AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

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

(ORIGINALLY ISSUED IN TURKISH)

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

INDEPENDENT AUDITOR'S REPORT

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

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

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

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

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

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

Basis for qualified opinion

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

Opinion

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

Emphasis of matter

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

Other matter

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

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

Ediz Günsel, SMMM
Partner

Istanbul, 16 May 2011

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2010, 2009 AND 2008

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

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

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

(*) Refer to Note 2.4

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

AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2010, 2009 AND 2008

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

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

(*) Refer to Note 2.4

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

AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

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

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

(*) Refer to Note 2.4

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

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

AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

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

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

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

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

AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

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

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

(*) Refer to Note 2.4

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

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

AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2010

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

NOTE 1-ORGANISATION AND NATURE OF OPERATIONS

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

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

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

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

Miralay Şefik Bey Sokak
No: 15 Akhan
Gümüşsuyu 34437 Istanbul

Subsidiaries

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

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

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

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

AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2010

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

Joint ventures

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

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

Associates

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

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

Financial investments

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

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

NOTE 2-BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of preparation

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

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

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

2.2 Principles of consolidation

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

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

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

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

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

AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

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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 2010 and 2009:

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

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

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

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

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

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

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

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

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

Changes in consolidation scope

2010

Purchase of Akfil Holding shares

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

2009

Sale of Akenerji shares

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

Purchase of GAC shares

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

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2.3 Offsetting

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

2.4 Comparative information and restatement of prior year financial statements

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

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

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

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

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

a) Restatement of property, plant and equipment:

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

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

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

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b) Restatement of rental contracts:

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

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

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

c) Restatement of investment property:

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

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

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

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d) Restatement of capitalised borrowing costs:

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

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

e) Restatement of government grants:

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

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

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

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f) Other restatements:

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

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

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

g) Other classifications:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.5 Changes in standards and interpretations

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

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

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

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

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

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

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

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NOTE 3-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Changes in accounting policies, accounting estimates and errors

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

3.2 Related parties

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

3.3 Cash and cash equivalents

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

3.4 Financial assets

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

The Group determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end. All regular way purchases and sales of financial assets are recognised on the trade date, which is the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

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

Loans and Receivables

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

Available for sale financial assets

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

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

Subsidiaries excluded from the scope of consolidation

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

3.5 Trade receivables

Trade receivables have a maturity range of 30-120 days and are recognised at original invoice amount and carried at amortised cost less an allowance for any uncollectible amounts. An estimate for doubtful debt is made when collection of the full amount is no longer probable. A credit risk provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The allowance is an estimated amount which is difference between existing receivable and collectible amount. Collectible amount is the discounted value of trade receivables, all cash flows including collections from guarantees by using original effective interest rate. Bad debts are written off when identified (Note 9).

3.6 Trade payables

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

3.7 Inventories

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

3.8 Investment property

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

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

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

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3.9 Property, plant and equipment

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

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

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

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

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

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

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

3.10 Intangible assets

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

Amortisation period of intangible assets is as follows:

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

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Research and development expenses

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

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

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

3.11 Revenue recognition

Revenue

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

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

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

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

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

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

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

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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 20).

3.13 Borrowing costs

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

3.14 Employee benefits

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

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

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

3.15 Current and deferred income tax

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

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

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

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

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

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

3.16 Events after the balance sheet date

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

3.17 Provisions

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

3.18 Contingent assets and liabilities

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

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

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

3.19 Offsetting

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

3.20 Business combinations

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

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

3.21 Goodwill

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

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

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

3.22 Foreign currency transactions

Functional currency

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

Foreign currency transactions and balances

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

3.23 Segment reporting

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

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

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

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3.24 Derivative financial instruments

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

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

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

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

3.25 Reporting of cash flows

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

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

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

3.26 Government grants

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

3.27 Paid in share capital

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

3.28 Leases

a) The Group as the lessee

Operating leases

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

b) The Group as the lessor

Finance leases

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

Operating leases

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

NOTE 4-CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

a) Net realisable value

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

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

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

c) Provision for doubtful receivables

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

d) Provisions

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

e) Income taxes

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

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f) Pension payments

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

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

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

h) Unbilled electricity sales

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

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

Financial risk factors

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

5.1 Foreign currency risk

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

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

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

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

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

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

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

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

5.2 Price risk

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

5.3 Interest rate risk

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

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

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

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5.4 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of the counterparties. It is the Group policy that all customers who wish to trade on credit terms are subject to credit monitoring procedures and the Group also obtains collaterals from customers when appropriate. In addition, receivable balances are monitored on an ongoing basis with the result that the Group’s exposure to bad debts is not significant. Trade receivables are evaluated by management based on their past experiences and current economic condition, and are presented in financial statements net of provision for doubtful receivables (Note 9).

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

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

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

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

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5.5 Liquidity risk

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

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

2010:

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

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

2009:

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

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

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5.6 Capital risk management

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

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

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

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

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

5.7 Fair value of financial instruments

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

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

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

Monetary assets

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

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

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

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Monetary liabilities

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

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

Fair Value Estimation:

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

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

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

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

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

NOTE 6-BUSINESS COMBINATIONS

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

1 January-31 December 2009

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

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

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

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

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

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NOTE 7-INTEREST IN JOINT VENTURES

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

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

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

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

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NOTE 8-CASH AND CASH EQUIVALENTS

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

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

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

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

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

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

NOTE 9-TRADE RECEIVABLES

Short-term trade receivables:

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

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

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

	2010	2009
USD	0.35	0.60
TL	7.13	6.20

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

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

Aging of provision for doubtful trade receivables

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

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

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

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

Long-term trade receivables:

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

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

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NOTE 10-RELATED PARTY DISCLOSURES

a) Due from related parties

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

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

b) Due to related parties

Short-term liabilities

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

Long-term liabilities

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

c) Sales to related parties:

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

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d) Service and product purchases from related parties

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

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

e) Key management compensation

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

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

NOTE 11-FINANCIAL ASSETS

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

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

Collection plan of financial assets are as follow;

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

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

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NOTE 12-INVENTORIES

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

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

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

NOTE 13-FINANCIAL INVESTMENTS

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

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

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

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

Financial investments not included in the scope of consolidation:

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

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

NOTE 14-INVESTMENTS IN ASSOCIATES

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

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

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

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

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

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

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

NOTE 15-INVESTMENT PROPERTY

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

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

(*) Transferred from property, plant and equipment

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

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

NOTE 16-PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

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NOTE 17-INTANGIBLE ASSETS

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

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

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NOTE 18-GOODWILL

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

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

NOTE 19-OTHER ASSETS AND LIABILITIES

Other current assets:

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

Other non-current assets:

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

Other current liabilities:

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

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

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Other long-term liabilities:

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

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

NOTE 20-BORROWINGS

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

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

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

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

The redemption schedule of borrowings is as follows:

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

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

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NOTE 21-TRADE PAYABLES

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

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

NOTE 22-DERIVATIVE FINANCIAL INSTRUMENTS

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

Derivative instruments held for hedging:

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

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

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

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

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

Derivative instruments held for trading:

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

NOTE 23-TAXES ON INCOME

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

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

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

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Deferred tax assets and liabilities

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

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

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

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

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

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

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

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

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

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

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NOTE 24-EMPLOYEE BENEFITS

Long-term employee benefits

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

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

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

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

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

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

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

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

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

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NOTE 25-SHARE CAPITAL

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

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

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

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

NOTE 26-STATUTORY RETAINED EARNINGS AND LEGAL RESERVES

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

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

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

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

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NOTE 27-SALES

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

NOTE 28-COST OF SALES

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

NOTE 29-GENERAL AND ADMINISTRATIVE EXPENSES

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

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NOTE 30-MARKETING, SELLING AND DISTRIBUTION EXPENSES

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

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

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

NOTE 32-FINANCIAL INCOME/(EXPENSES), NET

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

NOTE 33-PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

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

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Contingent assets and liabilities:

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

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

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

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

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

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

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

c) Operating lease obligations

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

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

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

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NOTE 34-SEGMENT REPORTING

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

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

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

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

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

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

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c) 2010 segment assets:

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

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d) 2009 segment assets:

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

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

AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2010

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

NOTE 35-EVENTS AFTER THE BALANCE SHEET DATE

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

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

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

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