of 1:3000, were donated to UNICEF to support children living in disadvantaged regions.

ParkMe by Akmerkez ends parking problems
Ever the pioneer of shopping center innovations, Akmerkez has marked a first in Turkey with the ParkMe by Akmerkez App. A mobile solution developed to address the perennial parking space problem at shopping centers, ParkMe by Akmerkez is a smartphone app based on geolocational information. The App provides information about available parking spaces at Akmerkez and the driving directions to a specific open space. Helping Akmerkez visitors save time and trouble, the ParkMe by Akmerkez App also records the location where the car is parked to help guests easily locate their cars at departure.

A first from Akmerkez: Universal Turkish Flavors Concept
The globally renowned and unique flavors of Turkish cuisine have come together at a venue designed with a distinctive architectural approach on the lower-level of Akmerkez shopping center. The Universal Turkish Flavors concept with Malatya Pazarı, Zencefil Aktar and Koska Helvacısı, regularly plays host to a diverse range of culinary flavors. This concept, which aims to strengthen Turkish products in the international arena, is generating interest among both Turkish and foreign visitors.

Festival hosted by Akmerkez
Akmerkez welcomed the Istanbul Shopping Fest from June 9- 29. Akmerkez enhanced the joy of the annual festival with activities and lively concert events on June 16.

While special discounts up to 50% were offered as part of the special festival night, colorful concerts added to the delight of visitors and shoppers. One lucky Akmerkez guest won an Audi Q5 2.0 TDI Quattro in the drawing held to commemorate the evening.

Supporting art, design and creativity through sustainable projects
In 2012, Akmerkez continued to provide support to young people, the arts, design and creativity.

Akmerkez has implemented the FashionOnAir initiative for three years with different concepts to create significant professional opportunities for young designers who will spearhead the future of fashion.

Having provided the opportunity to showcase the works of young artists to the public at large in the previous year, Akmerkez played host as the main sponsor to the country's final competition of the Cannes Young Lions, which it sees as an investment in Turkey's creative prospects. The Young Lions competition brings together the brightest minds in the Turkish communications, marketing and advertising sectors. The young talents who passed the national competition had the opportunity to compete at Cannes Young Lions at the international level with the support of Akmerkez.

As in 2011, Akmerkez was also once again the main sponsor of the Elle Style Awards, Turkey's most prestigious style and design event.

Akmerkez has implemented the FashionOnAir initiative for three years with different concepts to create significant professional opportunities for young designers.

Activities colored with imagination
In line with its mission to support children in enhancing their creativity and imagination, Akmerkez continued to hold entertaining workshops for youth in 2012.

Akmerkez realized a first in Turkey with the interactive show "Dileklerini Uçur" which was prepared for the New Year. Visitors celebrated the New Year with delight at the event in which thousands of New Year's wishes that were tweeted with the hashtag #dilekleriniucur were flown inside Akmerkez as clouds of foam.

Turkey's first 3-D open storefront: Fashion Side Out
In its Fashion Side Out initiative, launched in 2012, Akmerkez became the first in Turkey to use three-dimensional windows. The Pop-Up Store, which emphasized the display design of the window, was presented to the warm reception of Akmerkez visitors with three different concepts throughout the year.

Fashion Side Out was continued as part of the award-winning Fashion Air Project which presents young designers to the general public.

SAF
Gayrimenkul Yatırım Ortaklığı A.Ş.

AKASYA ACIBADEM SALES RATE

88%

While residents moved in to their units in the Lake and Grove phases in 2012, all except eight units in these phases were sold; in addition, 88% of the units in the City phase, which is planned to be delivered in fourth quarter 2013, are already sold. Sales of the unsold stock continue under the campaign slogan "Limited Offer."

Sağlam Gayrimenkul Yatırım Ortaklığı, founded in 2005 to invest in real estate properties, capital market instruments based on real estate properties, real estate projects, rights based on real estate, and capital markets instruments and to perform any other operations permitted in the Capital Markets Board Communiqué on the Principles Related to Real Estate Investment Trusts, and with a net asset value of TL 75,183,397, and SAF Gayrimenkul Geliştirme İnşaat ve Ticaret A.Ş. with a discounted cash flow value of TL 1,115,133,125, made the decision to merge at the Extraordinary General Assembly on October 31, 2011. With this decision, the Company's paid-in capital increased to TL 886,601,669, and its registered capital ceiling rose to TL 2,000,000,000. In the process of this merger that was completed in 2012, Sağlam Gayrimenkul Yatırım Ortaklığı A.Ş. amended Article 2 of its Articles of Association and changed its corporate name to SAF Gayrimenkul Yatırım Ortaklığı A.Ş. SAF Gayrimenkul Yatırım Ortaklığı A.Ş., which was established with the merger between the two companies, has a market value of TL 868,869,635 as at December 31, 2012.

The fourth largest company in terms of market value among the real estate investment trusts traded on the ISE, SAF REIT has distributed TL 180 million in dividends to its investors to date.

Having set out to undertake projects that make a difference in the real estate sector—a key driver in the development of the Turkish economy—SAF REIT has quickly become a major player which potential property owners and investors closely follow. Akasya Acıbadem, a high prestige project developed by the Company in Acıbadem Istanbul, consists of 1,357 housing units in total, including, 463 in the Göl (Lake) phase, 436 in the Koru (Grove) phase and 458 in the Kent (City) phase, plus 471 office units all in the Kent (City) phase. While residents moved in to their units in the Lake and Grove phases in 2012, all except eight units in these phases were sold; in addition, 88% of the units in the City phase, which is planned to be delivered in fourth quarter 2013, are already sold. Sales of the unsold stock continue under the campaign slogan "Limited Offer."

The shell and core construction of the City phase, which includes a shopping center development with a leasable area of 76,740 square meters, has been largely completed.

Developed to create a new center of attraction on the Asian side of Istanbul, the shopping center is expected to generate about USD 45 million in lease income each year.

Strengthened by the deep business experience and professional corporate management approach of its partners, SAF REIT aims to make a name for itself in the sector with distinctive real estate development projects.

Besides the Akasya project, the major properties in SAF REIT's portfolio include:

- Fecir Business Center with an enclosed area of 19,836 square meters,
- Rozi Factory Building with an enclosed area of 31,913 square meters,
- Antalya BTM Building with an enclosed area of 4,230 square meters,
- Altunizade BTM Building with an enclosed area of 3,454 square meters.
- Mecidiyeköy Business Center with an enclosed area of 605 square meters seven office units.

SAF REIT aims to make a name for itself in the sector with distinctive real estate development projects.

The rising star of Istanbul: Akasya Acıbadem

The Grove and Lake Phases of the Akasya Acıbadem project, which SAF REIT has developed as a prestigious project in Acıbadem Istanbul, was opened for residents in 2012. With the completion of the first two phases of the project, Grove and Lake Phase residents opened their doors to life amidst the harmonious blend of nature and architecture in one of the most centrally located districts on the Asian side of Istanbul. With the completion of Akasya Shopping Center and the City phase of Akasya Acıbadem, a quality of life focused project, the development is expected to become a standalone center of attraction.

Built on a 121,000 square meter tract at the crossroads of major transportation routes on Istanbul's Asian side, the project's City phase is scheduled for completion in fourth quarter 2013. This final phase includes 458 housing units, 88% of which have been sold as of end-2012. Akasya Acıbadem Shopping Center, with a construction area of 324,459 square meters and a leasable area of 76,740 square meters, is being built as part of the City phase and is scheduled for completion in the same quarter.

This project will be the largest shopping center on the Asian side of Istanbul and is expected to generate annual lease income of about USD 45 million.

AK
Turizm ve Dış Tic. A.Ş.

KAŞIK ISLAND

50,000 m2 Ak Turizm has been considering low volume cultural and tourist investment options on the 50 thousand square meter island.

Profitable investment opportunities on a refreshing island

Ak Turizm was established to implement the tourism investments planned by Akkök Group on Kaşık Island. The Company takes into consideration all social and environmental factors when evaluating its investment options, and thereby pays special attention to preserving the natural environment on the island. The island's close proximity to the city offers the possibility of short-term getaways and attracts the attention of investors with this unique feature.

Wholly privately owned, Kaşık Island has an exceptional location with its close proximity to the city. Ak Turizm has been considering low volume cultural and tourist investment options on the island.

The Company takes into consideration all social and environmental factors when evaluating its investment options, and thereby pays special attention to preserving the natural environment on the island.

Textile

Powerful brands that prioritize quality in the Turkish textile sector...

AK-TOPS
Tekstil Sanayi A.Ş.

AK-TOPS SIX SIGMA PROJECT ACTIVITIES

20 PROJECTS

Researching project opportunities with Six Sigma techniques, Ak-Tops has speeded up its Six Sigma project activities that were initially launched in 2005. As a result, the Company decided to implement 20 projects that are included in the project pool.

ak-tops

Brand power strengthened with goals achieved

Founded in 1986, Ak-Tops' major success factor that drives the Company's improved performance and consistent growth year after year is its dynamic management approach. Ak-Tops closely monitors changing market conditions to implement new strategies and develops products that meet customer expectations. 2012 was a year when competitive advantages became increasingly important and textile sector customers' quality standards rose. In such a challenging period, Ak-Tops achieved its production goals and maintained its profitable structure. Having become a powerful brand in the Turkish textile sector by prioritizing quality, the Company enjoys consistent growth with a high level of customer satisfaction.

Ak-Tops firmly believes in the benefits of the synergy created under the roof of Akkök Group and aims to derive maximum benefit of this competitive advantage through collaborations with Group companies.

Investments that target operational excellence

Developing its operational plans in light of trends in Turkey and around the world, Ak-Tops has taken into consideration the increasing awareness in all industries about the prudent use of resources and carefully observed efficient resource use in its operational processes throughout the year.

Ak-Tops has reflected its concept of operational excellence, a key Company strategy, in efficiency boosting operations related to energy use and its workforce. In addition to the practices to enhance operational efficiency, the Company has also included activities to raise quality in its 2012 investment plans. The modernization process of the production machinery continued in line with technological innovations in the industry.

2012: A year of innovative vision

Researching project opportunities with Six Sigma techniques, Ak-Tops has speeded up its Six Sigma project activities that were initially launched in 2005. As a result, the Company decided to implement 20 projects that are included in the project pool.

Ak-Tops places great importance on continuous change and development; as a result, the Company conducts research and integration activities for new technologies in its Product and Process Development Department. All R&D projects, continued in the fifth year in 2012, were accepted by TÜBİTAK and were included in the grant scheme. The innovation culture is spread across the Company on a scientific level through the Product and Process Development Department.

Quality-oriented practices for sustainable success

Ak-Tops has the highest production capacity in the world in its area of operations. The Company produces in a variety of categories such as 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. In 2012, the Company continued to offer quality, cost and service advantages to its customers operating in the knitwear, fabrics, blanket and carpet industries.

AK-TOPS
Tekstil Sanayi A.Ş.

Ak-Tops acquired TS EN ISO 50001 Energy Management System Certification in 2012 and became the first company in Akkök Group and in Yalova to hold all four Quality, Occupational Health and Safety, and Energy certifications.

Ak-Tops is committed to quality in all its business processes. One of the first 100 Turkish enterprises to acquire TS EN ISO 9000 Quality Management Systems Certification, Ak-Tops also has TS EN ISO 9001:2008 Quality Management System Cetrification. In 2006, Ak-Tops was the first company in the Akkök Group to implement the TS 18001 Occupational Health and Safety Management System.

Responsive approaches seeking the ideal balance between society and the environment

Like all companies in the Akkök Group, Ak-Tops believes that success comes not only through effective operations but also through the value created for society and the environment. To that end, the Company has successfully adopted the TS EN ISO 14001 Environmental Management System in 2008 and obtained Environmental Management System Certification.

Ak-Tops prioritizes the prudent use of resources in all of its operations and achieves significant energy cost savings as a result of the efficiency-enhancing activities conducted in this area. The Company's practices have helped generate savings of approximately USD 9 million in nine years, from 2004 to 2013.

Ak-Tops' environmentally friendly approach was demonstrated in an agreement it signed in 2010 with the Electric Power Resources Survey and Development Administration to reduce the energy density in its processes. The Company takes pride in being among the 10 companies included in the agreement.

Ak-Tops obtained TS EN ISO 50001 Energy Management System Certification in 2012 and became the first company in Akkök Group and in Yalova to hold all four Quality, Occupational Health and Safety, and Energy certifications. The Company was the first in Akkök Group and the textile sector to obtain TS EN ISO 50001 EMS Certification.

Healthy, safe and modern working conditions

Ak-Tops prioritizes the motto of "People First" in its human resources operations and pays particular attention to adopting occupational health and safety practices across the Company's departments. The Company has once more demonstrated its responsible approach to occupational safety with the improvement related activities it conducted in 2012. Activities aimed to develop the professional skills and competence of each member of the Ak-Tops Family rank among the primary responsibilities of the Human Resources Department. Ak-Tops monitors the developments and needs in the industry and implements ongoing training programs to help its employees enhance their existing skills and acquire new skills.

Competitive advantages to be maintained in 2013

Ak-Tops is committed to further improving its processes in 2013 and enhancing its production technology by closely monitoring industrial innovations. The Company's Product and Process Development Department, which was created to exploit state-of-the-art technology in its production processes, develop new products and diversify its product range, will continue its activities apace. In a period when competition is expected to increase in the textile sector, Ak-Tops will gain a strong competitive advantage with its improvement and development related activities. The Company plans to continue offering customers products and services that exceed expectations with its well-qualified workforce and high quality standards.

AKSA EGYPT
Acrylic Fiber Industry S.A.E.

AKSA EGYPT PRODUCTION CAPACITY

13,500

TONS/YEAR

The plant operates with a production capacity of 12,000 tons/year in color tow, and 1,500 tons/year in tops and bumps, with flexible machinery appropriate for the market.

AKSA EGYPT

Thanks to the Company's strong sales performance, Aksa Egypt's turnover increased 12.5% and climbed to USD 24,500 million in 2012, up from USD 21,768 million in 2011.

With Aksa Egypt, Akkök Group's textile production center in North Africa, the Group has gained a powerful position in the region, with Egypt in first place. Thanks to Aksa's extensive know-how, highly competent workforce, strong reputation as a high-quality and reliable brand in domestic and international markets, Aksa Egypt has quickly achieved a powerful position across North Africa, with Egypt in first place.

The Company's production facilities in Alexandria, Egypt are constructed on a 45,000 square meter land tract with 5,500 square meters of enclosed area reserved for acrylic fiber dying and 1,200 square meters of enclosed area allocated for tops and bumps production. The plant operates with a production capacity of 12,000 tons/year in color tow, and 1,500 tons/year in tops and bumps, with flexible machinery appropriate for the market.

Production of raw-white and dyed bumps began in December 2008.

In 2012, Aksa Egypt achieved a 38% increase from the previous year in color tow and tops production. The Company's sales performance has also risen in line with the improvements made in its production operations. While 75% of total sales were made to the Egyptian market, 25% were exports. As a result of the Company's strong sales performance, Aksa Egypt's turnover increased 12.5% and totaled USD 24,500 million in 2012 from USD 21,768 million in 2011. To maintain Aksa Egypt's successful production and sales performance trend in 2013, Aksa will conduct assessments on potential export markets in Africa. Aksa Egypt targets maximizing its sales figures within one year.

Ongoing efforts towards establishing a working democracy in Egypt, and achieving political and economic stability will help the Company to that end.

Services

High standards in food and service quality

AKMERKEZ
Lokantacılık Gıda San. ve Tic. A.Ş.

In 1997, Paper Moon received the "Interior Design" award from the Restaurants and Institutions-New York.

PAPER MOON

A CITY CLASSIC

Paper Moon Istanbul, regularly cited among the most prestigious brands in the wining and dining sector, has become a city classic.

paper moon

Where Italian cuisine meets elegance: Paper Moon

The world-renowned Italian restaurant opened in Istanbul Akmerkez in 1996 after locations launched in Milan and New York. Capitalizing on the professional management approach of Akmerkez Lokantacılık, Paper Moon offers exclusive culinary flavors of Italian cuisine in a comfortable venue with a serene atmosphere.

Operating with a staff of 77 under the direction of Italian chef Giuseppe Pressani, Paper Moon Istanbul, regularly cited among the most prestigious brands in the food and wine sector, has become a city classic. Targeting the highest quality in both food as well as service, Paper Moon Istanbul and all of its employees are audited by the Italian consultant Paolo Lattanzi four times a year for two-week periods. With its elegant interior design and professional lighting that results in a peaceful ambiance away from the hustle and bustle but still right in the city center, Paper Moon has garnered many awards for its unique features. The restaurant's dedicated approach was recognized in 1997 with the "Interior Design" award from the Restaurants and Institutions-New York, and in 1998 with the "Interior Lighting" award by Lumens-New York.

AKDÜNYA
Eğitim Eğlence Sanat Yatırımları ve Dış Tic. A.Ş.

KIDZANIA

20 MILLION USD

A USD 20 million investment, KidZania is located on 8,500 square meter tract within Akasya's "New Generation Living Complex." Providing employment opportunities to more than 400 persons, KidZania is expected to receive 800 thousand visitors annually.

The franchise licensee in Turkey for KidZania, which currently operates in 10 countries and 13 cities, Akdünya was founded on February 16, 2009. KidZania currently welcomes guests at locations across the world, in Mexico (Mexico City -Monterrey - Cuicuilco), Portugal (Lisbon), Chile (Santiago), United Arab Emirates (Dubai), Japan (Tokyo - Koshien), Korea (Seoul), Malaysia (Kuala Lumpur), Indonesia (Jakarta), Kuwait (Kuwait City) and Thailand (Bangkok).

The shining star of the youth entertainment industry with its unique edutainment concept, KidZania was founded in 1999 by Mexican entrepreneur Xavier Lopez Ancona in Santa Fe, Mexico City. Generating great interest among children and families alike and continuing to extend its global presence, KidZania is expected to launch in a further 11 countries by 2015. These new KidZania countries include Turkey (Istanbul), United Kingdom (London), United States (Chicago), Brazil (Sao Paulo), Egypt (Cairo), Saudi Arabia (Jeddah), India (Mumbai), Singapore (Singapore), Russia (Moscow), Philippines (Manila) and Qatar (Doha). KidZania is the only youth brand in the industry that is growing rapidly worldwide and that has received numerous awards.

KidZania Republic of Exploration and Fun

KidZania Republic of Exploration and Fun is scheduled to open at Akasya "New Generation Living Complex" in fourth quarter 2013.

A USD 20 million investment, KidZania is located on 8,500 square meter tract within Akasya's "New Generation Living Complex." Providing employment opportunities to more than 400 persons, KidZania is expected to receive 800 thousand visitors annually.

By cooperating with adult brands, KidZania prepares children ages 4 to 14 for the real world. By enabling today's youth to role-play in grown-up occupations and other activities, KidZania prepares kids for the future. The centers also include a fun facility designed for children up to 4 years old.

Depending on their skills and interests, children are able to assume more than 90 roles and choose the occupations they would like to experience in over 60 different activity areas at KidZania. Young visitors are able to role-play professions such as doctor, fireman, pilot, among others within a real city setting. KidZania includes real-world-like facilities such as a Hospital, Fire Station, Theatre, Archaeology Museum, Aviation Academy, Dental Health Center, Pharmacy, TV Studio, Bank, Stadium, to name a few, all designed expressly for children.

Akdünya is the franchise licensee in Turkey for KidZania, which currently operates in 10 countries and 13 cities around the world.

- Youngsters are able to have a lot of fun and learn at KidZania while they prepare for the future with real-life simulations.
- KidZania features specially trained supervisors who introduce children to the professions they have chosen and provide them with support during their time at the park.
- Kids learn how to spend money, how to earn money by exerting effort through work and how to save; in other words, they learn financial literacy.
- Educators who visit KidZania state that these learning centers are unique in helping children understand the world and preparing them for the future.

AK-PA

Tekstil İhracat Pazarlama A.Ş.

AK-PA 2012 EXPORTS

355 MILLION US DOLLARS

One of the most powerful exporters in the Turkish textile sector, Ak-Pa closed the year with a strong performance: USD 355 million in exports and USD 34 million in imports.

Exporting to more than 70 countries on 5 continents

Ak-Pa was founded in 1976 to perform the overseas marketing and export operations of Akkök Group. Exporting to more than 70 countries on five continents, the Company underwent a restructuring process in 2007 and started trading in non-Group products. Ak-Pa started its trade operations with natural and synthetic fiber and successfully widened its product range in a short time. Transferring its experience to the Turkish textile sector, the Company strengthened its brand power on the market in 2012 with its fiber group (bamboo, wool, viscose and polyester) and yarn group (polyester and nylon filament, viscose and cotton mixed spun yarn) products.

2012: A year of achievements

One of the most powerful exporters in the Turkish textile sector, Ak-Pa closed the year with a successful performance: USD 355 million in exports and USD 34 million in imports. While export operations of the Group companies were executed as of year-end, the target growth rate in non-Group products was achieved.

Increase in non-Group trade

One of the most powerful players on the market in textile, semi-finished goods and raw material supply, Ak-Pa has started to transfer its experience in these areas to its other operations. The Company plans to expand its product range for domestic trade operations in line with the growth in the Turkish textile sector and grow the segments on the textile market.

In 2013, Ak-Pa will continue to provide export operation services to Group companies and aims to transfer its extensive experience to non-Group products while expanding trade operations in both quantity and value.

Success acknowledged by awards

Ak-Pa has demonstrated its success with an outstanding and established performance based on 36 years of experience; meanwhile, the Company's accomplishments have also been recognized with awards in many different areas. Ak-Pa was presented with a "Turkey Export Champion" success plaque by the Turkish Exporters Assembly (TİM); the Company received the plaque from the Prime Minister of Turkey at the Award Ceremony.

Ak-Pa received the Platinum Plaque in 2010 at the Istanbul Textile and Raw Material Exporters' Association where companies were awarded according to their export volume. The first company to be presented with this award, Ak-Pa received the Platinum Plaque for the third time in 2012.

AKTEK

Bilgi İletişim Teknolojisi San. ve Tic. A.Ş.

The second phase of the DowAksa ERP project, initiated in 2011, was completed and launched in first quarter 2012.

AKTEK 2012 NON-GROUP TURNOVER RATE

27%

Aktek received 27% of its 2012 turnover from non-Group projects. The Company continues to provide financial solutions support to web hosting companies such as DGN Teknoloji, Aerotek Bilişim, Netfactor, Met Tasarım, Medyabim and Medianova.

Innovative IT solutions

Akkök Group places great 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 IT services of the Group. Today, the Company is taking solid steps toward becoming a prominent force in the IT sector. Aktek implements projects to ensure a state-of-the-art technical infrastructure at Group companies and to raise the standards of information technology via R&D activities. Additionally, since 2010 Aktek has focused on expanding its non-Group customer portfolio and the Company is becoming a prominent brand in the IT sector.

2012: Value added increases through competitive goods and services

Aktek met its turnover and profit targets for the year 2012 with an achievement rate of over 100%.

The IT projects performed by the Company on behalf of Group companies in the year 2012 are as follows:

Aktek established a data center in Yalova as a counterpart to the data center in Istanbul to ensure mutual backup support between the facilities. The Yalova data center deploys state-of-the-art technology for data backup and business continuity for the use of Group companies.

The data center is monitored 24/7 and uses an infrastructure in which all measures are meticulously taken against any kind of a potential disaster with backup energy supply systems. The data center became operational in August.

The R&D, leaves tracking system, contractor monitoring system, and quality system upgrade projects implemented for Aksa Akrilik were successfully completed. Aksa's website was moved to the MS Sharepoint platform with a new interface.

The second phase of the DowAksa ERP project, initiated in 2011, was completed and launched in first quarter 2012.

IBM Maximo was installed as the maintenance management system and integrated with Oracle ERP.

The Document Management System project started at end-2011 at Ak-Kim was successfully completed in the R&D and HR Departments.

A Reservations System project was implemented for Akmotel.

Aktek won the contract in the tender for the remote reading of the meters for 7,500 light posts of Sakarya Elektrik Dağıtım A.Ş. and launched the project.

AKTEK
Bilgi İletişim Teknolojisi
San. ve Tic. A.Ş.

Aimed at sustaining its outstanding performance in 2013, Aktek targets further increasing its brand recognition and reputation in the market.

HR vested benefits and employee termination processing projects were implemented at Akenerji on Oracle ERP using Oracle Application Network.

The archiving process of the Document Management System project was initiated and 800,000 documents were scanned and digitally stored as part of the project.

E-mail applications in all Akkök Group companies were seamlessly moved to the MS Exchange platform. The project to adapt the financial systems of the Akkök Group companies that use Oracle e-Business Suite to the new TFRS system was initiated.

Other projects including the Ak Han Helpdesk and Dinkal website were successfully completed.

Aktek continued to expand its customer portfolio in 2012.
Aktek received 27% of its 2012 turnover from non-Group projects. The Company continues to provide financial solutions support to web hosting companies such as DGN Teknoloji, Aerotek Bilişim, Netfactor, Met Tasarım, Medyabim and Medianova. Infrastructures were built to ensure the secure data storage and backup for many companies including Koleksiyon Mobilya, Limak İnşaat, Limak İskenderun Port Administration, P.I.Works, and Teletek.

Long-term relationships were forged with Arvato Telekomünikasyon, Aven Yazılım, Fiba Hayat Sigorta, Galatasaray University, General Electric, Trium Elektronik and Intron. Initiatives launched in the previous year with the Sabiha Gökçen Airport Administration, UEDAŞ, Türk Traktör, Limak Group of Companies, TSPAKB, and SPL were continued during the year. Various projects were implemented with institutions such as İzmir Katip Çelebi University, Özyeğin University, and Uşak State Hospital. Relationships were developed with many other players in the sector to collaborate in various projects. The AYDEM OSOS project, which was won through a tender together with Netaş, stands out among these. The project for the remote reading of the meters of 12,500 light posts in the Aydem region was won together with Netaş. With this contract, Aktek has become the leader among companies that provide such services for remote meter reading.

Growth set to continue in 2013
Keen to improve upon its superior 2012 performance in 2013, the Company aims to further increase its brand recognition and reputation in the market through customer visits, marketing activities and advertising. Work is also underway to develop strategies to expand the Company's service area.

DİNKAL
Sigorta Acenteliği A.Ş.

NUMBER OF COMPANIES REPRESENTED

20

Dinkal operates with the potential of providing services in all insurance branches, and offers customers great benefits with its ability to comparatively present and assess the rates and coverage of 20 insurance companies.

DİNKAL

The star player of the sector with wide ranging services
Since its founding in 1976, Dinkal Sigorta Acenteliği A.Ş. has ranked among the preferred companies in the sector, thanks to its exclusive services approach which successfully meets customer needs and expectations. The Company operates with the potential of providing services in all insurance branches, and offers customers significant benefits with its ability to comparatively present and assess the rates and coverage of 20 insurance companies.

While Dinkal offers health, vehicle and home package plans to individual customers, it also provides extensive plans tailored according to the commercial and industrial risk profiles of its corporate customers. Under these policies, risks involving the operations processes of textile and large-scale chemical facilities starting from the project phase, and Turkey's largest power plants, are included in the Company's risk portfolio. Dinkal has enriched its product offering by adding transportation risks, credit risks, management liability risks, political, cyber and legal protection risks to its risk expertise areas.

Dinkal offers consultancy services in all insurance related areas and shares its deep-rooted know-how and robust infrastructure with its customers.

Exclusive service approach
Dinkal's most important differentiator is its customer-focused approach in identifying the needs of different segments and offering special insurance solutions. With this approach, Dinkal offers attractive solutions with additional benefits that largely exceed customary insurance packages.

The services that Dinkal provides with its high-level customer satisfaction approach are:

Consultancy: Dinkal offers free-of-charge consultancy services in all insurance related areas and shares its deep-rooted know-how and robust infrastructure with customers.

Risk analysis and management: Dinkal offers services in identifying the coverable risks that bear importance in minimizing possible losses at organizations and accurately presenting these to insurance companies.

DİNKAL
Sigorta Acenteliği A.Ş.

Within its insurance and risk management model, Dinkal matches damages with coverage types and the conditions for claims payment, and prepares a claims procedure accordingly.

Policy management: Having expanded the range of its products through the 20 insurance companies its represents, Dinkal stands apart with its solutions that offer special benefits to corporate customers and individuals.

As part of these benefits, the Company undertakes, on behalf of its clients, the tasks of examining existing policy and coverage structure, identifying missing and/or excess coverage, and then offers alternate plans to minimize the risks. Monitoring developments related to insurance companies, updating existing policies and ensuring that the changes in risks are reflected in the policies as required are among other activities performed by Dinkal.

Damage management services

It is essential to accurately appraise the initial risk in order to be able to fully cover the claim in the event of damage. Under its insurance and risk management model, Dinkal matches damages with coverage types and the conditions for claims payment, and prepares a claims procedure accordingly.

The Company thereby protects its customers from losses. The risk transfer program is updated based on period-end claims.

The insurance sector in 2012

Increase in risks due to climate change

Natural disasters experienced across the world as a result of global climate change have caused insurance companies to successively encounter many problems. Extreme damage caused by heavy storms and flooding throughout the year has led insurance companies to withdraw from risk-bearing operations.

This, as well as risk management and accurate pricing of risks, reassurance costs, and unachieved profitability targets are the underlying factors of the rate increases in the insurance sector in 2012.

Arrangements in insurance laws

Enforcement of Turkish Commercial Code Number 6102 effective as of July 1, 2012 was another major development in the Turkish Insurance Sector in 2012. The "Insurance Law" as defined in Section 6 of the referenced code has introduced a new regulatory framework for the sector.

This insurance law change has resulted in significant potential for sector growth along with the DASK (compulsory earthquake insurance), which has become mandatory in all water and electricity subscriptions after the Disaster Insurance Law went into effect on August 18, 2012.

Significant increase in premium production

As one of the leading firms in the insurance sector, Dinkal has strengthened its market position with its solid financial performance in 2012. As of year's end, the Company provided assurance to risks approximately worth USD 5 billion with nearly USD 20 million in premium production.

Maintaining its successful performance in insurance, a sector that operates in an especially challenging competitive environment, Dinkal demonstrated a rising trend in both its Group and non-Group operations in 2012. The Company is currently revamping its organizational structure and expanding its staff of experienced and highly competent employees.

Goals for 2013

Because of the "non-profitable" issue dominating the insurance sector, in 2013 companies are expected to be more selective in their choice and pricing of risks. In the coming period, when risk management at the corporate level will become more important than ever, the know-how and expertise offered in insurance services will become even more valuable for the customer. As a highly competitive industry in general, the insurance sector will experience an active year in terms of competition with the impact of these developments. With this outlook, Dinkal plans to continue pursuing consistent and rapid growth in line with its strategic goals.

Differentiating itself from competition with tailor-made solutions developed for its expanding customer portfolio, Dinkal plans to strengthen its sales team in 2013 in order to further enhance the Company's service quality.

Dinkal has adopted the goal of becoming a well-known and powerful corporate brand in the insurance sector, and the Company successfully moves forward on this path, thanks to its innovative approach and effective customer management.

As of year's end, Dinkal provided assurance to risks valued at about USD 5 billion with premium production of almost USD 20 million.

Human Resources

Akkök Group offers extensive social benefits to all Group company employees.

Qualified human resources for the sustainability of success...

Human resources processes focused on employee satisfaction

As of end-2012, Akkök Group employed more than 3,300 people. Keenly aware of the important role well-qualified human capital plays in achieving corporate success, Akkök Group improves the competence of its employees through effective human resource strategies and ensures their ability to add value to their respective business lines. Akkök Human Resources implement state-of-the-art practices in line with the Group's objectives. Employees of Akkök Group companies are offered an extensive compensation package including a performance management system, an awards and incentive program, health insurance plan, shuttle service or transportation allowance options, meals provided with a balanced diet, Company doctor services, and an opportunity for discounted membership to fitness centers nearby.

Strategic goals for continued growth

In defining its strategic human resource goals, Akkök Group prioritizes the development of objectives in accordance with its qualitative and quantitative organizational risk plans to fully implement the Group's overall corporate strategies. The Talent Management Process, launched in 2010 and completed in third quarter 2011, was implemented by including all top level and mid-level managers and specialists at the Group. In 2012, the decision was made to move all human resource processes across the Akkök Group onto a shared online platform. Standardization of all processes and establishment of the organizational memory base has been targeted with this platform. The first phase of this project, called "MOZAİK", was completed as of late December 2012 with the transfer of the 360-Degree Feedback, Skills and Competency Management, and Career and Succession Planing modules to an electronic environment. The second phase of the project involves the activation of the Performance Management module by February 2013. In April 2013, the third phase of the project, Training and Development module will migrate to the electronic platform. The completion of this phase will mark the successful completion of the project. The project will facilitate and ensure easy and quick participation of all Akkök Group employees in HR applications in an electronic environment, and increase employee efficiency in implementation.

Strengthening human resources through the right recruitment decisions

The second strategic goal of Akkök Group in human resources is to recruit creative, competent, initiative-taking individuals with leadership skills who will contribute achieve the Group's objectives. While Akkök Group aims to match the right person with the right job, it further sustains employee development and satisfaction through training opportunities.

Human Resources

The Akkök Group Orientation Program plays an important role in the development of a defined corporate culture and is one of the fundamental processes in the Group's human resource applications.

In line with this strategic goal, which includes selection and placement processes, all professionals who would like to become a part of the Akkök family are assessed through standardized and common recruitment processes that include different tools such as personnel inventory, competency-based interviews and assessment center practices.

Unlimited support for the development of employees

Another strategic goal in the human resources area for Akkök Group is to determine the training needs of all its employees and to provide opportunities to maintain their continuous professional development.

Aiming also to strengthen employee engagement through this process, the Group provided support to its employees to learn and develop their English skills through the Akkök English Language Development Program, which was launched in 2011.

Under the Program, which continued through 2012, employees were divided into groups in or across companies according to their English proficiency, and courses were conducted twice weekly, for a total of four hours per week. The English Language Development Program helps develop employee proficiency in a foreign language and thereby increases their motivation in the workplace; the Program also enables employees who work in different companies to interact with each other. Receiving a high level of participation, the Program continues across the Group with ever-increasing success.

Professional approach to the orientation process

Playing an important role in the development of a defined corporate culture, the Akkök Group Orientation Program is another initiative that continued in 2012 and constitutes one of the fundamental processes in the Group's human resources applications. As part of the Orientation Program, the competencies of the employees of Akkök Group are developed to meet the Group's goals and therefore productivity is increased. The Akkök Group Orientation Program was implemented in two editions in 2012. The main goals of the Program are creating a common ground between new employees and Akkök, cultivating a favorable first impression about Akkök, and reinforcing communication among the Group's employees. As the final stage of the recruitment process, the Orientation Program provides great support to those individuals who joined the Akkök Family in this new chapter of their professional lives. The individuals easily adapt to the Akkök corporate culture with the information and impression they receive about the Group while preparing themselves for their new posts by becoming acquainted with the Company and department they will be working in.

Training programs that create awareness in management

The "Managing Today's Business" training program, held in 2012, contributes to the third of Akkök Group's strategic goals. This practical training program, which mid-level managers from all Group companies attended, was conducted in two sessions over two days. Personnel from Group companies attended the training, which aims to raise awareness in executive teams in the areas of finance and management, in mixed groups. The mixed group structure helped reinforce the relationship network among the employees. "Managing Today's Business" will continuing to run for Company executives in 2013 as well.

Another training program for professional level is also planned to be devised at the request of the Group companies.

Changes introduced by the New Turkish Commercial Code

Akkök Group has established a New Projects Directorate in order to meet the requirements of the New Turkish Commercial Code that came into effect in 2012. With the lead of this Directorate, work was undertaken to prepare for the changes that the New Code will bring about.

Under the initiative, in addition to the regular meetings that were attended by teams, a total of 3,840 person hours of training from both internal and external sources was provided to the Management, Legal and Finance teams of Akkök Group.

Personnel Regulations

Constantly changing working conditions necessitated an update on the Personnel Regulations to better meet the needs of Akkök Group. The project related to Personnel Regulations, which was further necessitated due to Labor Law Nr. 4857, was completed and put into effect in 2012.

During the preparatory phase of the Regulations, the existing regulations of the Group companies were closely reviewed and the opinion of Company employees was also received. Reflecting both the changes brought about by the Labor Law and the policy and practices of Akkök Group Human Resources in the revised Personnel Regulations was the aim of this initiative.

The Regulations were prepared taking into consideration the flexible and contemporary working conditions included within the Labor Law that regulates the work environment; in addition, the employee benefits section was revised. All human resources processes that take place during the period between the recruitment and termination of an employee were reviewed and necessary updates were undertaken. All these changes and practices were reflected in the Personnel Regulations.

Personnel Regulations Main Categories

- General Provisions
- Recruitment
- Duties and Responsibilities
- Employment Conditions and Organizing Work Life
- Disciplinary Provisions
- Termination of Employment Contract
- Miscellaneous Provisions

Akkök Human Resources Policies

The human resources policies that support the fundamental principles of Akkök Group are summarized in the table below.

ORGANIZATIONAL DEVELOPMENT	We offer all candidates equal opportunity recruitment process.
SELECTION AND APPOINTMENT	We match the right person with the right job in our organization
COMPENSATION MANAGEMENT	We offer fair salaries based on job evaluation.
PERFORMANCE MANAGEMENT	We reward success in performance and competence, we enhance efficiency through motivation and commitment.
AWARDS	We acknowledge and value success.
INDUSTRIAL RELATIONS	We collaborate to sustain harmony in the industry.
COMMUNICATION	We communicate information in a timely, accurate, open and thorough manner.

Corporate Social Responsibility

Sharing its awareness of corporate social responsibility with its employees, Akkök Group encourages stakeholders to participate in its CSR activities.

Contributing to social development in all activities...

Projects that add value to all facets of social life

While providing employment to thousands of people, on the one hand, and adding value to Turkish economy, on the other, with its deep experience and know-how in various industries, Akkök Group also aims to contribute to social development in all activities it undertakes. The Group reinforces its already strong brand identity with social responsibility initiatives carried out in all facets of social life. Within the Akkök Group, which implements quality social responsibility activities in the areas of the environment, education, and arts and culture primarily, all such initiatives are considered to be an indispensable component of being a good corporate citizen. Sharing its awareness of corporate social responsibility with its employees, Akkök Group encourages stakeholders to participate in its CSR activities.

Placing particular importance on social responsibility projects that are conducted in those geographic areas where its production facilities are located, Akkök Group aims to support local development. Believing that a sustainable future is only possible with well-educated youth and environmental awareness, the Group further strengthens its relations with stakeholders in the impact area.

Support for arts and culture projects

Akkök Group believes that developing social awareness in the fields of arts and culture and engaging in continuous development play a significant role in having a respectable standing in the modern world for a society. As a result, the Group has provided support to arts and culture projects on both domestic and international platforms and sometimes even undertaking both itself since its inception. The most important projects supported by the Group include, in the international arena, the exhibition organized by the Royal Academy of Arts entitled "Turks" and the "Study of Turkey" survey conducted by the Oxford Centre for Islamic Studies; and in the domestic arena, the book entitled Yadigâr-ı Istanbul (Souvenirs of Istanbul) which was edited by Professor Nurhan Atasoy. Thanks to the Raif Dinçkök Cultural Center, which opened in 2011 in Yalova, Akkök Group now has its own ongoing platform to pursue its social responsibility initiatives in the arts and culture.

Corporate Social Responsibility

A modern arts and culture complex, the Raif Dinçkök Cultural Center has received numerous awards for its innovative design.

Raif Dinçkök Cultural Center

In May 2011, Akkök Group opened Raif Dinçkök Cultural Center in Yalova, where the Company has conducted operations for the past 43 years, in order to contribute to the cultural development of the residents of the region. Named after the founder of Akkök Group, the late Raif Dinçkök, the Center is comprised of four buildings on a 10 thousand square meter tract allocated by the Yalova Municipality. Designed with an ingenious architectural approach, the Center features multi-purpose halls for various arts and cultural events, workshops for formal trainings, a foyer, exhibition halls, cafeteria space and a terrace. Filling a gap in urban life in the area with these features, the Center was warmly welcomed by the people of Yalova.

A modern arts and culture complex, Raif Dinçkök Cultural Center has received numerous awards for its unique design. Selected one of the best European projects in the category of Commercial/Recreational Buildings among a record-breaking number of project entries from 39 different countries in the 2010 European Property Awards, the Center was lauded for its success. The distinctive architectural design of the Raif Dinçkök Cultural Center was further documented as one of seven projects of its architect, Mere Aortal, included in the book entitled "1000 Ideas by 100 Architects" that compiled the reflections of the world's top 100 architects on their own work. Furthermore, in October 2010, the Center advanced to the finals of the Cityscape competition, one of the most prestigious events in the Dubai real estate and construction industry, in two different categories and received an honorable mention in the Society and Social Life category.

Education

Firmly believing that a country's sustainable development depends largely upon bringing up youth in good quality and modern conditions, Akkök Group fulfills its responsibility in the field of education by building schools and supporting educational programs.

To date, the Group has constructed the following schools:

- Raif Dinçkök Primary School, Çerkezköy/Tekirdağ
- Aksa Anatolian Technical High School and Industrial Vocational High School, Yalova
- 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 private high school founded to provide an ideal educational environment for highly gifted and talented students from socio-economically disadvantaged backgrounds.

Akkök Firefly Mobile Learning Unit

Operating in Yalova, the Akkök Firefly Mobile Learning Unit was initiated in 2009 with the cooperation of the Akkök Group and the Educational Volunteers of Turkey (TEGV). A total of 86 persons have volunteered since the beginning of the project to facilitate the activities, which are supported by university students for the most part.

Benefiting more than 10 thousand students to date, the Firefly initiative continued to support the creativity and research skills of children in Yalova with workshops held in 2012. Currently, 64 volunteers are actively involved with the project. While children learn basic computer applications with the help of the volunteers at the Akkök Firefly Mobile Learning Unit, they also have the opportunity to participate in various programs that would in turn make them more socially aware and beneficial to society. The Firefly project is designed so that each child receives 12 hours of educational support. The initiative is comprised of various programs including a six-hour computer and technological literacy training program titled "Knowledge is My Business" as well as other a six-hour trainings programs such as "Enjoy-Learn-Sanitation," "I'm Beginning My Career Journey," "Environment, Traffic, Health" and "Journey to Myself."

Working with pupils from the Taşköprü, Yusuf Ziya, Şaban Temüge, Saffet Çam, Mareşal Fevzi Çakmak, İsmetpaşa Mazlum Palabıyık, Orgeneral Selahattin Risalet Demircioğlu, Atatürk and Müfettiş Hamdi Girgin elementary schools since it launched in Yalova, the Akkök Firefly Mobile Learning Unit continued its educational activities during summer 2012. During the summer period, the project organized a range of personal development related activities for 800 children residing in the neighboring districts. As of January 2013, a total of 216 children received training at the Akkök Firefly Mobile Learning Unit which has operated on the premises of GSD Eğitim Vakfı (Clothing Manufacturers Association Education Foundation) Primary and Middle School since December 2012.

Support for the Yalova Orthopedics Sports Club

Carrying out projects to foster social and cultural development in the locations where it operates, Akkök Group continued to provide support to sports activities in Yalova in 2012. Following an agreement signed in November 2012, the Group became the main sponsor of the Yalova Orthopedics Sports Club, a leading sports club in Yalova; founded in 2005, the Club currently competes in the Wheelchair Basketball Super League.

Akkök Group supports the Master's Program of the College of Europe

Seeing international educational opportunities as crucial for Turkish youth, Akkök Group was one of 15 private sector companies to provide support to the Master's Program of the College of Europe conducted by the Secretariat General for the EU Affairs during the 2011-12 academic year. Under the program, which was designed to increase the number of scholarships for young people within the framework of the EU Communication Strategies scheme, Akkök Group provides the tuition and living expenses of a student pursuing a postgraduate degree.

Sustainability

Ak-Kim sees protection of the environment as an integral part of social and corporate sustainability and works to ensure that its operations exceed legal requirements in this area.

Acting with a strong awareness of the importance of the environment for human beings...

All Akkök Group companies operate with a strong awareness of the importance of the environment for human beings in the activities they undertake. As a good corporate citizen, the Group carries out social responsibility projects to protect natural resources. The principle of environmental sustainability is taken into consideration by Group companies when making investment decisions. The companies also raise awareness among both employees and stakeholders with social projects and develop practices to minimize the environmental impact of their operations.

Efficient environmental management by Ak-Kim and Aksa Akrilik in light of the principles of Responsible Care

Ak-Kim sees protection of the environment as an integral part of social and corporate sustainability and works to ensure that its operations exceed legal requirements in this area. On 11 February 1993, the Company became one of the signatories to the voluntary Responsible Care Charter, which underlines the awareness on environmental, human health and technical safety issues of those companies that operate in the chemicals industry. As a result, Ak-Kim became one of the leading companies that participate in the program in Turkey. Meanwhile, at Aksa, where all business processes are carried out in compliance with the principles of sustainability within the concept of Responsible Care, all Company executives and employees take direct responsibility regarding health, safety and environmental issues. With the establishment of the Department of Health, Safety and the Environment in April 2012, the Environmental Expertise, Occupational Health and Safety, and Office Health units were merged under one roof to achieve greater efficiency. The Department of Health, Safety and the Environment follows up environmental, health and safety issues as related to the factory operations, and presents its findings both at weekly meetings and at Management Reviews held throughout the year.

Aksa continued to maintain zero non-compliance in the annual external inspections of ISO 14001 as performed by the Turkish Standards Institution since 2002. In 2012, Aksa obtained a Temporary Certification of Operation for emission and wastewater discharge permits, and for the vessel waste reception facility license required in line with the Regulation on the Permits and Licenses as stipulated by Environmental Legislation. At the end of 2012, the Company also applied for the next step of the Temporary Certification of Operation, the Environment Permit, and expects to obtain the permit.

Sustainability

In accordance with the Environment Law, waste collected at Akenerji under the scope of waste management is delivered to licensed companies authorized by the Ministry of Environment and Urbanization.

The Aksa R&D Center works on environmentally friendly projects for a sustainable environment. The Company certifies the human ecological safety of its products in the textiles industry with ÖKO-TEX 100, an internationally recognized standard. Sample Aksa products were once again submitted to the independent Testex laboratory in Switzerland in 2012, as they have been every year since 1995; the products passed testing for Class 1-Products (the category with the strictest limits and the most tests) for compliance and the certifications were renewed.

Environmental awareness with the right waste management: Akenerji

Both preventing environmental pollution and preserving natural resources with its waste management practices, Akenerji shares its awareness on the subject with all employees. Part of the human resources policy of the Company, the Akenerji Environment Movement organizes trainings and projects throughout the year in order to raise environmental awareness among employees. In accordance with the Environment Law, waste collected at Akenerji under the scope of waste management is delivered to licensed companies authorized by the Ministry of Environment and Urbanization.

Therefore, all hazardous waste both from the power plants and from the Ak Han Headquarters are recycled and disposed of. In 2012, about 43 kilograms of hazardous waste was disposed of and some 44 tons was recycled.

In addition, with the help of all Akenerji employees and the rest of the companies within Akkök Group, 43 kilograms of battery waste was separated from the general waste and delivered to the Battery Manufacturers and Exporters Association. Thanks to the environmental awareness raised among its employees, Akenerji leads in collection of recyclable waste materials every year.

In 2012, about 2,425 kilograms of paper was collected at Ak Han and the Akenerji power plants and delivered to a recycling company.

With regards to recycling electronic waste at the Ak Han Headquarters and the power plants of Akenerji Group, which was initiated in August, 309 kilograms of electronic waste was recycled by end-2012.

Environment award for the Akenerji Bözüyük Power Plant

The Akenerji Bozüyük Natural Gas Power Plant was chosen the Cleanest Industrial Facility in the "Cleanest Industrial Facility in Bilecik" competition held by the Bilecik Provincial Directorate of Environment and Urbanization as part of the annual World Environment Day celebration on July 5. The environmental awareness of Akenerji was also awarded for the second time with the Environment Charter granted to the Bozüyük Natural Gas Power Plant. The Company had received the same award for its environmentally friendly practices at the Çerkezköy Power Plant in previous years.

An environmentally friendly shopping mall by Akiş REIT

Believing that all companies bear great responsibility in preventing global climate change, Akiş REIT puts this understanding into practice with its environmentally friendly building designs. Akbatı Shopping Mall and Akbatı Residences, designed to be energy efficiency and optimized, are expected to be certified as Green Buildings. Under Green Building certification, structures are assessed on the criteria of healthy living, energy efficiency, means of transport, water management, material supplies, waste management, ecology and environmental pollution. During the construction of Akbatı Shopping Mall located in Esenyurt, all processes including the choice of materials, acclimatization, resource management and internal design were carried out in such a manner to meet these criteria and minimize environmental impact.

The environmental awareness of Akenerji was awarded for the second time with the Environment Charter granted to the Bozüyük Natural Gas Power Plant.

Sustainability

With its Open Door Policy put into effect in 1999, Ak-Kim enabled its employees to contact Company executives regarding all matters.

During the Green Building Certification process, Akbatı Shopping Mall also aims to receive "Energy Identity Certification" which was recently launched in Turkey at the highest level. Together with these certifications, Akbatı will rank among the first shopping mall to emphasize environmental awareness and energy efficiency and to document its activities in the area.

Environmental Management System and Corporate Resource Planning at Ak-Tops

One of the first 100 Turkish organizations to receive TS EN ISO 9002 Quality Management Systems Certification, Ak-Tops is committed to implementing these quality policies in all the Company's business processes. In 2006, Ak-Tops was the first Akkök Group company to implement the TS 18001 Occupational Health and Safety Management System. The Company has further adopted the TS EN ISO 14001 Environmental Management System in line with its eco-friendly approach and received certification in 2008. Ak-Tops further obtained TS EN ISO 9001:2008 Quality Management System Certification; later in 2012, the Company received TS EN ISO 50001 Energy Management Systems Certification, the first enterprise to be granted this designation in the Akkök Group and in the textile sector.

Ak-Tops places special importance on its Six Sigma scheme focused on Corporate Resource Planning practices. Ak-Tops focuses on conducting studies in innovation, R&D and productivity, and executes all of its activities based on its Environmental Impact Assessment and Environmental Licenses to preserve the social and environmental balance. Ak-Tops treats its waste in a risk-free system, respectful of the environment. In fact, results of two-weekly analyses performed at the Company's wastewater treatment facility by an accredited laboratory show that the average need for chemical oxygen is 85-90 mg/l.

Social Projects

Open Door Policy at Aksa and Ak-Kim

Reflecting the principles of transparency and accountability as key components of its corporate identity in its business processes and socially responsible endeavors, Aksa provides unlimited communication and exchange of information within the Company with its Open Door Policy. Now put into writing, the Open Door Policy aims to enable employees to communicate with Company executives regarding any professional or non-professional subject matter; personnel may also bring up issues related to customers, society at large, business partners and shareholders with the officers of the Company with ease and without hesitation.

Open Door Days are organized with the participation of Responsible Care team members; at the event, members of the press as well as residents of Yalova and neighboring districts are hosted at the Aksa Akrilik facilities.

Visitors to Aksa facilities are informed about business processes, environment management systems and the Company's contributions to the city. Over 17 thousand visitors have had the opportunity to visit Aksa Akrilik facilities and receive information since 1999, when the Open Door Days initiative began. With its Open Door Policy put into effect in 1999, Ak-Kim enabled employees to contact Company executives regarding all matters. Under this policy, meetings named "Chat with the General Manager" are held twice a year with the participation of employees where the working conditions are discussed in complete transparency. Converting this policy into a social responsibility project, the Company also opened the doors of its facilities to official organizations and institutions as well as students ranging from elementary school up to the university level.

The UN Global Compact Principles

Observing the impact of private sector companies on the world economy, the United Nations formulated and published the Global Compact Principles. The GCP calls on the leaders of the business world to help achieve sustainability in the global economy, to support the institution of the necessary environmental and social bases, and to make global investments for the peoples of the world. This appeal was officially made in July 2000 and immediately met with a favorable response worldwide. As of today, more than 8,000 corporations from 130 countries have signed the Global Compact Principles.

Having defined an all-new corporate responsibility approach built on volunteerism and introducing universal principles for the improvement of humanity, GCP was born from the idea of building a shared and participative development culture.

Akkök Group believes in the important role of sustainability in social and environmental development. The Group became a signatory to the Global Compact Principles at the end of 2007. Akkök Group defines itself as a corporate world citizen, and with its signature, has assured that it will handle all of its business processes in a carefully maintained and decent environment that is respectful of employee rights. Akkök Group is aware of its responsibilities related to sustainable development and is committed to continuing its activities in accordance with the GCP.

Akkök Group is represented by a designated Board Member in the UN's GCP.

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 in human rights abuses.

Labor

3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

4: The elimination of all forms of forced and compulsory labor;

5: The effective abolition of child labor; and

6: The elimination of discrimination in respect of 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 technologies.

Anti-corruption

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

Akkök Group believes in the important role of sustainability in social and environmental development. The Group signed the UN Global Compact Principles at the end of 2007.

AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2012 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 2012, 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 audit opinion.

Opinion

4. In our opinion, 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 2012, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

5. Without 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, 13 May 2013

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AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2012 AND 2011

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

	Notes	2012	2011
ASSETS			
Current assets		**1,698,417**	**1,722,282**
Cash and cash equivalents	7	554,690	423,532
Trade receivables	8	529,466	593,591
Due from related parties	9	204,838	101,718
Financial assets	10	10,613	10,705
Inventories	11	264,144	383,152
Other current assets	18	134,666	209,584
Non-current assets		**2,367,858**	**2,328,073**
Trade receivables	8	12,843	24,450
Financial assets	10	47,736	31,269
Financial investments	12	14,672	8,361
Investments in associates	13	26,394	26,877
Inventories		6,524	–
Investment property	14	434,384	450,701
Property, plant and equipment	15	1,274,694	1,308,704
Intangible assets	16	202,493	215,966
Goodwill	17	173,075	173,075
Deferred income tax assets	22	15,087	13,379
Other non-current assets	18	159,956	75,291
Total assets		**4,066,275**	**4,050,355**

These consolidated financial statements were authorised for issue by the board of directors on 13 May 2013.

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 2012 AND 2011

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

	Notes	2012	2011
LIABILITIES AND EQUITY			
Current liabilities		**1,306,625**	**1,358,723**
Trade payables	20	358,558	368,400
Due to related parties	9	22,306	87,937
Borrowings	19	710,406	567,433
Derivative financial instruments	21	4,875	2,153
Income taxes payable	22	17,390	10,957
Other current liabilities	18	193,090	321,843
Non-current liabilities		**921,915**	**1,102,639**
Trade payables	20	23,681	23,113
Borrowings	19	777,299	961,202
Derivative financial instruments	21	10,289	10,588
Provision for employee benefits	23	34,003	30,100
Deferred income tax liabilities	22	28,628	42,078
Other non-current liabilities	18	48,015	35,558
Total liabilities		**2,228,540**	**2,461,362**
Equity			
Share capital	24	13,098	13,098
Adjustment to share capital	24	168,630	168,630
Total paid-in capital		181,728	181,728
Available-for-sale investments		7,401	1,404
Hedging reserve		(12,080)	(9,665)
Currency translation differences		534	1,598
Retained earnings		791,784	649,246
Equity attributable to owners of the parent		**969,367**	**824,311**
Non-controlling interests		**868,368**	**764,682**
Total equity		**1,837,735**	**1,588,993**
Total equity and liabilities		**4,066,275**	**4,050,355**

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

AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	Notes	2012	2011
Continuing Operations			
Sales, net	26	2,919,591	2,665,671
Cost of sales (-)	27	(2,523,875)	(2,226,983)
Gross Profit		**395,716**	**438,688**
General and administrative expenses (-)	28	(142,084)	(140,815)
Marketing, selling and distribution expenses (-)	29	(64,729)	(68,814)
Research and development expenses (-)		(5,667)	(5,296)
Other operating income, net	30	182,157	15,990
Operating profit		**365,393**	**239,753**
Share of profit from associates	13	6,622	7,485
Financial income	31	287,033	387,305
Financial expenses	32	(266,958)	(540,660)
Profit before income tax		**392,090**	**93,883**
Income tax expense	22	(89,966)	(23,056)
Profit from continuing operations		**302,124**	**70,827**
Loss after tax from discontinued operations		**(123)**	**(1,190)**
Profit for the year		**302,001**	**69,637**
Other comprehensive income/ (loss):			
Currency translation differences		(2,688)	1,598
Cash flow hedges		(1,688)	(4,864)
Available-for-sale financial assets		5,997	(3,980)
Total comprehensive income for the year		**303,622**	**62,391**
Profit attributable to:			
Owners of the parent		143,193	5,760
Non-controlling interests		158,808	63,877
Total		**302,001**	**69,637**
Total comprehensive income attributable to:			
Owners of the parent		145,711	(1,486)
Non-controlling interests		157,911	63,877
Total		**303,622**	**62,391**

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 2012 AND 2011

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

	Attributable to owners of the parent								
	Share capital	Adjustment to share capital	Available-for-sale investments	Hedging reserve	Currency translation differences	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2011	**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**
Balance at 1 January 2012	**13,098**	**168,630**	**1,404**	**(9,665)**	**1,598**	**649,246**	**824,311**	**764,682**	**1,588,993**
Dividends paid	-	-	-	-	-	(655)	(655)	(54,225)	(54,880)
Total comprehensive income for the year	-	-	5,997	(2,415)	(1,064)	143,193	145,711	157,911	303,622
Balance at 31 December 2012	**13,098**	**168,630**	**7,401**	**(12,080)**	**534**	**791,784**	**969,367**	**868,368**	**1,837,735**

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 2012 AND 2011

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

	Notes	2012	2011
Consolidated profit before tax including discontinud operations:		**392,090**	**93,703**
Adjustments:			
Depreciation and amortisation	14, 15, 16	96,440	93,768
Provision for employee benefits	23	8,810	8,682
Actuarial losses	23	385	826
Interest expense	32	57,950	56,477
Interest income	31	(43,557)	(30,654)
Provision for/ (reversal of) impairment of inventories, net	11	1,003	(2,981)
Provision for/ (reversal of) impairment of receivables, net	8	(1,506)	18,436
Share of profit from associates	13	(6,622)	(7,485)
Unrealized foreign exchange loss/ (gain)		(14,946)	204,022
Gain from sales of property, plant and equipment	30	(72,321)	(5,911)
Loss from sales of investment property		–	5,804
Gain from sale of a subsidiary	6	(88,169)	–
Net cash generated from operating activities before changes in working capital		**329,557**	**434,687**
Changes in working capital:			
Restricted cash		5,082	(4,516)
Decrease in trade receivables		72,705	(128,929)
Increase in due from related parties		(103,120)	(33,140)
Increase in inventories		100,620	(138,765)
Increase in financial assets		(16,375)	(17,288)
Decrease/ (increase) in other assets		(17,625)	(99,288)
(Decrease)/increase in trade payables		970	108,560
Increase in due to related parties		(65,631)	(14,698)
(Decrease)/increase in derivative financial instruments		4,241	6,530
Increase in other liabilities		(111,245)	66,624
Employment termination benefits paid	23	(4,924)	(12,335)
Income taxes paid		(99,891)	(46,562)
Net cash generated from operating activities		**94,364**	**120,880**
Investment activities:			
Purchases of property, plant and equipment and intangible assets	15, 16	(236,521)	(340,539)
Purchases of investment property	14	(6,546)	(145,635)
Proceeds from sale of property, plant and equipment	15, 16	87,746	31,524
Proceeds from sale of investment property	14	22,158	12,406
Change in consolidation scope	2.2	–	2,025
Capital increase of minority shareholders		–	64,786
Dividends received	13	7,105	–
Interest received		46,473	37,496
Proceeds from sales of subsidiaries	6	180,782	–
Net cash used in investing activities		**101,197**	**(337,937)**
Financing activities:			
Proceeds from borrowings		785,196	662,285
Repayment of borrowings		(493,636)	(201,567)
Change in revolving borrowings		(236,340)	531
Dividend paid to non-controlling interests		(54,225)	(38,617)
Currency translation differences		(9,128)	1,598
Hedging reserve		(4,738)	(5,077)
Interest paid		(45,795)	(50,413)
Dividend payments to parent company		(655)	–
Net cash generated from financing activities		**(59,321)**	**368,740**
Net increase in cash and cash equivalents		136,240	151,683
Cash and cash equivalents at beginning of year	7	**412,980**	**261,297**
Cash and cash equivalents at end of year	7	**549,220**	**412,980**

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 2012

(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 İstanbul

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 34)
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 Gayrimenkul Geliştirme ve 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

(*) As of 31 December 2012, Ak-Al Gayrimenkul Geliştirme ve Tekstil Sanayii A.Ş. has been included with full consolidation method in the consolidated financial statements. Ak-Al Gayrimenkul Geliştirme ve Tekstil Sanayii A.Ş. merged with Akiş Gayrimenkul Yatırımı A.Ş. with its assets and liabilities as a whole as of 4 January 2012.

(**) As of 31 December 2012, Akdepo Lojistik ve Dış Ticaret A.Ş. has been included with full consolidation method in the consolidated financial statements. Akdepo Lojistik ve Dış Ticaret A.Ş. merged with Akkök with its assets and liabilities as a whole as of 20 March 2012.

Per segment reporting consistent with the purpose of financial reporting, the solo financial statement of Akkök is classified in 'Other' reporting (Note34).

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

AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.
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Joint ventures

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

Joint ventures	Registered country	Nature of business	Reportable segment	Joint venture partner
Ak-El Yalova Elektrik A.Ş.	Turkey	Energy	Energy	CEZ a.s.
Akcez Enerji Yatırımlar Sanayi ve Ticaret A.Ş. ("Akcez")	Turkey	Energy	Energy	CEZ a.s..
Akka Elektrik Üretim A.Ş.	Turkey	Energy	Energy	CEZ a.s..
Akenerji Doğalgaz İthalat İhracat ve Toptan Ticaret A.Ş.	Turkey	Energy	Energy	CEZ a.s..
Akenerji Elektrik Enerjisi İthalat-İhracat ve Toptan Ticaret A.Ş.	Turkey	Energy	Energy	CEZ a.s.
Akenerji Elektrik Üretim A.Ş. ("Akenerji")	Turkey	Energy	Energy	CEZ a.s.
Akkur Enerji Üretim Tic. ve San. A.Ş.	Turkey	Energy	Energy	CEZ a.s.
Egemer Elektrik Üretim A.Ş.	Turkey	Energy	Energy	CEZ a.s.
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.
Sakarya Elektrik Parakende Satış 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
DowAksa Advanced Composites Holding B.V.	Holland	Holding	Chemical	Dow Europe Holdings B.V
DowAksa İleri Kompozit Malzemeler Sanayi Ltd.Şti	Turkey	Chemical	Chemical	Dow Europe Holdings B.V

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	Country	Business	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

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

AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.
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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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.

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The table below sets out the proportion of voting power held by Akkök and its subsidiaries and effective ownership interests at 31 December 2012 and 2011:

	Proportion of voting power held by Akkök and its subsdiaries (*)		Proportion of voting power held by certain Dinçkök family members and related shareholders (%) (**)		Total voting power held		Proportion of effective intereest (***)	
Subsidiaries	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Ak Havacılık ve Ulaştırma Hizmetleri A.Ş.	100.00	100.00	–	–	100.00	100.00	100.00	100.00
Ak-Al Gayrimenkul Geliştirme ve Tekstil Sanayii A.Ş.	52.71	52.71	6.77	6.77	59.48	59.48	52.51	52.51
Ak-Kim Kimya Sanayi ve Ticaret A.Ş.	42.00	42.00	50.88	50.88	92.88	92.88	42.00	42.00
Akmeltem Poliüretan Sanayi ve Ticaret A.Ş.	50.00	50.00	1.67	1.67	51.67	51.67	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.	76.31	76.25	11.85	11.96	88.15	88.27	76.31	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.	99.80	75.05	0.05	0.05	99.85	75.10	41.92	31.52
Ak-Tops Tekstil Sanayi A.Ş.	60.00	60.00	33.30	33.30	93.30	93.30	23.75	23.75
Ariş Sanayi ve Ticaret A.Ş.	43.34	43.37	28.33	30.05	71.67	73.39	43.34	43.37
Dinkal Sigorta Acenteliği A.Ş.	96.66	96.66	2.23	2.23	98.89	98.89	95.53	95.53
Akdepo Lojistik ve Dış Ticaret A.Ş	100.00	89.61	–	4.64	100.00	94.25	100.00	89.61
Zeytinliada Turizm ve Ticaret A.Ş.	89.61	89.61	4.64	4.64	94.25	94.25	89.61	89.61
İstasyon Tekstil ve Sanayi Ticaret A.Ş.	43.37	43.37	28.31	28.31	71.68	71.68	43.37	43.37
Akiş Gayrimenkul Yatırımı A.Ş.	20.00	20.00	64.36	64.36	84.36	84.36	20.00	20.00
Fitco BV	100.00	100.00	–	–	100.00	100.00	39.59	39.59
Aksa Egypt Acyrlic Fiber Industrie SAE	100.00	100.00	–	–	100.00	100.00	39.59	39.69
Aktek Bilgi İletişim Teknolojisi San. ve Tic. A.Ş.	20.00	20.00	40.00	40.00	60.00	60.00	20.00	20.00
Çerkezköy Tekstil Sanayi ve Ticaret A.Ş. (****)	–	43.37	–	28.31	–	71.68	–	43.37
Ak Yön Yönetim ve Bakım Hizmetleri A.Ş.	99.99	99.99	–	–	99.99	99.99	20.00	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
(****) Çerkezköy Tekstil Sanayi ve Ticaret A.Ş has been fully merged with Ariş Sanayi ve Ticaret A.Ş as of 4 July 2012.

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 2012
(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 2012 and 2011:

	Proportion of voting power held by Akkök and its subsidiaries (%)		Proportion of voting power held by certain Dinçkök family members (%)		Total voting power held		Proportion of effective interest (%)	
Joint ventures	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Ak-El Yalova Elektrik A.Ş..	90.07	90.07	5.86	5.86	95.93	95.93	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-İhracat ve Toptan Ticaret A.Ş	90.00	90.00	5.00	5.00	95.00	95.00	20.43	20.43
Akkur Enerji Üretim Tic. ve San. A.Ş.	99.43	99.00	0.29	0.50	99.71	99.50	20.43	20.43
Mem Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş	99.28	99.00	0.36	0.50	99.64	99.50	20.43	20.43
Akka Elektrik Üretim A.Ş.	90.00	90.00	5.00	5.00	95.00	95.00	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	2.50	47.50	47.50	45.00	45.00
Sakarya Elektrik Dağıtım A.Ş.	100.00	100.00	–	–	100.00	100.00	36.69	36.69
Sakarya Elektrik Parakende Satış A.Ş.	100.00	–	–	–	100.00	–	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	–	–	99.99	99.99	20.43	20.43
Akenerji Doğalgaz İthalat İhracat ve Toptan Ticaret A.Ş.	99.99	99.99	–	–	99.99	99.99	20.43	20.43
Garanti Koza-Akiş Adi Ortaklığı	25.00	25.00	–	–	25.00	25.00	5.00	5.00
Dowaksa Advanced Kompozit Holding B.V.	50.00	–	–	–	50.00	–	19.79	–
DowAksa İleri Kompozit Malzemeler Sanayi Ltd.Şti.	50.00	–	–	–	50.00	–	19.79	–

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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 2012 and 2011:

	Proportion of voting power held by Akkök and its subsidiaries (%)		Proportion of voting power held by certain Dinçkök family members (%)		Total voting power held		Proportion of effective interest (%)	
Subsidiaries	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş. ("Akmerkez")	13.12	13.12	5.57	5.57	18.69	18.69	13.12	13.12
Saf Gayrimenkul Yatırım Ortaklığı A.Ş.	6.56	6.56	14.21	14.21	20.77	20.77	1.31	1.31

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 its subsidiaries (%) (*)		Proportion of voting power held by certain Dinçkök family members (%)		Proportion of effective interest (%)	
Finansal Yatırımlar	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Akhan Bakım Yön. Ser. Hiz. Tic. A.Ş.	99.00	99.00	0.15	0.15	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	–	1.00	–	39.76

(*) Çerkezköy Tekstil Sanayi ve Ticaret A.Ş has been fully merged with Ariş Sanayi ve Ticaret A.Ş. as of 4 July 2012.

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.

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.

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2.4 Changes in standards and interpretations

a) Standards, amendments and IFRICs applicable to 31 December 2012 year ends:

- IFRS 7 (amendment), "Financial instruments: Disclosures on transfers of assets", is effective for annual periods beginning on or after 1 July 2011. This amendment will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets. Comparative information is not needed in the first year of adoption. Earlier adoption is permitted.
- IFRS 1 (amendment), "First-time adoption of IFRS", is effective for annual periods beginning on or after 1 July 2011. These amendments include two changes to IFRS 1. The first replaces references to a fixed date of 1 January 2004 with 'the date of transition to IFRSs', thus eliminating the need for entities adopting IFRSs for the first time to restate derecognition transactions that occurred before the date of transition to IFRSs. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation. Earlier adoption is permitted.
- IAS 12 (amendment), "Income taxes" on deferred tax, is effective for annual periods beginning on or after 1 January 2012. This amendment introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, "Income taxes - recovery of revalued non-depreciable assets", will no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is withdrawn. Early adoption is permitted.

The aforementioned standards are not currently relevant for the Company.

(b) New IFRS standards, amendments and IFRICs effective after 1 January 2013

The following new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company.

- IAS 19 (amendment), "Employee benefits", is effective for annual periods beginning on or after 1 January 2013. These amendments eliminate the corridor approach and calculate finance costs on a net funding basis. Early adoption is permitted.
- IAS 1 (amendment), "Presentation of financial statements", regarding other comprehensive income is effective for annual periods beginning on or after 1 July 2012. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. Early adoption is permitted.
- IFRS 10, "Consolidated financial statements", is effective for annual periods beginning on or after 1 January 2013. The standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. This new standard might impact the entities that a group consolidates as its subsidiaries.
- IFRS 11, "Joint arrangements", is effective for annual periods beginning on or after 1 January 2013. IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.
- IFRS 12, "Disclosures of interests in other entities", is effective for annual periods beginning on or after 1 January 2013. The standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.
- IFRS 10, 11 and 12 on transition guidance (amendment), is effective for annual periods beginning on or after 1 January 2012. The amendment also provide additional transition relief in IFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosure related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for the periods before IFRS 12 is applied.

- IFRS 13, "Fair value measurement", is effective for annual periods beginning on or after 1 January 2013. The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.
- IAS 27 (revised), "Separate financial statements", is effective for annual periods beginning on or after 1 January 2013. The standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.
- IAS 28 (revised), "Associates and joint ventures", is effective for annual periods beginning on or after 1 January 2013. The standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.
- IFRS 7 (amendment), "'Financial instruments: Disclosures', on offsetting financial assets and financial liabilities", is effective for annual periods beginning on or after 1 January 2013. The amendment reflects the joint IASB and FASB requirements to enhance current offsetting disclosures. These new disclosures are intended to facilitate comparison between those entities that prepare IFRS financial statements and those that prepare US GAAP financial statements.
- IAS 32 (amendment), "'Financial instruments: Presentation', on offsetting financial assets and financial liabilities", is effective for annual periods beginning on or after 1 January 2014. The amendment updates the application guidance in IAS 32, 'Financial instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.
- IFRS 1 (amendment), "'First time adoption', on government loans", is effective for annual periods beginning on or after 1 January 2013. The amendment addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRS. It also adds an exception to the retrospective application of IFRS, which provides the same relief to first-time adopters granted to existing preparers of IFRS financial statements when the requirement was incorporated into IAS 20 in 2008.
- Annual Improvements to IFRSs 2011 is effective for annual periods beginning on or after 1 January 2013. Amendments effect five standards: IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34.
- IFRS 9, "Financial instruments: Classification and Measurement", is effective for annual periods beginning on or after 1 January 2015. The standard addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments.
- IFRS 10, (amendment) "Consolidated Financial Statements", IFRS 12 and IAS 27 for investment entities is effective for annual periods beginning on or after 1 January 2013. These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an "investment entity" definition and which display particular characteristics. Changes have also been made IFRS 12 to introduce disclosures that an investment entity needs to make.
- IFRIC 20, "Stripping costs in the production phase of a surface mine" is effective for annual periods beginning on or of 1 January 2013. This interpretation sets out the accounting for overburden waste removal (stripping) costs in the production phase of a mine.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company except IFRS 11 that changes the accounting of joint ventures from proportionate consolidation to equity accounting which will not affect the net asset of the Group. However, consolidated balance sheet and consolidated income statement will change by the amounts which has been presented in Note 6.

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. 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.

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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 2012 and 2011 the Group does not have any financial assets at fair value through profit or loss.

Loans and Receivables

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

Available for sale financial assets

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

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).

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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).

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.

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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	5-10
Furniture and fixtures	2-50
Special costs	4-46

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.

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	3-49

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Research and development expenses

Expenditures for research and development are expensed in the period incurred. Except with the following criteria for project expenditures are recorded as expense in the period incurred as well (Note 16):

- 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.

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.

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.

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".

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.

The connection fees received from customers are accounted for as income, when the fees are received and categorized under sales.

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

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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.

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, one of the affiliate's of the Group and Akiş, one of the the subsidiaries of the Group are not subject to Corporate Tax by Law.

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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.

3.16 Events after the balance sheet date

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

3.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate (Note 33).

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 (Note 33).

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.

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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.

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 34).

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3.24 Derivative financial instruments

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

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

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

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

3.25 Reporting of cash flows

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

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

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

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3.28 Leases

a) The Group as the lessor

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).

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 34).

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).

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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 33).

e) Income taxes

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

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).

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i) Akport investments

As explained in detail in Note 33, 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 2012.

j) Goodwill impairment test

The recorded amount of goodwill's impairment is tested via comparing it with the net realizable value as of 31 December 2012. As it is also stated in IAS 36, amount recoverable is designated in accordance with the higher amount of net realizable value excluding cost of sales and value in use of cash generating units. Company value, calculated according to usage method, is compared with the net book value and no impairment has been identified.

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 2012 and 31 December 2011 is as follows:

	2012	2011
Assets	883,289	980,897
Liabilities (-)	(1,599,310)	(1,728,427)
Net balance sheet position	**(716,021)**	**(747,530)**

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2012	USD position	Euro position	Other foreign currency position	Total
Assets:				
Cash and cash equivalents	273,897	39,633	2,484	316,014
Accounts receivable	403,964	59,188	349	463,501
Other assets	26,554	76,379	841	103,774
Total assets	**704,415**	**175,200**	**3,674**	**883,289**
Liabilities:				
Short-term debt	484,922	79,238	–	564,160
Long-term debt	632,837	23,925	–	656,762
Accounts payable	214,580	14,584	–	229,164
Other liabilities	146,430	2,794	–	149,224
Total liabilities	**1,478,769**	**120,541**	**–**	**1,599,310**
Net foreign currency position	**(774,354)**	**54,659**	**3,674**	**(716,021)**

2011	USD position	Euro position	Other foreign currency position	Total
Assets:				
Cash and cash equivalents	209,980	27,740	1	237,721
Accounts Receivable	493,703	100,718	435	594,856
Other Assets	126,254	22,066	–	148,320
Total assets	**829,937**	**150,524**	**436**	**980,897**
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	**(789,176)**	**42,738**	**(1,092)**	**(747,530)**

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The table below shows the sensitivity of the net foreign currency position of the Group to the changes in the consolidated financial statements as of 31 December 2012 and 2011.

2012	Appreciation of foreign currency	Depreciation of foreign currency
In case 10% appreciation of USD against TL		
USD net asset/ (liability)	(77,435)	77,435
USD net effect - income/ (expense)	**(77,435)**	**77,435**
In case 10% appreciation of Euro against TL		
Euro net asset/ (liability)	5,466	(5,466)
Euro net effect - income/ (expense)	**5,466**	**(5,466)**

2011	Appreciation of foreign currency	Depreciation of foreign currency
In case 10% appreciation of USD against TL		
USD net asset/ (liability)	(78,918)	(78,918)
USD net effect - income/ (expense)	**(78,918)**	**(78,918)**
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)**

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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 2012 and 2011, the Group's borrowings at floating rates are mainly denominated in USD and Euro.

At 31 December 2012, 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 4,118 (2011: TL 4,140) 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).

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Credit risk of financial instruments at 31 December 2012 is as follows:

	Trade receivables		Other receivables		Bank deposits	
2012	Related party	Other	Related party	Other	Related party	Other
Maximum credit risk exposure as of the reporting date	**204,838**	**636,733**	**–**	**294,622**	**–**	**550,109**
– Secured portion of the maximum credit risk by guarantees	***–***	***228,987***	***–***	***–***	***–***	***–***
Net book value of financial assets that are neither past due nor impaired	204,838	487,380	–	294,622	–	550,109
Financial assets with renegotiated conditions	–	10,714	–	–	–	–
Net book value of financial assets that are past due but not impaired	–	44,639	–	–	–	–
– Secured portion by guarantees	–	*15,582*	–	–	–	–
Net book value of impaired assets	–		–	–	–	–
– Overdue (gross book value)	–	*94,000*	–	–	–	–
– Impairment (-)	–	*(90,477)*	–	–	–	–
– Secured portion by guarantees	–	*3,523*	–	–	–	–

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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 exposure as 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 are neither 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 are past 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*	–	–	–	–

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5.5 Liquidity risk

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

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

2012:

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	1,487,705	1,679,503	300,131	436,383	618,268	324,721
Accounts payable	382,239	383,332	309,590	50,061	2,368	21,313
Due to related parties	22,306	22,306	21,996	310	–	–
Total	**1,892,250**	**2,085,141**	**631,717**	**486,754**	**620,636**	**346,034**

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	15,164	15,566	889	4,388	10,289	–

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**

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

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5.6 Capital risk management

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

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

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

The ratio of net debt/equity at 31 December 2012 and 2011 is as follows:

	2012	2011
Total liabilities	1,892,250	2,008,085
Less: cash and cash equivalents (Note 7)	(554,690)	(423,532)
Net debt	**1,337,560**	**1,584,553**
Total shareholders' equity	1,837,735	1,588,993
Total equity	**3,175,295**	**3,173,546**
Debt/equity ratio	**42%**	**50%**

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.

Monetary liabilities

Bank loans and other liabilities are anticipated to approximate their book value due to their short-term nature.

The long-term loans are assumed to approximate to their carrying value due to their changing interest rates (Note19).

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.

2012	Level 1	Level 2	Level 3
Available-for-sale financial assets	13,212	1,460	-
Total assets	**13,212**	**1,460**	**-**
2011	**Level 1**	**Level 2**	**Level 3**
Available-for-sale financial assets	6,839	1,522	-
Total assets	**6,839**	**1,522**	**-**

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.

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NOTE 6 – JOINT VENTURES

a) Joint Ventures

The aggregate amounts of current assets, non-current assets, current liabilities, non-current liabilities of joint-ventures included in the consolidated financial statements as of 31 December 2012 and 2011 by using the proportionate consolidation method are as follows: (Note 2.c):

Balance sheet:	2012	2011
Current assets	535,399	303,522
Non-current assets	1,168,325	982,945
Total assets	**1,703,724**	**1,286,467**
Short-term liabilities	396,322	414,858
Long-term liabilities	589,112	488,955
Total liabilities	**985,434**	**903,813**
Equity	718,290	382,654
Total liabilities and equity	**1,703,724**	**1,286,467**

The aggregate amounts of income/expenses of joint-ventures included in the consolidated financial statements for the years ended 31 December 2012 and 2011 by using the proportionate consolidation method are as follows:

Statements of income	2012	2011
Gross profit	**65,876**	**110,976**
Marketing, selling and distribution expenses (-)	(20,886)	(25,210)
General and administrative expenses (-)	(21,538)	(49,228)
Research and development expenses (-)	-	(12)
Other operating income/ (expense), net	(8,605)	(3,811)
Operating profit	**14,847**	**32,715**
Financial expenses, net (-)	8,748	(129,795)
Other extraordinary income/expense	9,396	35,846
Profit before income tax	**32,991**	**(61,234)**
Income tax credit/ (charge)	(11,680)	343
Loss for the period	**21,311**	**(60,891)**

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b) Sales of DowAksa Holdings B.V's share holders

Aksa Akrilik Kimya Sanayii Anonim Şirketi, one group's related parties, is found appropriate to be divided into a new incorporated company with a capital contribution to the operations of carbon fiber in accordance with the 5220 numbered Corporate Tax Law's 19th statement, 3rd item, (b) clause and 20th statement, the Ministry of Finance's 3 April 2007 dated (Serial No: 1) Corporate Tax General Declaration's 19.2.2 statement and the Ministry of Finance and Ministry of Industry and Commerce's 16 September 2003 dated 25231 numbered, published on the Official Gazette, Declaration About the Restatement of the Principals and Methods of Incorporated and Limited Company's Partial Partition Processes and Capital Market Board's 25 November 2011 dated and 39/1065 dated decision. This decision is accepted by the partners during the 28 December 2011 dated General Assembly and Aksa Karbon Elyaf Sanayi A.Ş. is founded on 2 January 2012.

Before the 50%-50% international partnership operations with Dow Europe Holdings B.V., Aksa acquired all the shares of Celtic Pharma Holdings II B.V., founded in Netherlands, 18.000 Euro nominal valued share capital on 1 June 2012 and changed the company title as Aksa Netherlands Holding B.V. ("Aksa Netherlands").

Aksa capitalized all of its related party Aksa Karbon Elyaf Sanayi A.Ş. shares, 99,99% of which it owns, within Aksa Netherlands as real capital on 15 June 2012 with an amount of ABD 185.000.000.

Within the scope of the 50%-50% international partnership operations with Dow Europe Holdings B.V., Aksa Netherlands' 8.108% of shares are sold to Dow Europe Holdings B.V. on 29 June 2012 with an amount of ABD 15.000.000 and following that transaction, Dow Europe Holdings B.V. realizes 50% partnership by increasing the capital on Aksa Netherlands with an amount of ABD 170.000.000 and emission premium contribution and on the same date the company changed its title as DowAksa Advanced Composites Holdings B.V.("DowAksa Holdings").

As these operations are identified as "control loss over the subsidiary" according to IAS Comment 13-Conjointly Controlled Companies-Comment of Non Monetary Contribution Shares of Joint Venturers, 8.108% of share sales and TL 88.169 of profit related to Dow Europe Holding B.V.'s capital increase and emission premium contribution are accounted within "Income from other operations" (Note 30). Besides, income and expenses till the date the control over the subsidiary is lost, is accounted in the consolidated income statement.

The summary of the financial statements of DowAksa Holdings is stated below:

	31 December 2012
Current Assets	284,319
Non Current Assets	327,485
Total Assets	**611,804**
Short Term Liabilities	27,760
Long Term Liabilities	128,561
Equity	455,483
Total Liabilities	**611,804**
50% Shareolder Amount of Group	**227,742**

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	29 June – 31 December 2012
Revenue	16,613
Net loss	(16,733)
Net Loss for 50% Shares of the Group	**(8,367)**

Book value of asset's related to the sale of subsidiaries' shares and profit on sales can be seen in below.

	29 June 2012
Cash and cash equivalents	4,574
Trade receivables	9,067
Inventories	31,923
Property, plant and equipment (Note 11)	290,731
Intangible assets (Note 12)	14,930
Other current and noncurrent assets	9,923
Trade payables	(20,488)
Other liabilities	(1,526)
Long term and short term loans	(162,413)
Derivative instruments	(2,182)
Employee termination benefits (Note 15)	(1,570)
Deferred tax liabilities (Not 24)	(4,425)
Net book value of assets (A)	**168,544**
Increase in the share capital and share premium (For 170 million USD 50% share)	153,553
Proceeds from sale of the 8,108% Shares (For 15 million USD)	27,229
Less: 50% The book value of assets related with sales of shares (A/2)	(84,272)
Currency translation differences and hedging transactions which are recognized in equity (B)	96,510
Hedge Fund	*(1,901)*
Currency translation differences	*(6,440)*
Total (C)	*(8,341)*
Profit on sales of subsidiary shares (B+C)	**88,169**

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NOTE 7 – CASH AND CASH EQUIVALENTS

The analysis of cash and cash equivalents at 31 December 2012 and 2011 is as follows:

	2012	2011
Cash	217	306
Bank		
Demand deposit	47,495	40,781
Time deposit	502,614	371,285
Other	4,364	11,160
Total	**554,690**	**423,532**

The analysis of cash and cash equivalents in terms of the consolidated statements of cash flows at 31 December 2012 and 2011 is as follows:

	2012	2011
Cash and cash equivalents	554,690	423,532
Less: restricted cash	(5,470)	(10,552)
Cash and cash equivalents	**549,220**	**412,980**

Interest rate of time deposits with maturities less than 3 months at 31 December 2012 and 2011 are as follows:

	Time Deposit	2012%	Time Deposit	2011%
TL	205,917	6.57 – 11.00	160,149	8.50 – 12.75
USD	261,808	2.47 – 4.05	186,425	4.44 – 5.40
Euro	34,889	1.48 – 3.20	24,711	1.51 – 5.45
Total	**502,614**		**371,285**	

NOTE 8 – TRADE RECEIVABLES

Short-term trade receivables:

	2012	2011
Trade receivables	623,690	691,777
Less: provision for doubtful receivables	(94,000)	(95,506)
Less: unearned credit finance income	(224)	(2,680)
Total short-term trade receivables, net	**529,466**	**593,591**

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

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Maturity of trade receivables of the Group is generally less than three months (2011: less than three months) and their discount rates are as follows:

	2012	2011
USD	0.84	0.86
TL	13.75	11.27

Movements of provision for doubtful trade receivables for the years ended 31 December 2012 and 2011 are as follows:

	2012	2011
1 January	**95,506**	**77,070**
Collections and reversal of provisions	(3,942)	(4,689)
Charge for the period	2,436	23,125
31 December	**94,000**	**95,506**

Aging of provision for doubtful trade receivables		
Past due 1 to 3 months	187	890
Past due 3 to 6 months	11,664	7,709
Past due 6 to 12 months	32,335	30,148
Past due more than 12 months	49,814	56,759
Total	**94,000**	**95,506**

As at 31 December 2011, trade receivables amounting to TL 44,369 (2011: TL 71,003) were past due but not impaired. The Group does not foresee any collection risk for receivables overdue up to one month due to sector dynamics and circumstances. To certain extent, trade receivables that are past due for over a month are restructured by charging due date difference.

Aging of past due but not impaired trade receivables at 31 December 2012 and 2011 is as follows:

	2012	2011
Up to 3 months	33,444	64,429
More than 3 months	11,195	6,574
Total	**44,639**	**71,003**

The Group has a guarantee letter from mentioned receivables in above amounting TL 15.582 (31 December 2011: TL 23.236)

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Long-term trade receivables:

	2012	2011
Notes receivables and cheques	13,043	24,616
Less: Unearned finance income on term based sales (-)	(200)	(166)
Total long-term trade receivables, net	**12,843**	**24,450**

Short-term and long-term trade receivables amounting to TL 46,460 was transferred to factoring companies (2011: TL 68,219). Factoring liabilities regarding the transfer of trade receivables are classified under borrowings (Note 19).

NOTE 9 - RELATED PARTY DISCLOSURES

a) Due from related parties

The analysis of due from related parties as at 31 December 2012 and 2011 is as follows:

	2012	2011
Dow Europe Holding BV	113,641	-
Akenerji	58,859	65,588
Garanti Koza-Akiş Adi Ortaklığı	26,795	35,776
DowAksa İleri Komposit Malzemeler Sanayi Ltd. Şti.	1,329	-
Other	4,214	354
Total	**204,838**	**101,718**

b) Due to related parties

	2012	2011
CEZ	16,328	1,899
DowAksa İleri Komposit	2,501	-
Saf Gayrimenkul Yatırım Ortaklığı A.Ş.	-	57,769
Akarsu Enerji Yatırımları Sanayi ve Ticaret A.Ş.	-	12,352
Akkon Yapı Taahhüt Yapı İnşaat Müşavirlik A.Ş.	-	8,220
Akenerji	-	5,635
Other	3,477	2,062
Total	**22,306**	**87,937**

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c) Sales to related parties

	2012	2011
Akenerji	28,159	33,242
Sakarya Elektrik	2,080	2,001
Other	11,267	5,465
Total	**41,506**	**40,708**

d) Service and product purchases from related parties

	2012	2011
Garanti Koza-Akiş Adi Ortaklığı	33,875	-
Akkon	22,229	17,511
Akenerji	20,029	10,446
Akhan Bakım Yönetim Servis Hizmet Ticaret A.Ş.	3,594	3,880
Other	67	598
Total	**79,794**	**32,435**

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

e) Dividend earnings from related parties

	2012	2011
Saf Gayrimenkul Yatırım Ortaklığı A.Ş.	9,443	-
Total	**9,443**	**-**

f) Key management compensation

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

	2012	2011
Key management compensation	21,169	16,603
Total	**21,169**	**16,603**

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NOTE 10 – FINANCIAL ASSETS

The analysis of financial assets at 31 December 2012 and 2011 is as follows:

	2012	2011
Short-term financial assets	10,613	10,705
Long-term financial assets	47,736	31,269
Total	**58,349**	**41,974**

Collection plan of financial assets are as follow:

	2012	2011
Up to 1 year	10,613	10,705
1 to 2 years	4,941	5,204
2 to 3 years	4,882	3,632
3 to 4 years	37,913	22,433
Total	**58,349**	**41,974**

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

	2012	2011
Raw materials	128,417	142,391
Semi-finished goods	20,396	25,363
Uncompleted residence	21,181	149,719
Completed residence	8,814	2,615
Finished goods	45,176	40,561
Trade goods	24,142	6,493
Other inventories and spare parts	18,695	17,684
Less: Provision for impairment in inventories	(2,677)	(1,674)
Total	**264,144**	**383,152**

Movement in provision for impairment in inventories which is related with finished goods for the years ended 31 December 2012 and 2011 is as follows:

	2012	2011
1 January	**1,674**	**4,655**
Collections	-	(4,655)
Charged in for the year	1,003	1,674
31 December	**2,677**	**1,674**

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NOTE 12 – FINANCIAL INVESTMENTS

Long-term financial investments:	2012	2011
Available-for-sale financial investment	13,212	6,839
Financial investments not included in the scope of consolidation	1,460	1,522
Total	**14,672**	**8,361**

Available-for-sale financial investments:	%	2012	%	2011
Yapı ve Kredi Bankası A.Ş.	<1	12,284	<1	6,332
Akçansa Çimento Sanayi A.Ş.	<1	579	<1	312
Türkiye Sınai Kalkınma Bankası A.Ş.	<1	347	<1	194
Türkiye Vakıflar Bankası A.Ş.	<1	2	<1	1
Total		**13,212**		**6,839**

Movements of available-for-sale financial investments for the years ended 31 December 2012 and 2011 are as follows:

	2012	2011
1 January	**6,839**	**12,115**
Changes in fair value	6,373	(5,276)
31 December	**13,212**	**6,839**

Financial investments not included in the scope of consolidation:

	2012	2011
Üçgen Bakım ve Yönetim Hizmetleri A.Ş.	107	107
Akhan Bakım Yönetim Servis Hizmet Ticaret A.Ş.	119	122
Aken B.V.	406	406
Akgirişim Kimya ve Ticaret A.Ş.	–	98
Aksu Textiles E.A.D.	828	789
Total	**1,460**	**1,522**

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).

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NOTE 13 – INVESTMENTS IN ASSOCIATES

The analysis of the investments accounted for by the equity method at 31 December 2012 and 2011 is as follows (Note 2.2.d).

	2012	2011
Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş.	23,530	21,145
Saf Gayrimenkul Yatırım Ortaklığı A.Ş.	2,864	5,732
Total	**26,394**	**26,877**

Movements of investments in associate during the years ended 31 December 2012 and 2011 is as follows:

	2012	2011
1 January	**26,877**	**19,392**
Share of profit from associates	6,622	7,485
Dividend received	(7,105)	–
31 December	**26,394**	**26,877**

2012	Assets	Liabilities	Revenue	Net profit for the period
Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş.	182,742	3,397	73,558	54,322
Saf Gayrimenkul Yatırım Ortaklığı A.Ş.	739,696	521,352	15,334	(38,678)
Total	**922,438**	**524,749**	**88,892**	**15,644**

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**

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NOTE 14 – INVESTMENT PROPERTY

Movement of investment property for the years ended 31 December 2012 and 2011 are as follows:

	1 January 2012	Additions	Disposals	31 December 2012
Cost:				
Land and land improvements	458,938	6,546	(22,158)	443,326
Total	**458,938**	**6,546**	**(22,158)**	**443,326**
Accumulated depreciation:				
Land and land improvements	8,237	705	–	8,942
Total	**8,237**	**705**	**–**	**8,942**
Net book value	**450,701**			**434,384**

The fair value of investment properties has been identified by independent valuation specialist amounting TL 848,530 as of 31 December 2012 (2011: TL 920,486).

	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.

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NOT 15 – PROPERTY, PLANT AND EQUIPMENT

	1 January 2012	Additions	Disposal	Transfers (*)	Sales of subsidiaries (Not 6)	Currency Translation Differences	31 December 2012
Cost							
Lands	90,001	–	–	–	–	–	90,001
Land improvements	235,379	4,131	(2,295)	83,175	(2,944)	(338)	317,108
Buildings	219,614	46	(31,829)	9,495	(13,375)	(1,409)	182,542
Machinery and equipment	1,547,337	1,317	(144,510)	135,041	(87,640)	(8,043)	1,443,502
Motor vehicles	75,805	1,158	(866)	–	(6)	(6)	76,085
Furniture and fixtures	59,782	4,451	(12,844)	2,313	(501)	(44)	53,157
Leasehold improvements	43,454	1,867	(480)	787	–	–	45,628
Construction in progress (*)	280,948	212,760	(374)	(231,320)	(63,268)	(5,161)	193,585
Total	**2,552,320**	**225,730**	**(193,198)**	**(509)**	**(167,734)**	**(15,001)**	**2,401,608**
Accumulated Depreciation							
Land improvements	57,645	9,391	(243)	–	(184)	(8)	66,601
Buildings	76,257	4,478	(28,320)	–	(936)	(36)	51,443
Machinery and equipment	989,543	61,403	(135,138)	–	(21,113)	(858)	893,837
Motor vehicles	62,972	2,752	(775)	–	(4)	–	64,945
Furniture and fixtures	43,986	4,500	(12,899)	–	(131)	19	35,475
Leasehold improvements	13,213	1,798	(398)	–	–	–	14,613
Total	**1,243,616**		**(177,773)**	**–**	**(22,368)**	**(883)**	**1,126,914**
Net book value	**1,308,704**						**1,274,694**

(*) The transfer amounting to TL 509 are representing to transfers from property, plant and equipment to intangible asset in 2012.
(**) As the borrowings for the construction of coal plantation premises and efficiency projects and exchange rate income is higher than the interest cost with regard to Aksa, there is no directly related and capitalized net finance cost as of the period ended on 31 December 2012 (2011: 24,073). But in the energy division, TL 2.591 (2011: TL 4.271) of borrowing cost is directly related with the investments as of 31 December 2012 and added to related asset cost.

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	1 January 2011	Additions	Disposal	Transfers (*)	Currency translation differences	31 December 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.

The current year depreciation expenses amounting to TL 85.917 (2011: TL 82.006) to cost of sales, amounting to TL 666 (2011: TL 2.228) to research and development expenses, amounting to TL 7.848 (2011: TL 5.756) to general administrative exepnses, amounting to TL 252 (2011: TL 549) to marketing and selling expenses, amounting to TL 1.600 (2011: TL 2.189) with regard to project development to investment property, amounting to TL 3.500 (2011: TL 3.513) to inventory and amounting to TL 1.757 (2011: TL 3.229) to other operating expenses, have been included.

The total amount of mortage on the lands of the Group as of 31 December 2012 is TL 371.803 (2011: TL 410.780).

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NOTE 16 – INTANGIBLE ASSETS

	1 January 2012	Additions	Disposals	Transfers (*)	Sales of subsidiaries (Note 6)	Currency Translation Differences	31 December 2012
Cost:							
Rights	10,626	1,319	(11)	144	–	–	12,078
Development costs	24,301	8,436	–	365	(10,183)	(2,752)	20,167
Customer relationship	166,729	–	–	–	–	–	166,729
Licences	43,205	–	–	–	–	–	43,205
Other intangible assets	3,610	1,036	–	–	(2)	–	4,644
Total	**248,471**	**10,791**	**(11)**	**509**	**(10,185)**	**(2,752)**	**246,823**
Accumulated amortisation:							
Rights	6,237	686	(11)	–	–	–	6,912
Development costs	3,895	2,504	–	–	(2,720)	(1,957)	1,722
Customer relationship	8,189	3,055	–	–	–	–	11,244
Licences	10,805	9,953	–	–	–	–	20,758
Other intangible assets	3,379	315	–	–	–	–	3,694
Total	**32,505**	**16,513**	**(11)**	**–**	**(2,720)**	**(1,957)**	**44,330**
Net book value	**215,966**						**202,493**

(*) The transfer amounting to TL 509 isrepresenting to development cost transfers from property, plant and equipment to intangible asset in 2012.

	1 January 2011	Additions	Disposals	Transfers (*)	Currency Translation Differences	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.

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NOTE 17 – GOODWILL

	2012	2011
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.

The cash flow calculation has been performed by twenty-three years financial budget projection, which is confirmed by management. Cash flow after taxation has been performed with 5% expected growth rate after twenty three years. Estimated cash flow has been discounted with 10.65% estimated discount rate.

NOTE 18 – OTHER ASSETS AND LIABILITIES

Other current assets:

	2012	2011
VAT receivable	93,150	141,262
Income accruals	16,802	15,113
Advances given	10,108	23,250
Prepaid expenses	9,495	8,432
Prepaid tax and funds	1,359	13,561
Other	3,752	7,966
Total	**134,666**	**209,584**

Other non-current assets:

	2012	2011
Advances given (*)	83,470	36,256
VAT receivable	67,068	27,378
Prepaid expenses	8,106	10,544
Other	1,312	1,113
Total	**159,956**	**75,291**

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

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Other current liabilities:

	2012	2011
Advances received (*)	33,725	212,751
Other expense accruals	40,448	22,474
Accrual for rent expense	26,283	24,656
Deposits and guarantees received	25,885	20,095
Payable to shareholders	17,461	-
Taxes and funds payable	17,453	15,559
Deferred revenue (**)	8,902	15,140
Other	22,933	11,168
Total	**193,090**	**321,843**

Other long-term liabilities:

	2012	2011
Advances received (*)	17,542	14,845
Deferred income with government grants	30,183	12,771
Other	290	7,942
Total	**48,015**	**35,558**

(*) 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 2012, TL 8,902 - the remaining balance of short-term deferred income amounting to TL 6,379 - represents the invoiced house sales without final acceptance within the scope of the Akkoza project and TL 1,180 - the remaining balance - represents the invoiced house sales without final acceptance within the scope of the Akbatı project.

NOTE 19 – BORROWINGS

	2012	2011
Short-term bank borrowings	574,406	387,899
Current portion of long-term bank borrowings	111,273	112,705
Short-term financial debt	-	27,280
Short-term factoring and leasing liabilities	24,727	39,549
Total short-term financial liabilities	**710,406**	**567,433**
Long-term bank borrowings	755,566	932,532
Long-term factoring and leasing liabilities	21,733	28,670
Total long-term financial liabilities	**777,299**	**961,202**

	2012		2011	
	Fair Value	Book Value	Fair Value	Book Value
USD Loans (*)	1,472,756	1,279,894	1,223,533	1,171,871
Euro Loans (*)	110,454	106,009	276,488	267,099
TL Loans	101,801	101,802	89,665	89,665
	1,685,011	**1,487,705**	**1,589,686**	**1,528,635**

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

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	2012		2011	
	Weighted average interest rate %	TL	Weighted average interest rate %	TL
Short term bank borrowings:				
USD Loans	2.49	409,455	2.19	304,025
TL Loans	10.15	94,810	11.52	83,874
Euro Loans	7.26	70,141	-	-
Total		**574,406**		**387,899**
Short-term factoring and leasing liabilities		24,727		39,549
Short-term financial debt		-		27,280
Current portion of long-term bank borrowings				
USD Loans	3.71	102,098	3.60	101,570
Euro Loans	3.14	9,175	3.25	11,135
Total		**111,273**		**112,705**
Total short-term financial liabilities		**710,406**		**567,433**
Long-term bank borrowings:				
USD Loans	4.47	728,872	3.15	894,706
Euro Loans	3.77	26,694	4.77	37,826
Total		**755,566**		**932,532**
Long-term factoring and leasing liabilities		21,733		28,670
Total long-term financial liabilities		**777,299**		**961,202**

The redemption schedule of borrowings is as follows:

	2012	2011
The payment within 1 - 2 year	167,060	198,315
The payment within 2 - 3 year	141,840	243,204
The payment within 3 - 4 year	142,586	71,571
The payment within 4 year and over	325,813	448,112
Total	**777,299**	**961,202**

At 31 December 2012, bank borrowings with floating interest rates amounted to TL 411,816 (2011: TL 414,034). 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+1.3% and Libor+3.0% (London Interbank Offered Rate) (2011: Libor +1.6%-Libor +3,5%).

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NOTE 20 - TRADE PAYABLES

Short-term trade payables:	**2012**	**2011**
Suppliers	353,895	356,394
Other trade payables	5,887	14,073
Less: unincurred credit finance charges (-)	(1,224)	(2,067)
Total	**358,558**	**368,400**

Long-term trade payables:	**2012**	**2011**
Suppliers (*)	23,681	23,113
Total	**23,681**	**23,113**

(*) 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 23,681 to be paid in 2015. (2011: TL 23,113)

NOTE 21 - DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2012		31 December 2011	
	Asset	Liabilities	Asset	Liabilities
Held for hedging	-	14,979	-	12,741
Held for trading	-	185	-	-
Total	**-**	**15,164**	**-**	**12,741**

Derivative instruments held for hedging:

	31 December 2012		31 December 2011	
	Contract amount	Fair value Liability	Contract amount	Fair value Liability
Interest rate swap	159,532	15,164	159,067	12,741

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.

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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 2012, the fixed interest rates vary from 1.35% to 2.5% (2011: 1.65% to 5.0%), 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 201 will be continuously released to the income statement within finance cost until the repayment of the bank borrowings (Note 19).

NOTE 22 – TAXES ON INCOME

	2012	2011
Corporate and income taxes payable	98,999	48,465
Less: prepaid corporate income tax	(81,609)	(37,508)
Taxes on income, net	**17,390**	**10,957**

The details of taxation on income in the statements of comprehensive income for the years ended 31 December 2012 and 2011 are as below:

	2012	2011
Current income tax expense	(98,999)	(48,465)
Deferred tax income, net	9,033	25,409
Total tax expense, net	**(89,966)**	**(23,056)**

	2012	2011
Deferred income tax assets	45,023	44,350
Deferred income tax liabilities	(58,564)	(73,049)
Deferred income tax liabilities, net	**(13,541)**	**(28,699)**

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

	2012	2011
Deferred income tax assets	15,087	13,379
Deferred income tax liabilities	(28,628)	(42,078)
Deferred income tax liabilities, net	**(13,541)**	**(28,699)**

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 2012 and 2011 using the enacted tax rates is as follows:

	Temporary taxable differences		Deferred tax assets / (liabilities)	
	2012	2011	2012	2011
Effect of the service concession arrangements	66,400	42,750	13,280	8,550
Provision for employee benefits	34,003	30,100	6,801	6,020
Provision for doubtful receivables	8,840	13,500	1,768	2,700
Carry forward tax losses	54,095	72,735	10,819	14,547
Provisions for lawsuits	10,440	8,565	2,088	1,713
Derivative financial instruments	15,164	12,741	3,033	2,548
Investment incentives	11,110	9,730	2,222	1,946
Other	25,071	31,630	5,012	6,326
Deferred income tax assets			**45,023**	**44,350**
Property, plant and equipment and intangible assets	(269,060)	(276,145)	(53,812)	(55,229)
Investment property	4,075	(58,560)	815	(11,712)
Available-for-sale financial investments	(1,685)	(100)	(337)	(20)
Other	(26,150)	(30,440)	(5,230)	(6,088)
Deferred income tax liabilities			**(58,564)**	**(73,049)**
Deferred income tax liabilities, net			**(13,541)**	**(28,699)**

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.

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Movements of deferred tax liability as at 31 December 2012 and 2011 are as below:

	2012	2011
1 January	**28,699**	**55,476**
Deferred tax income for the year, net	(9,033)	(25,409)
Sales of shares of subsidiaries	(2,213)	-
Change recognised under equity	(955)	(2,378)
Currency translation differences	(2,957)	-
Tax income from discontinued operations	-	1,010
Balances at 31 December	**13,541**	**28,699**

The reconciliation of tax expenses stated on the consolidated statement of comprehensive income for the years ended 31 December 2012 and 2011 is as follows:

	2012	2011
Profit before tax on consolidated financial statements	392,090	93,883
Expected tax expense of the Group (20%)	**(78,418)**	**(18,777)**
Sales of shares to subsidiaries	(17,634)	-
Effect of tax losses for which no deferred tax asset recognized	6,867	(12,837)
Disallowable expenses	(5,349)	(4,359)
Effect of consolidation adjustments	(10,471)	(2,822)
Other income exempt from tax	12,078	7,717
Other	2,961	8,022
Actual tax expense of the Group	**(89,966)**	**(23,056)**

At 31 December 2012, carry forward tax losses that the Group can deduct on future tax periods amount to TL 111,414 (2011: 188,172). At 31 December 2012, the Group recognised deferred income tax assets for carry forward tax losses of TL 54,095 (2011: 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	**2012**	**2011**
2014	4,642	5,016
2015	10,689	30,248
2016	18,644	80,173
2017	23,344	-
Total	**57,319**	**115,437**

The expiration date of the TL 54,095 carry forward tax losses the Group recognised deferred income tax assets for as of 31 December 2012 is 2017.

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NOTE 23 – EMPLOYEE BENEFITS

Long-term employee benefits

	2012	2011
Provision for employment termination benefits	31,272	27,045
Unused vacation provision	2,731	3,055
Total	**34,003**	**30,100**

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 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:

	2012	2011
Discount rate (%)	1.67 – 2.50	2.91 – 4.66
Probability of retirement (%)	98 - 99	98 - 99

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 3,129 effective from 1 January 2013 (1 January 2012: TL 2,805) 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 2012 and 2011 are as follows:

	2012	2011
1 January	**30,100**	**32,015**
Compensation paid	(4,924)	(12,335)
Service cost	8,810	8,682
Interest cost	417	912
Actuarial loss	385	826
Sales of shares of subsidiaries	(785)	-
31 December	**34,003**	**30,100**

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NOTE 24 – SHARE CAPITAL

At 31 December 2012 and 2011, the Group's share capital and shareholding structure were as follows:

	% Share	2012	% Share	2011
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 (2011: 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.

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 2012 and 2011 retained earnings of Akkök in accordance with statutory financial statements are as follows:

	2012	2011
- Legal reserves	581,380	452,788
- Undistributed legal reserves	73,147	148,000
Total	**654,527**	**600,788**

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NOTE 26 – SALES

	2012	2011
Domestic sales	2,264,321	1,997,249
Foreign sales	695,738	724,576
Other sales	2,618	–
Less: Sales returns (-)	(15,604)	(7,909)
Less: Sales discounts (-)	(27,482)	(48,245)
Sales, net	**2,919,591**	**2,665,671**

NOTE 27 – COST OF SALES

	2012	2011
Raw materials	1,367,782	1,541,208
Electricity purchase cost	540,396	370,408
Cost of residences	194,342	23,515
Depreciation and amortisation	85,917	82,006
Cost of trade goods sold	66,547	24,398
Personnel expenses	59,762	53,067
General production expense	53,535	30,211
Cost of services sold	47,086	40,922
Shopping mall costs	15,776	10,395
Other	92,732	50,853
Total	**2,523,875**	**2,226,983**

NOTE 28 – GENERAL AND ADMINISTRATIVE EXPENSES

	2012	2011
Personnel expenses	46,277	43,821
Consultancy expenses	28,374	26,589
Other tax expenses	10,535	11,092
Depreciation and amortisation	7,848	5,756
Travelling expenses	5,376	3,396
Information technologies expense	4,417	7,274
Rent expenses	2,652	2,341
Office expenses	2,333	4,307
Repair and maintenance expenses	1,515	2,080
Vehicle expenses	1,021	1,378
Other	31,736	32,781
Total	**142,084**	**140,815**

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NOTE 29 – MARKETING, SELLING AND DISTRIBUTION EXPENSES

	2012	2011
Personnel expenses	16,898	21,362
Export expenses	9,706	9,666
Commission expenses	8,304	8,574
Advertisement and sponsorship expenses	7,361	7,032
Transportation expenses	3,454	5,634
Rent expenses	1,642	982
Consultancy expenses	670	902
Travel expenses	667	654
Other	16,027	14,008
Total	**64,729**	**68,814**

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

	2012	2011
Sales of a subsidiary (*)	88,169	–
Gain on sale of property, plant and equipment (**)	72,321	5,911
Gain on sale of land	–	–
Rent income	7,802	10,362
Guarantee expenses (*)	612	8,139
Indemnity expense	–	(11,765)
Other	13,253	3,343
Total	**182,157**	**15,990**

(*) Related with the sale of Aksa Karbon Elyaf Sanayi A.Ş. (Note 6)
(**) TL 51.511 of gain on sale of property, plant and equipment consists of gains from the slaes of various lands.

NOTE 31 – FINANCIAL INCOME

	2012	2011
Interest income	43,557	30,654
Foreign income	222,559	334,707
Due date charges on term sales	18,775	21,501
Other	2,142	443
Total	**287,033**	**387,305**

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NOTE 32 – FINANCIAL EXPENSES

	2012	2011
Interest expenses	(57,950)	(56,477)
Foreign losses	(194,834)	(460,382)
Due date charges on term sales	(6,620)	(11,108)
Other	(7,554)	(12,693)
Total	**(266,958)**	**(540,660)**

NOTE 33 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions:	2012	2011
Provision for employee benefits (Note 23)	34,003	30,100
Provision for lawsuits	15,142	17,891
Other provisions	1,489	4,125
Total	**50,634**	**52,116**

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):	2012	2011
A. CPM given on behalf of the Company's legal personality	929,815	929,612
B. CPM given on behalf of fully consolidated subsidiaries	7,809	7,500
C. CPM given for continuation of its economic activities on behalf of third parties	917	1,976
D. Total amount of other CPM given		
i) Total amount of CPM given on behalf	–	–
ii) Total amount of CPM given to on behalf of other group companies which are not in scope of B and C	371,803	379,783
iii) Total amount of CPM given on behalf of third parties which are not in scope of C	–	–
Total CPMs	**1,310,344**	**1,318,871**

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

	2012	2011
Guarantee letters received	520,462	306,793
Guarantee notes and cheques received	96,813	152,625
Mortgages received	82,556	75,940
Total	**699,831**	**535.358**

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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 58,082 in the Group's consolidated financial statements as of 31 December 2012.

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 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. In order to ensure that public services at the port were not interrupted following this transfer, certain services requested by TDİ continued to be offered by Akport until October 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. Therefore, the valuation study performed in the presence of the Tekirdağ 2nd Civil Court of Peace which indicates the value of container terminal area as 78,025 TL and railway and land improvements as 10,050 TL. However, as the area constructed by means of filling the sea cannot be returned by means of an ordinary demounting process, Akport claims that Akport should be compensated for the cost of construction of the container port aggregated to 88,075 TL and a claim for compensation against Türkiye Denizcilik İşletmeleri was opened. As at 31 December 2012 the case was still in the process. 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 2012.

In the meantime, with its letter dated 19 September 2012 with No. 6199, the Privatisation Authority of the Turkish Prime Minister's Office requested that USD 74,673,983 should be paid within one month as the unpaid rent that should be paid by Akport until the end of the Agreement term due to expiry of the Agreement". Following the notification of Akport that it would not be possible to fulfil this request, the Privatisation Authority with its letter dated 09 November 2012 with No. 7524 opened a lawsuit for the collection of the said amount in the presence of arbitrators. On the other hand, after detailed consultation with legal counsell, the Group management considers the likelihood of any material loss as an outcome of this lawsuit as remote. Accordingly, no provision has been recorded in this financial statements at and for the year ended 31 December 2012.

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NOTE 34 – SEGMENT REPORTING

a) The analysis for the period between 1 January – 31 December 2012:

ASSETS	Chemical	Energy	Real-estate	Textile	Other	Consolidation Adjustments	Total
Cash and cash equivalents	170,727	109,437	43,595	84,385	146,546	–	554,690
Trade receivables	223,103	115,395	22,785	21,470	147,605	(892)	529,466
Due from related parties	269,800	1,352	27,512	6,605	288,522	(388,953)	204,838
Financial assets	–	10,613	–	–	–	–	10,613
Inventories	207,374	5,600	29,995	2,426	24,598	(5,849)	264,144
Financial assets – available for sale	–	45,460	–	20	–	(45,480)	-
Other current assets	77,648	23,168	28,147	495	5,208	–	134,666
Total current assets	**948,652**	**311,025**	**152,034**	**115,401**	**612,479**	**(441,174)**	**1,698,417**
Trade receivables	4,490	4,178	3,920	–	255	–	12,843
Financial assets	–	47,736	–	47,736	–	–	47,736
Financial investments	372,193	406	56,979	1,220	717,435	(1,133,561)	14,672
Investments accounted through equity method	–	–	–	–	–	26,394	26,394
Investment property	–	–	404,548	24,686	5,150	–	434,384
Property, plant and equipment	849,907	326,184	3,870	15,899	78,834	–	1,274,694
Intangible assets	20,747	180,835	128	123	660	–	202,493
Goodwill	–	173,075	–	–	–	–	173,075
Deferred tax assets	17	11,011	28	11,011	3,144	–	15,087
Invetories	–	–	6,524	–	–	–	6,524
Other current assets	9,650	102,500	47,498	102,500	308	–	159,956
Total non-current assets	**1,257,004**	**845,925**	**523,495**	**42,815**	**805,786**	**(1,107,167)**	**2,367,858**
Total assets	**2,205,656**	**1,156,950**	**675,529**	**158,216**	**1,418,265**	**(1,548,341)**	**4,066,275**

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

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LIABILITIES	Chemical	Energy	Real-estate	Textile	Other	Consolidation Adjustments	Total
Trade payables	229,400	90,401	20,309	1,707	14,051	2,690	358,558
Due to related parties	45,649	8,313	1,331	1,173	334,274	(368,434)	22,306
Financial liabilities	201,756	62,842	265,252	7,997	172,559	–	710,406
Derivative financial instruments	1,671	3,204	–	–	–	–	4,875
Income tax liability	5,655	4,358	4,249	583	2,545	–	17,390
Other current liabilities	13,954	89,886	72,226	1,487	33,367	(17,830)	193,090
Total current liabilities	**498,085**	**259,004**	**363,367**	**12,947**	**556,796**	**(383,574)**	**1,306,625**
Trade payables	–	23,681	–	–	–	–	23,681
Due to related parties	–	–	–	–	–	–	–
Financial liabilities	195,082	445,770	127,533	–	8,914	–	777,299
Derivative financial instruments	1,010	9,279	–	–	–	–	10,289
Employee termination benefits	24,371	3,886	532	2,509	2,705	–	34,003
Deferred tax liabilities	16,277	11,984	–	–	367	–	28,628
Other non-current liabilities	992	29,256	17,758	–	9	–	48,015
Total non-current liabilities	**237,732**	**523,856**	**145,823**	**2,509**	**11,995**	**–**	**921,915**
Paid in share capital	440,926	240,595	83,000	43,142	51,977	(846,542)	13,098
Inflation adjustment differences	277,972	–	–	256,694	256,838	(622,874)	168,630
Financial investments value increase fund	–	–	–	130	7,271	–	7,401
Hedge fund	(2,137)	(9,216)	–	–	–	(727)	(12,080)
Premium in access of par	1,537	33,214	–	32,938	80	(67,769)	–
Revaluation fund	–	–	45,072	–	–	(45,072)	–
Capital advances	–	72,135	–	–	–	(72,135)	–
Currency translation differences	(1,090)	–	–	–	–	–	534
Retained earnings/ (loss)	752,631	36,751	38,267	36,751	533,308	(379,029)	791,784
Equity attributable to equity holders of the parent	**1,469,839**	**373,479**	**166,339**	**142,760**	**849,474**	**(2,032,524)**	**969,367**
Non-controlling interest	**–**	**611**	**–**	**–**	**–**	**867,757**	**868,368**
Total equity	**2,205,656**	**1,156,950**	**675,529**	**158,216**	**1,418,265**	**(1,548,341)**	**4,066,275**

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b) The analysis for the period between 1 January – 31 December 2011:

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

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AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.
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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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

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AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.
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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

d) 2012 segment assets:

Statement of comprehensive income :	Chemical	Energy	Real-estate	Textile	Other	Consolidation Adjustments	Total
Revenue	1,216,907	46,835	239,440	46,835	804,935	(186,599)	2,919,591
Cost of sales	(940,944)	(30,584)	(210,118)	(30,584)	(781,213)	166,186	(2,523,875)
Gross profit	**275,963**	**70,871**	**29,322**	**16,251**	**23,722**	**(20,413)**	**395,716**
General administration expenses	(64,059)	(12,562)	(16,458)	(6,197)	(40,565)	(2,243)	(142,084)
Marketing, selling and distribution expenses	(44,970)	(20,090)	(6,448)	–	(1,125)	7,904	(64,729)
Research and development expenses	(5,667)	–	–	–	–	–	(5,667)
Other operating income/ (expenses).net	187,495	(7,459)	34,829	13,725	73,155	(119,588)	182,157
Operating profit/ (loss)	**348,762**	**30,760**	**41,245**	**23,779**	**55,187**	**(134,340)**	**365,393**
Investments accounted through equity method shares	–	–	–	–	–	6,622	6,622
Financial income/(expenses), net	8,372	10,736	8,834	1,365	3,578	(12,810)	20,075
Profit/(loss) before tax	**357,134**	**41,496**	**50,079**	**25,144**	**58,765**	**(140,528)**	**392,090**
Income tax/(expense)	(72,489)	(6,142)	(4,104)	(4,064)	(5,117)	1,950	(89,966)
Loss after tax from discontinued operations	–	6,347	–	(123)	–	(6,347)	(123)
Net profit(loss) for the period	**284,645**	**41,701**	**45,975**	**20,957**	**53,648**	**(144,925)**	**302,001**
Other comprehensive (expense)/income:							
Derivative financial instruments at fair value	1,203	(2,891)	–	–	–	–	(1,688)
Financial Financial investments value increases	–	–	–	108	5,889	–	5,997
Currency translation differences	(2,688)	–	–	–	–	–	(2,688)
Total comprehensive income/(loss)	**283,160**	**38,810**	**45,975**	**21,065**	**59,537**	**(144,925)**	**303,622**
Net income for the period attributable to:							
Equity holders of the parent	284,645	34,925	45,975	21,080	53,648	(296,957)	143,316
Non-controlling interests	–	429	–	–	–	158,379	158,808
Net Income/(Loss) after taxation	–	6,347	–	(123)	–	(6,347)	(123)
Total	**284,645**	**41,701**	**45,975**	**20,957**	**53,648**	**(144,925)**	**302,001**
Total comprehensive income attributable to:							
Equity holders of the parent	(897)	429	–	–	–	158,379	157,911
Non-controlling interests	284,057	38,381	45,975	21,065	59,537	(303,304)	145,711
Total	**283,160**	**38,810**	**45,975**	**21,065**	**59,537**	**(144,925)**	**303,622**

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e) 2011 segment assets:

Statement of comprehensive income :	Chemical	Energy	Real-estate	Textile	Other	Consolidation Adjustments	Total
Revenue	1,972,934	585,143	74,300	35,915	183,779	(186,400)	2,665,671
Cost of sales	(1,658,385)	(496,822)	(56,159)	(26,826)	(151,743)	162,952	(2,226,983)
Gross profit	**314,549**	**88,321**	**18,141**	**9,089**	**32,036**	**(23,448)**	**438,688**
General administration expenses	(65,272)	(15,807)	(19,010)	(5,263)	(35,463)	-	(140,815)
Marketing, selling and distribution expenses	(42,542)	(24,478)	(7,094)	-	(724)	6,024	(68,814)
Research and development expenses	(5,284)	(12)	-	-	-	-	(5,296)
Other operating income/ (expenses),net	(15,990)	(6,530)	9,890	7,942	39,359	(18,681)	15,990
Operating profit/ (loss)	**185,461**	**41,494**	**1,927**	**11,768**	**35,208**	**(36,105)**	**239,753**
Investments accounted through equity method shares	-	(8,427)	-	-	-	15,912	7,485
Financial income/(expenses), net	(14,748)	(109,804)	(60,103)	11,001	14,216	6,083	(153,355)
Profit/(loss) before tax	**170,713**	**(76,737)**	**(58,176)**	**22,769**	**49,424**	**(14,110)**	**93,883**
Income tax/(expense)	(31,557)	(477)	18,303	(3,342)	(5,983)	-	(23,056)
Loss after tax from discontinued operations	-	-	-	(1,190)	-	-	(1,190)
Net profit(loss) for the period	**139,156**	**(77,214)**	**(39,873)**	**18,237**	**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**	**(82,738)**	**(39,873)**	**18,178**	**39,520**	**(14,110)**	**62,391**
Net income for the period attributable to:							
Equity holders of the parent	139,121	(76,746)	(38,973)	18,237	43,441	(79,320)	5,760
Non-controlling interests	35	(468)	(900)	-	-	65,210	63,877
Total	**139,156**	**(77,214)**	**(39,873)**	**18,237**	**43,441**	**(14,110)**	**69,637**
Total comprehensive income attributable 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**

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NOTE 35 – EVENTS AFTER THE BALANCE SHEET DATE

1. There was a fire in the product warehouse located in Yalova of the Aksa Acrylic Chemicals Industry Corporation, which is a subsidiary company of the Group, on 27 January 2013. The city's and surrounding town's fire departments and the company's technical team put out the fire. As a result of the fire, parts of the product warehouse, some of cutting and packing equipment, and product stock that was being stored there were damaged.As per the insurance contracts, a damage claim has been generated in relation to the damaged assets. At first a USD 5 million advance indemnity payment was made by the insurance companies which are parties to the insurance contracts. As of the consolidated financial statements' disclosure date, a final survey report and indemnity file has not been created yet, and book values of the damaged assets are lower than the compensation claim.

2. In between some of joint venture companies of the Group, namely DowAksa Holding Company, The Dow Chemical Company, Holding Company Composite, Rusnano, and Prepreg-ACM and Nanotechnology Center of Composite which is located in Russia. at the date 25 January 2013 memorandum of intention regarding framework of consideration possibility of investment from DowAksa was signed. Parties which have signed the contract will continue the consideration framework within the scope of possibility of the respective investment in the fields of aeronautical, construction, energy, oil, gas, and transportation opportunities in Russian and global market demand.

3. According to the Board of Directors' decision No. 12,dated 17 August 2012, Board of director's No: 12 of Akiş Gayrimenkul Yatırımı A.Ş.. which is one of the subsidiary companies of the Group. with respect to the No: 6102 Turkish Commercial Code Clause 136 and other clauses which related to the merger. articles 18, 19,and 20 of the Corporate Tax Law and the Communiqué Serial: 1 No:31 of Capital Markets Law and Capital Markets Board. merging with of one of the Group's subsidiary companies Ak-Al Gayrimenkul Geliştirme ve Tekstil Sanayii A.Ş.("Ak-Al") which is traded on the Istanbul Stock Exchange. with transferring its all assets and liabilities on Akiş and continuing their activities as a real estate investment company and finalizing of this merger process according to the financial statements prepared by independent audit as of June 30th 2012 in line with the Capital Markets Board's regulations and applying for permissions from all legal authorities included Capital Markets Board. have been decided.

The merger process has been registered with the Istanbul Trade Registry Office on 4 January 2013 with the approval of amendment agreement by The Ministry of Customs and Trade on 4 December 2012 and Extraordinary General Assembly decision dated 31 December 2012 with the Turkish Trade Code Clause: 6102.

4. One of the Group's subsidiary companies "Akis Real Estate Investment Corporation" has decided to do the following in order to revise the asset structure in the balance sheet and make use of the new investment opportunities suitable for the company's positioning in the sector and extend the mobility capacity according to Clause 390/4 of the Turkish Commercial Code, and with respect to the company's strategic plans

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a) 25% of Akis's shares amounting to USD 10,000,000 have been sold to Aktif Holding.

b) 45% of Akis's shares in Akfil Holding amounting to USD 52,4000,000 have been sold to the Garanti Koza Construction Industry and Commerce Corporation

c) As of 31 December 2012 in the Akis's investment properties located in Istanbul, Esenyurt with Island number 382, Parcel number 11 and 48,297 square meters of real estate, with the fair value of TL 15,487 will be sold to the Garanti Koza Real Estate Commerce Corporation with 9,629 square meters amounting USD 8,000,000 with 40 months maturity notes payable and transfer will be after the all payment is complete.

d) As of 31 December 2012 according to the expert report No. 2012300_025 prepared by Vektör Gayrimenkul Değerleme A.Ş. on 22 October 2012, it was decided that the Büyük Çamlıca Özel Proje Alanı Revizyonu Uygulama İmar Planı which is worth the fair value of TL 65,203 and is a subdivision of Akfil Holding's real estate investments will be subdivided. Moreover, lands with Isle number 2273, Parcel number 2; Isle number 2774, Parcel number 2; and Isle number 804,Parcel 57, which are located in the Üsküdar district of Istanbul, have public construction permits. It is decided that according to the expert report No. 2013_300_02 prepared by Vektör Gayrimenkul Değerleme A.Ş. as of 6 March 2013, the land belongs to Akfil Holding worth the fair value of TL45,120 and will be purchased by the Company.

e) In order to follow the procedures mentioned above, and to complete the transfer, the agreement process between Garanti Koza İnşaat Sanayi ve Ticaret A.Ş., Akfil Holding and Akiş needed to be signed. Subsequently, the agreement was signed on 11 March 2013, and the process has been started.

5. The Share Transfer Agreement for transferring 22.5% of Akcez shares which are owned by Akenerji, one of the Group's joint ventures, and which have a nominal value of TL 224,887 to Akkök, and 22.5% of the same shares to Cez A.Ş., all of which correspond to 45% of Akcez's total capital, in return for a consideration of USD 140,000,000 was signed by Akenerji, Akkök and Cez on 19 December 2012. The first installment of the share sales price was paid by Akkök and Cez on the same date. The first installment of the share sales price, which amounts to USD 72,000,000 (a portion corresponding to USD 36,000,000 was paid by Akkök and a portion corresponding to the same amount was paid by Cez) was performed partially through a deduction of Akkök's and Cez's receivables from Akenerji and was paid partially in cash.

As of 26 April 2012, the second instalment of the share transfer amounting to USD 68,000,000 a portion corresponding to USD 34,000,000 was paid by Akkök and a portion corresponding to the same amount was paid by Cez) has been performed and all the transactions with regard to share transfer have been completed.

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