AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2012 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

(ORIGINALLY ISSUED IN TURKISH)

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

INDEPENDENT AUDITOR'S REPORT

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

1. We have audited the accompanying consolidated financial statements of Akkök Sanayi Yatırım ve Geliştirme A.Ş. ("Akkök") and its subsidiaries and joint ventures (collectively referred as the "Group") which comprise the consolidated balance sheet as at 31 December 2012, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

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

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

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

Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. a member of PricewaterhouseCoopers
BJK Plaza, Süleyman Seba Cad. No:48 B Blok Kat:9 Akaretler Beşiktaş 34357 İstanbul - Turkey
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Opinion

4. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Akkök Sanayi Yatırım ve Geliştirme A.Ş. and its subsidiaries and joint ventures as of 31 December 2012, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

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

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

Ediz Günsel, SMMM
Partner

Istanbul, 13 May 2013

AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2012

CONTENTS **PAGE**

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

AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2012 AND 2011
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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

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

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

AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2012 AND 2011

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

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

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

AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011

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

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

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

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

AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011

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

	Attributable to owners of the parent								
	Share capital	**Adjustment to share capital**	**Available-for-sale investments**	**Hedging reserve**	**Currency translation differences**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2011	**13,098**	**168,630**	**5,384**	**(4,801)**	**-**	**641,461**	**823,772**	**674,636**	**1,498,408**
Capital increase	-	-	-	-	-	-	-	64,786	64,786
Dividends paid	-	-	-	-	-	-	-	(38,617)	(38,617)
Changes in consolidation scope (Note 2.2)	-	-	-	-	-	2,025	2,025	-	2,025
Total comprehensive income for the year	-	-	(3,980)	(4,864)	1,598	5,760	(1,486)	63,877	62,391
Balance at 31 December 2011	**13,098**	**168,630**	**1,404**	**(9,665)**	**1,598**	**649,246**	**824,311**	**764,682**	**1,588,993**
Balance at 1 January 2012	**13,098**	**168,630**	**1,404**	**(9,665)**	**1,598**	**649,246**	**824,311**	**764,682**	**1,588,993**
Dividends paid	-	-	-	-	-	(655)	(655)	(54,225)	(54,880)
Total comprehensive income for the year	-	-	5,997	(2,415)	(1,064)	143,193	145,711	157,911	303,622
Balance at 31 December 2012	**13,098**	**168,630**	**7,401**	**(12,080)**	**534**	**791,784**	**969,367**	**868,368**	**1,837,735**

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

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

AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş.

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011

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

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

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

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

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

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

The Group's ultimate parents are A.R.D Holding A.Ş., N.D.Ç Holding A.Ş. and Atlantik Holding A.Ş., which are being controlled by Dinçkök family members (Note 24).

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

Miralay Şefik Bey Sokak
No: 15 Akhan
Gümüşsuyu 34437 İstanbul

Subsidiaries

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

Subsidiaries	**Registered country**	**Nature of business**	**Reportable segment (Note 34)**
Akiş Gayrimenkul Yatırımı A.Ş.	Turkey	Real estate development	Real estate
Ak-Kim Kimya Sanayi ve Ticaret A.Ş.	Turkey	Chemicals	Chemicals
Akmeltem Poliüretan Sanayi ve Ticaret A.Ş.	Turkey	Chemicals	Chemicals
Aksa Akrilik Kimya Sanayii A.Ş. ("Aksa")	Turkey	Chemicals	Chemicals
Ak-Tem Uluslararası Mümessillik ve Ticaret A.Ş.	Turkey	Chemicals	Chemicals
Aksa Egypt Acrylic Fiber Industry SAE ("Aksa Egypt")	Egypt	Chemicals	Chemicals
Ak-Al Gayrimenkul Geliştirme ve Tekstil Sanayii A.Ş. (*)	Turkey	Textile	Textile
Ak-Tops Tekstil Sanayi A.Ş.	Turkey	Textile	Textile
Çerkezköy Tekstil Sanayi ve Ticaret A.Ş.	Turkey	Textile	Textile
İstasyon Tekstil ve Sanayi Ticaret A.Ş.	Turkey	Textile	Textile
Akdepo Lojistik ve Dış Ticaret A.Ş.	Turkey	Tourism	Other
Ak Havacılık ve Ulaştırma Hizmetleri A.Ş.	Turkey	Air transport	Other
Akmerkez Lokantacılık Gıda Sanayi ve Ticaret A.Ş.	Turkey	Restaurant management	Other
Ak-Pa Tekstil İhracat Pazarlama A.Ş.	Turkey	International trade	Other
Akport Tekirdağ Liman İşletmeleri A.Ş.	Turkey	Port management	Other
Aktek Bilgi İletişim Teknolojisi San. ve Tic. A.Ş.	Turkey	Information technologies	Other
Ariş Sanayi ve Ticaret A.Ş.	Turkey	Trade	Other
Dinkal Sigorta Acenteliği A.Ş.	Turkey	Insurance agency	Other
Fitco BV	Holland	Investment	Other
Zeytinliada Turizm ve Ticaret A.Ş.	Turkey	Tourism	Other
Ak Yön Yönetim ve Bakım İşlemleri A.Ş	Turkey	Shopping center management	Other

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

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

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

Joint ventures

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

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

Associates

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

Associates	Registered country	Nature of business	Reportable segment
Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş.	Turkey	Real estate development	Real estate
Saf Gayrimenkul Yatırım Ortaklığı A.Ş.	Turkey	Real estate development	Real estate

Financial investments

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

Financial investments	Country	Business	Segment
Akhan Bakım Yön. Ser. Hiz. Tic. A.Ş.	Turkey	Service	Other
Aksu Textiles E.A.D.	Bulgaria	Textile	Textile
Üçgen Bakım ve Yönetim Hizmetleri A.Ş.	Turkey	Service	Other
Aken B.V.	Holland	Investment	Other

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of preparation

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

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

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

2.2 Principles of consolidation

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

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

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

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

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

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

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

	Proportion of voting power held by Akkök and its subsdiaries (*)		Proportion of voting power held by certain Dinçkök family members and related shareholders (%) (**)		Total voting power held		Proportion of effective intererest (***)	
Subsidiaries	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Ak Havacılık ve Ulaştırma Hizmetleri A.Ş.	100.00	100.00	-	-	100.00	100.00	100.00	100.00
Ak-Al Gayrimenkul Geliştirme ve Tekstil Sanayii A.Ş.	52.71	52.71	6.77	6.77	59.48	59.48	52.51	52.51
Ak-Kim Kimya Sanayi ve Ticaret A.Ş.	42.00	42.00	50.88	50.88	92.88	92.88	42.00	42.00
Akmeltem Poliüretan Sanayi ve Ticaret A.Ş.	50.00	50.00	1.67	1.67	51.67	51.67	50.00	50.00
Akmerkez Lokantacılık Gıda Sanayi ve Ticaret A.Ş.	43.75	43.75	-	-	43.75	43.75	43.75	43.75
Ak-Pa Tekstil İhracat Pazarlama A.Ş.	84.69	84.69	7.50	7.50	92.19	92.19	76.55	76.55
Akport Tekirdağ Liman İşletmeleri A.Ş.	76.31	76.25	11.85	11.96	88.15	88.27	76.31	76.25
Aksa Akrilik Kimya Sanayii A.Ş.	39.59	39.59	18.72	18.72	58.31	58.31	39.59	39.59
Ak-Tem Uluslararası Mümessillik ve Ticaret A.Ş.	99.80	75.05	0.05	0.05	99.85	75.10	41.92	31.52
Ak-Tops Tekstil Sanayi A.Ş.	60.00	60.00	33.30	33.30	93.30	93.30	23.75	23.75
Ariş Sanayi ve Ticaret A.Ş.	43.34	43.37	28.33	30.05	71.67	73.39	43.34	43.37
Dinkal Sigorta Acenteliği A.Ş.	96.66	96.66	2.23	2.23	98.89	98.89	95.53	95.53
Akdepo Lojistik ve Dış Ticaret A.Ş	100.00	89.61	-	4.64	100.00	94.25	100.00	89.61
Zeytinliada Turizm ve Ticaret A.Ş.	89.61	89.61	4.64	4.64	94.25	94.25	89.61	89.61
İstasyon Tekstil ve Sanayi Ticaret A.Ş.	43.37	43.37	28.31	28.31	71.68	71.68	43.37	43.37
Akiş Gayrimenkul Yatırımı A.Ş.	20.00	20.00	64.36	64.36	84.36	84.36	20.00	20.00
Fitco BV	100.00	100.00	-	-	100.00	100.00	39.59	39.59
Aksa Egypt Acyrlic Fiber Industrie SAE	100.00	100.00	-	-	100.00	100.00	39.59	39.69
Aktek Bilgi İletişim Teknolojisi San. ve Tic. A.Ş.	20.00	20.00	40.00	40.00	60.00	60.00	20.00	20.00
Çerkezköy Tekstil Sanayi ve Ticaret A.Ş. (****)	-	43.37	-	28.31	-	71.68	-	43.37
Ak Yön Yönetim ve Bakım Hizmetleri A.Ş.	99.99	99.99	-	-	99.99	99.99	20.00	20.00

(*) Represents total direct ownership interest held by Akkök and its subsidiaries.
(**) Represents total direct ownership interest held by certain Dinçkök family members and related shareholders who declared to exercise their voting power inline with the voting preference of Akkök..
(***) Represents total direct and indirect ownership interest held by Akkök
(****) Çerkezköy Tekstil Sanayi ve Ticaret A.Ş has been fully merged with Ariş Sanayi ve Ticaret A.Ş as of 4 July 2012.

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

c) Joint ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by Akkök and its subsidiaries together with one or more other parties. Akkök exercises such joint control through direct and indirect ownership interest held by itself and/or through voting power Dinçkök family members and the related shareholders who declared to exercise their voting power inline with the voting preferences Akkök. The Group's interest in joint ventures is accounted for by way of proportionate consolidation. By this method, the Group includes its share of the assets, liabilities, income and expenses of each joint venture in the relevant components of the financial statements (Note 6). The parts of joint ventures that are not included within the scope of the consolidation are disclosed in the related party note. (Note 9). The table below sets out the joint-ventures, the proportion of voting power held by Akkök and its subsidiaries and effective ownership interests at 31 December 2012 and 2011:

	Proportion of voting power held by Akkök and its subsidiaries (%)		Proportion of voting power held by certain Dinçkök family members (%)		Total voting power held		Proportion of effective interest (%)	
Joint ventures	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Ak-El Yalova Elektrik A.Ş..	90.07	90.07	5.86	5.86	95.93	95.93	20.43	20.43
Akenerji Elektrik Üretim A.Ş.	20.43	20.43	16.93	16.93	37.36	37.36	20.43	20.43
Ak Enerji Elektrik Enerjisi İthalat-İhracat ve Toptan Ticaret A.Ş	90.00	90.00	5.00	5.00	95.00	95.00	20.43	20.43
Akkur Enerji Üretim Tic. ve San. A.Ş.	99.43	99.00	0.29	0.50	99.71	99.50	20.43	20.43
Mem Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş	99.28	99.00	0.36	0.50	99.64	99.50	20.43	20.43
Akka Elektrik Üretim A.Ş.	90.00	90.00	5.00	5.00	95.00	95.00	20.43	20.43
Akcez Enerji Yatırımları Sanayi ve Ticaret A.Ş.	72.50	72.50	-	-	72.50	72.50	36.69	36.69
Akfil Holding A.Ş.	45.00	45.00	2.50	2.50	47.50	47.50	45.00	45.00
Sakarya Elektrik Dağıtım A.Ş.	100.00	100.00	-	-	100.00	100.00	36.69	36.69
Egemer Elektrik Üretim A.Ş.	100.00	100.00	-	-	100.00	100.00	20.43	20.43
Ak-el Kemah Elektrik Üretim A.Ş.	99.99	99.99	-	-	99.99	99.99	20.43	20.43
Akenerji Doğalgaz İthalat İhracat ve Toptan Ticaret A.Ş.	99.99	99.99	-	-	99.99	99.99	20.43	20.43
Garanti Koza-Akiş Adi Ortaklığı	25.00	25.00	-	-	25.00	25.00	5.00	5.00
Dowaksa Advanced Kompozit Holding B.V.	50.00	-	-	-	50.00	-	19.79	-
DowAksa İleri Kompozit Malzemeler Sanayi Ltd.Şti.	50.00	-	-	-	50.00	-	19.79	-

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

d) Investments in associated undertakings are accounted for using the equity method of accounting (Note 13). These are undertakings, over which the Group generally has between 20% and 50% of the voting rights; through the voting rights of Akkök and its subsidiaries and/or through the voting rights of certain members of Dinçkök family and related shareholders in those companies who declared to exercise their voting rights inline with Akkök's voting preference or through the Group's exercise of significant influence with, no controlling power. Unrealised gains on transactions between the Group and its associated undertakings are eliminated to the extent of the Group's interest in the associated undertakings; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Equity accounting is discontinued when the carrying amount of the investment in an associated undertaking reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associated undertaking or significant influence of the Group ceases. The carrying amount of the investment at the date when significant influence ceases is regarded as cost thereafter. The table below sets out the associates accounted for using the equity method of accounting, the proportion of voting power held by Akkök and its subsidiaries and effective ownership interests at 31 December 2012 and 2011:

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

e) Other investments in which the Group and its subsidiaries have interest below 20%, or over which the Group does not exercise a significant influence,or which are immaterial, are classified as available-for-sale. Available-for-sale investments that do not have a quoted market price in active markets and whose fair value cannot be measured reliably are carried at cost less any provision for diminution in value (Note 12).

	Proportion of voting power held by Akkök and its subsidiaries (%) (*)		Proportion of voting power held by certain Dinçkök family members (%)		Proportion of effective interest (%)	
Finansal Yatırımlar	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Akhan Bakım Yön. Ser. Hiz. Tic. A.Ş.	99.00	99.00	0.15	0.15	99.00	99.00
Aksu Textiles E.A.D.	100.00	100.00	-	-	52.51	52.51
Üçgen Bakım ve Yönetim Hizmetleri A.Ş.	39.37	39.37	-	-	39.37	39.37
Aken B.V.	100.00	100.00	-	-	20.43	20.43
Akgirişim Kimya ve Ticaret A.Ş. (*)	-	98.00	-	1.00	-	39.76

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

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

2.3 Offsetting

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

2.4 Changes in standards and interpretations

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

- IFRS 7 (amendment), "Financial instruments: Disclosures on transfers of assets", is effective for annual periods beginning on or after 1 July 2011. This amendment will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets. Comparative information is not needed in the first year of adoption. Earlier adoption is permitted.

- IFRS 1 (amendment), "First-time adoption of IFRS", is effective for annual periods beginning on or after 1 July 2011. These amendments include two changes to IFRS 1. The first replaces references to a fixed date of 1 January 2004 with 'the date of transition to IFRSs', thus eliminating the need for entities adopting IFRSs for the first time to restate derecognition transactions that occurred before the date of transition to IFRSs. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation. Earlier adoption is permitted.

- IAS 12 (amendment), "Income taxes" on deferred tax, is effective for annual periods beginning on or after 1 January 2012. This amendment introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, "Income taxes - recovery of revalued non-depreciable assets", will no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is withdrawn. Early adoption is permitted.

The aforementioned standards are not currently relevant for the Company.

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

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

- IAS 19 (amendment), "Employee benefits", is effective for annual periods beginning on or after 1 January 2013. These amendments eliminate the corridor approach and calculate finance costs on a net funding basis. Early adoption is permitted.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

- IAS 1 (amendment), "Presentation of financial statements", regarding other comprehensive income is effective for annual periods beginning on or after 1 July 2012. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. Early adoption is permitted.

- IFRS 10, "Consolidated financial statements", is effective for annual periods beginning on or after 1 January 2013. The standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. This new standard might impact the entities that a group consolidates as its subsidiaries.

- IFRS 11, "Joint arrangements", is effective for annual periods beginning on or after 1 January 2013. IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.

- IFRS 12, "Disclosures of interests in other entities", is effective for annual periods beginning on or after 1 January 2013. The standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

- IFRS 10, 11 and 12 on transition guidance (amendment), is effective for annual periods beginning on or after 1 January 2012. The amendment also provide additional transition relief in IFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosure related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for the periods before IFRS 12 is applied.

- IFRS 13, "Fair value measurement", is effective for annual periods beginning on or after 1 January 2013. The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.

- IAS 27 (revised), "Separate financial statements", is effective for annual periods beginning on or after 1 January 2013. The standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.

- IAS 28 (revised), "Associates and joint ventures", is effective for annual periods beginning on or after 1 January 2013. The standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

- IFRS 7 (amendment), "'Financial instruments: Disclosures', on offsetting financial assets and financial liabilities", is effective for annual periods beginning on or after 1 January 2013. The amendment reflects the joint IASB and FASB requirements to enhance current offsetting

  disclosures. These new disclosures are intended to facilitate comparison between those entities that prepare IFRS financial statements and those that prepare US GAAP financial statements.

- IAS 32 (amendment), "'Financial instruments: Presentation', on offsetting financial assets and financial liabilities", is effective for annual periods beginning on or after 1 January 2014. The amendment updates the application guidance in IAS 32, 'Financial instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.

- IFRS 1 (amendment), "'First time adoption', on government loans", is effective for annual periods beginning on or after 1 January 2013. The amendment addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRS. It also adds an exception to the retrospective application of IFRS, which provides the same relief to first-time adopters granted to existing preparers of IFRS financial statements when the requirement was incorporated into IAS 20 in 2008.

- Annual Improvements to IFRSs 2011 is effective for annual periods beginning on or after 1 January 2013. Amendments effect five standards: IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34.

- IFRS 9, "Financial instruments: Classification and Measurement", is effective for annual periods beginning on or after 1 January 2015. The standard addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments.

- IFRS 10, (amendment) "Consolidated Financial Statements", IFRS 12 and IAS 27 for investment entities is effective for annual periods beginning on or after 1 January 2013. These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an "investment entity" definition and which display particular characteristics. Changes have also been made IFRS 12 to introduce disclosures that an investment entity needs to make.

- IFRIC 20, "Stripping costs in the production phase of a surface mine" is effective for annual periods beginning on or of 1 January 2013. This interpretation sets out the accounting for overburden waste removal (stripping) costs in the production phase of a mine.

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

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Changes in accounting policies, accounting estimates and errors

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

3.2 Related parties

For the purpose of these consolidated financial statements, shareholders, key management personnel and Board members, in each case together with their families and companies controlled by or affiliated with them, associates and joint ventures are considered and referred to as related parties (Note 9).

3.3 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank deposits and highly liquid investments, whose maturity at the time of purchase is three months or less (Note 7).

3.4 Financial assets

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

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

As of 31 December 2012 and 2011 the Group does not have any financial assets at fair value through profit or loss.

Loans and Receivables

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

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Available for sale financial assets

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

Available-for-sale financial assets are subsequently measured at fair value. Available-for-sale financial assets that are quoted in active markets are measured based on current bid prices. If the market for a financial asset is not active the fair value is determined by using valuation techniques such as discounted cash flow analysis and option pricing model (Note 12).

Subsidiaries excluded from the scope of consolidation

For investments as subsidiaries that are excluded from the scope of consolidation on the grounds of materiality where there is no quoted market price and where a reasonable estimate of fair value cannot be determined since other methods are inappropriate and unworkable, they are carried at cost less any impairment in value (Note 12).

3.5 Trade receivables

Trade receivables have a maturity range of 30-120 days and are recognised at original invoice amount and carried at amortised cost less an allowance for any uncollectible amounts. An estimate for doubtful debt is made when collection of the full amount is no longer probable. A credit risk provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The allowance is an estimated amount which is difference between existing receivable and collectible amount. Collectible amount is the discounted value of trade receivables, all cash flows including collections from guarantees by using original effective interest rate. Bad debts are written off when identified (Note 8).

3.6 Trade payables

Trade payables consist of the amounts invoiced or not invoiced related with the realised material or service purchases, and are carried at amortised cost (Note 20).

3.7 Inventories

Inventories are valued at the lower of cost or net realisable value less costs to sell. Cost of inventories comprises the purchase cost and the cost of bringing inventories into their present location and condition. Cost is determined by the monthly moving weighted average method. The cost of borrowings is not included in the costs of inventories. Net realisable value less costs to sell is the estimated sales price in the ordinary course of business, less the estimated costs necessary to make the sale (Note 11).

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

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.8 Investment property

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

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

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

3.9 Property, plant and equipment

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

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

Depreciation is provided for property, plant and equipment on a straight-line basis (Note 15). Useful life and the depreciation method are constantly reviewed, and accordingly, parallels are sought between the depreciation method and the period and the useful life to be derived from the related asset. The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

	Süre (Yıl)
Land improvements	2-50
Buildings	5-50
Machinery and equipment	3-40
Motor vehicles	5-10
Furniture and fixtures	2-50
Special costs	4-46

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.9 Property, plant and equipment (Continued)

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

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with their restated carrying amounts and are included in the related income and expense accounts, as appropriate (Note 30).

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

3.10 Intangible assets

Intangible assets acquired separately from a business are capitalised at cost. Intangible assets created within the business are not capitalised and expenditure is charged against profits in the year in which it is incurred. They are initially recognised at acquisition cost and amortised on a straight-line basis over their estimated useful lives. The depreciation period for the intangibles capitalised in relation with the new models will be started after the production of these models is started. The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable (Note 16).

Amortisation period of intangible assets is as follows:

	Süre (Yıl)
Rights	3-15
Distribution licence and customer relationships	2-27
Other licences	3-49

Research and development expenses

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

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

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

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.11 Revenue recognition

Revenue

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

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

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

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

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

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

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

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

Other operating income

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

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Income

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

3.12 Bank borrowings

All bank borrowings are initially recognised at cost, being the fair value of the consideration received net of issue cost associated with the borrowing. After initial recognition, bank borrowings are subsequently measured at amortised cost using the effective yield method. Amortised cost is calculated by taking into account any issue cost and any discount or premium on settlement (Note 19).

3.13 Borrowing costs

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

3.14 Employee benefits

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

Under the Turkish Labour Law, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees (Note 23).

The Group has an employee benefit plan called "Seniority Incentive Bonus" ("Bonus") which is paid to employees with a certain level of seniority. The Group accounts for this Bonus according to IAS 19, "Employee Benefits". Seniority incentive bonus provision which is disclosed within the employee termination benefit represents the present value of the estimated total reserve of the probable future obligations (Note 23).

3.15 Current and deferred income tax

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

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

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

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.15 Current and deferred income tax (continued)

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

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and joint venture, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future (Note 22).

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

3.16 Events after the balance sheet date

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

3.17 Provisions

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

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.18 Contingent assets and liabilities

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

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

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised. A contingent asset is disclosed where an inflow of economic benefit is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial (Note 33).

3.19 Offsetting

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

3.20 Business combinations

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

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

3.21 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition (Note 17).

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The Group performs the goodwill impairment test at 31 December (Note 17). Impairment losses on goodwill could not be reversed.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold (Note 17).

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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).

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.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3.25 Reporting of cash flows

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

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

Cash and cash equivalents comprise cash on hand and bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities equal or less than three months (Note 7).

3.26 Government grants

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

3.27 Paid in share capital

The share capital through a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings (Note 24).

3.28 Leases

a) The Group as the lessor

Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease (Note 30).

b) The Group as the lessor

Finance leases

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

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating leases

Assets leased out under operating leases are included in property, plant and equipment in the consolidated balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income is recognised in the consolidated income statement on a straight-line basis over the lease term (Note 34).

NOTE 4 - CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

a) Net realisable value

Inventories are valued at the lower of cost or net realisable value. Net realisable value is the estimated sales price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale (Note 11).

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

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. They are initially recognised at acquisition cost and amortised on a straight-line basis over their estimated useful lives. Useful lives of property, plant and equipment, rely on best estimates of management, these estimates are reviewed balance sheet dates and if necessary adjustments are made necessary (Note 15, 16).

c) Provision for doubtful receivables

In the event there is a situation which makes impossible for the Group to collect the amounts due payable, a provision for loss is created for the trade receivables. The amount of the provision is determined with the assessment of the payment performance of the customer and trade receivable aging. Provision for doubtful receivables is the accounting estimation that is based on the past payment performance and financial situations of the customers (Note 8).

d) Provisions

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

e) Income taxes

Subsidiaries, joint ventures and associates of the Group are subject to income tax and various tax legislations. The group performs the accounting of liabilities related to the taxes expected based on the assumption of whether additional tax will be paid or not. If the tax amount reached as a result of these is significantly different from the amount first entered to the book, these differences may affect the provision of income tax and deferred taxes related to that period (Note 22).

NOTE 4 - CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

f) Pension payments

The current value of pension payments is determined on an actuarial basis by using certain assumptions. These assumptions are used in determining the net income (expense) of pension obligations and include reduction rate. Any change in these assumptions affects the registered value of pension obligations (Note 23).

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

Deferred income tax liabilities are recognised for all taxable temporary differences, where deferred income tax assets resulting from deductable temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised (Note 22).

h) Unbilled electricity sales

Electricity supplied to customers, which is not yet billed, is recognised in revenues at estimated amounts. The estimate of total unbilled electricity balance is calculated by extrapolation of consumption in the last measured period for individual locations (Note 26).

i) Akport investments

As explained in detail in Note 33, the Agreement to Transfer the Right to Operate the Tekirdağ Port signed between Akport, TDI and the Privatisation Authority was terminated on 6 March 2012. Group management anticipates receiving compensation for the investments in Tekirdağ Port and that the compensation will not be less than their book value as recorded in the Group's consolidated financial statements dated 31 December 2012.

j) Goodwill impairment test

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

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

Financial risk factors

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

5.1 Foreign currency risk

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

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

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

Foreign currency position table denominated in Turkish Lira as of 31 December 2012 and 31 December 2011 is as follows:

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

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

	2011			
	USD position	**Euro position**	**Other foreign currency position**	**Total**
Varlıklar:				
Cash and cash equivalents	209,980	27,740	1	237,721
Accounts Receivable	493,703	100,718	435	594,856
Other Assets	126,254	22,066	-	148,320
Toplam varlıklar	**829,937**	**150,524**	**436**	**980,897**
Liabilities:				
Short-term debt	516,632	11,391	-	528,023
Long-term debt	708,563	25,849	-	734,412
Accounts payable	204,590	20,418	1,528	226,536
Other liabilities	189,328	50,128	-	239,456
Total liabilities	**1,619,113**	**107,786**	**1,528**	**1,728,427**
Net foreign currency position	**(789,176)**	**42,738**	**(1,092)**	**(747,530)**

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

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

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

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

2011	**Appreciation of foreign currency**	**Depreciation of foreign currency**
In case 10% appreciation of USD against TL		
USD net asset/ (liability)	(78,918)	(78,918)
USD net effect - income/ (expense)	**(78,918)**	**(78,918)**
In case 10% appreciation of Euro against TL		
Euro net asset/ (liability)	4,274	(4,274)
Euro net effect - income/ (expense)	**4,274**	**(4,274)**

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.

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

5.3 Interest rate risk

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

Borrowings issued at floating rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rate expose the Group to fair value interest rate risk. As of 31 December 2012 and 2011, the Group's borrowings at floating rates are mainly denominated in USD and Euro.

At 31 December 2012, if interest rates on USD denominated borrowings had been higher/lower by 1 base point with all other variables held constant, profit before income taxes would have been TL 4,118 (2011: TL 4,140) higher/lower, mainly as a result of high interest expense on floating rate borrowings.

5.4 Kredi riski

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of the counterparties. It is the Group policy that all customers who wish to trade on credit terms are subject to credit monitoring procedures and the Group also obtains collaterals from customers when appropriate. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Trade receivables are evaluated by management based on their past experiences and current economic condition, and are presented in financial statements net of provision for doubtful receivables (Note 8).

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

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

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

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

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

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

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

	Trade receivables		**Other receivables**		**Bank deposits**	
2011	**Related party**	**Other**	**Related party**	**Other**	**Related party**	**Other**
Maximum credit risk exposure as of the reporting date	**101,718**	**716,393**	**-**	**284,875**	**-**	**412,066**
- Secured portion of the maximum credit risk by guarantees	-	***294,749***	-	-	-	-
Net book value of financial assets that are neither past due nor impaired	101,718	508,445	-	284,634	-	412,066
Financial assets with renegotiated conditions	-	39,439	-	-	-	-
Net book value of financial assets that are past due but not impaired	-	71,003	-	-	-	-
- Secured portion by guarantees	-	*23,236*	-	-	-	-
Net book value of impaired assets	-	-	-	-	-	-
- Overdue (gross book value)	-	*97,506*	-	*241*	-	-
- Impairment (-)	-	*(95,506)*	-	*(241)*	-	-
- Secured portion by guarantees	-	*2,000*	-	-	-	-

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

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

5.5 Liquidity risk

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

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

2012:

Contractual maturities	Carrying value	Contractual cash flows (=I+II+III+ IV)	Up to 3 months (I)	3 to 12 months (II)	1 to 5 years (III)	More than 5 years (IV)
Non-derivate financial liabilities						
Borrowings	1,487,705	1,679,503	300,131	436,383	618,268	324,721
Accounts payable	382,239	383,332	309,590	50,061	2,368	21,313
Due to related parties	22,306	22,306	21,996	310	-	-
Total	**1,892,250**	**2,085,141**	**631,717**	**486,754**	**620,636**	**346,034**

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	15,164	15,566	889	4,388	10,289	-

2011:

Contractual maturities	Carrying value	Contractual cash flows (=I+II+III+ IV)	Up to 3 months (I)	3 to 12 months (II)	1 to 5 years (III)	More than 5 years (IV)
Non-derivate financial liabilities						
Borrowings	1,528,635	1,676,248	178,149	465,564	625,573	406,962
Accounts payable	391,513	393,580	281,782	88,679	2,317	20,802
Due to related parties	87,937	87,937	86,175	1,762	-	-
Total	**2,008,085**	**2,157,765**	**546,106**	**556,005**	**627,890**	**427,764**

Expected (or contractual) maturities	Carrying value	Contractual cash flows (=I+II+III+ IV)	Up to 3 months (I)	3 to 12 months (II)	1 to 5 years (III)	More than 5 years (IV)
Derivate financial assets, (net)						
Derivative cash outflows	12,741	12,853	311	1,954	8,688	1,900

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

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

5.6 Capital risk management

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

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

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

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

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

5.7 Fair value of financial instruments

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

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

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

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

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

Monetary assets

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

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

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

Monetary liabilities

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

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

Fair Value Estimation:

Effective from 1 January 2011, the group adopted the amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following hierarchy:

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

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

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

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

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

NOTE 6 - JOINT VENTURES

a) Joint Ventures

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

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

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

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

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

NOTE 6 - JOINT VENTURES (Continued)

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

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

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

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

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

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

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

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

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

NOTE 6 - JOINT VENTURES (Continued)

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

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

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

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

NOTE 7 - CASH AND CASH EQUIVALENTS

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

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

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

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

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

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

NOTE 8 - TRADE RECEIVABLES

Short-term trade receivables:

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

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

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

NOTE 8 - TRADE RECEIVABLES (Continued)

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

	2012	2011
USD	0.84	0.86
TL	13.75	11.27

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

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

Aging of provision for doubtful trade receivables

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

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

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

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

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

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

NOTE 8 - TRADE RECEIVABLES (Continued)

Long-term trade receivables:

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

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

NOTE 9 - RELATED PARTY DISCLOSURES

a) Due from related parties

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

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

b) Due to related parties

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

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

NOTE 9 - RELATED PARTY DISCLOSURES (Continued)

c) Sales to related parties

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

d) Service and product purchases from related parties

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

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

e) Dividend earnings from related parties

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

f) Key management compensation

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

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

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

NOTE 10 - FINANCIAL ASSETS

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

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

Collection plan of financial assets are as follow:

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

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

NOTE 11 - INVENTORIES

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

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

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

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

NOTE 12 - FINANCIAL INVESTMENTS

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

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

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

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

Financial investments not included in the scope of consolidation:	**2012**	**2011**
Üçgen Bakım ve Yönetim Hizmetleri A.Ş.	107	107
Akhan Bakım Yönetim Servis Hizmet Ticaret A.Ş.	119	122
Aken B.V.	406	406
Akgirişim Kimya ve Ticaret A.Ş.	-	98
Aksu Textiles E.A.D.	828	789
Total	**1,460**	**1,522**

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

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

NOTE 13 - INVESTMENTS IN ASSOCIATES

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

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

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

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

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

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

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

NOTE 14 - INVESTMENT PROPERTY

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

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

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

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

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

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

NOT 15 - PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

NOTE 15 - PROPERTY, PLANT AND EQUIPMENT (Continued)

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

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

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

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

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

NOTE 16 - INTANGIBLE ASSETS

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

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

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

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

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

NOTE 17 - GOODWILL

	2012	**2011**
Goodwill	173.075	173,075

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

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

NOTE 18 - OTHER ASSETS AND LIABILITIES

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

Other non-current assets:

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

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

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

NOTE 18 - OTHER ASSETS AND LIABILITIES (Continued)

Other current liabilities:

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

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

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

(**) As of 31 December 2012, TL 8,902 - the remaining balance of short-term deferred income amounting to TL 6,379 - represents the invoiced house sales without final acceptance within the scope of the Akkoza project and TL 1,180 - the remaining balance - represents the invoiced house sales without final acceptance within the scope of the Akbatı project.

NOTE 19 - BORROWINGS

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

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

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

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

NOTE 19 - BORROWINGS (Continued)

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

The redemption schedule of borrowings is as follows:

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

At 31 December 2012, bank borrowings with floating interest rates amounted to TL 411,816 (2011: TL 414,034). The floating interest rate bank borrowings denominated in USD, which represents a significant portion of total bank borrowings of the Group, have interest rates fluctuating between Libor+1.3% and Libor+3.0% (London Interbank Offered Rate) (2011: Libor +1.6%-Libor +3,5%).

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

NOTE 20 - TRADE PAYABLES

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

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

(*) Akenerji, a joint venture of the Group, and the Studies and Planning Department of the General Directorate of State Hydraulic Works (DSI) have signed an agreement on the Right to Use Water in the Uluabat Power Tunnel and Hydroelectric Energy Generation Facility within the scope of the Emet-Orhaneli Çınarcık Dam Project. According to this agreement, Akenerji's liability to pay for Energy Participation Share in connection with the project, "which is under construction and which has been taken over" from the General Directorate of State Hydraulic Works (DSI), shall arise on the date when operations start, while the relevant payments shall start five years later. These liabilities shall be calculated by indexing to CPI according to the agreement and the payments shall be divided into 10 equal installments. This project has been completed as of the balance sheet date and is recorded under "long-term payables" in the Group's consolidated balance sheet with the first installment of TL 23,681 to be paid in 2015. (2011: TL 23,113)

NOTE 21 - DERIVATIVE FINANCIAL INSTRUMENTS

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

Derivative instruments held for hedging:

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

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

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

NOTE 21 - DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

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

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

At 31 December 2012, the fixed interest rates vary from 1.35% to 2.5% (2011: 1.65% to 5.0%), and the main floating rates are EURIBOR and LIBOR. Gains and losses recognised in the hedging reserve in equity on interest rate swap contracts as of 31 December 201 will be continuously released to the income statement within finance cost until the repayment of the bank borrowings (Note 19).

NOTE 22 - TAXES ON INCOME

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

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

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

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

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

NOTE 22 - TAXES ON INCOME (Continued)

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

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

Deferred tax assets and liabilities

The composition of cumulative temporary differences and the related deferred income tax assets and liabilities in respect of items for which deferred tax has been provided at 31 December 2012 and 2011 using the enacted tax rates is as follows:

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

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

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

NOTE 22 - TAXES ON INCOME (Continued)

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

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

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

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

At 31 December 2012, carry forward tax losses that the Group can deduct on future tax periods amount to TL 111,414 (2011: 188,172). At 31 December 2012, the Group recognised deferred income tax assets for carry forward tax losses of TL 54,095 (2011: 72,735.) Carry forward tax losses for which the Group did not recognize deferred income tax assets and their expiration dates are as follows:

Dates	**2012**	**2011**
2014	4,642	5,016
2015	10,689	30,248
2016	18,644	80,173
2017	23,344	-
Toplam	**57,319**	**115,437**

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

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

NOTE 23 - EMPLOYEE BENEFITS

Long-term employee benefits

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

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

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and who reaches the retirement age (58 for women and 60 for men), whose employment is terminated without due cause, is called up for military service or passed away. Since the legislation was changed on 23 May 2002 there are certain transitional provisions relating to length of service prior to retirement.

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

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

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

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

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised once every six months, the maximum amount of TL 3,129 effective from 1 January 2013 (1 January 2012: TL 2,805) has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

Movements in the provision for employment termination benefits for the years ended 31 December 2012 and 2011 are as follows:

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

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

NOTE 24 - SHARE CAPITAL

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

	% Share	2012	% Share	2011
A.R.D Holding A.Ş.	33	4,365	33	4,365
Atlantik Holding A.Ş.	33	4,365	33	4,365
N.D.Ç Holding A.Ş.	33	4,365	33	4,365
Other	1	3	1	3
Toplam	**100**	**13,098**	**100**	**13,098**
Adjustment to share capital		168,630		168,630
Total paid-in capital		**181,728**		**181,728**

The Group's authorised share capital consists of 13,097,521,124 shares of TL 0.01 value (2011: 13,097,521,124). There are no privileges given to shares of different groups and shareholders.

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

NOTE 25 - STATUTORY RETAINED EARNINGS AND LEGAL RESERVES

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

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

As of 31 December 2012 and 2011 retained earnings of Akkök in accordance with statutory financial statements are as follows:

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

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

NOTE 26 - SALES

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

NOTE 27 - COST OF SALES

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

NOTE 28 - GENERAL AND ADMINISTRATIVE EXPENSES

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

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

NOTE 29 - MARKETING, SELLING AND DISTRIBUTION EXPENSES

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

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

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

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

NOTE 31 - FINANCIAL INCOME

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

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

NOTE 32 - FINANCIAL EXPENSES

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

NOTE 33 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions:

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

Contingent assets and liabilities:

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

Collaterals, Pledges and Mortgages (CPMs):

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

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

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

NOTE 33 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

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

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

Based on its conclusion in its business plans that the Tekirdağ Port would be operationally effective only if it were transformed into a container port, Akport built a container terminal area of 101,820 square metres by filling in the sea along the coast within the coordinates specified in the Tekirdağ Port Instruction as of the date the operation right was acquired. The container terminal area is recognised with a net book value of TL 58,082 in the Group's consolidated financial statements as of 31 December 2012.

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

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

In the face of these developments, Akport advised the Privatisation Authority on 6 February 2012 that the operational activities were halted and the facility should be taken back over. The response letter sent to Akport by the Privatisation Authority on 6 March 2012 stated that the Privatisation Authority and TDİ were authorised to take actions in line with the decision of the Privatisation Authority relating to the request of Akport, and the Tekirdağ Port began to be operated by TDİ during the course of March 2012. In order to ensure that public services at the port were not interrupted following this transfer, certain services requested by TDİ continued to be offered by Akport until October 2012.

Because the Agreement was terminated due to the impossibility of fulfilling the requirements as specified in the Code of Obligations, the area built for the purpose of transforming the port into a container port should be returned to Akport. Therefore, the valuation study performed in the presence of the Tekirdağ 2nd Civil Court of Peace which indicates the value of container terminal area as 78,025 TL and railway and land improvements as 10,050 TL. However, as the area constructed by means of filling the sea cannot be returned by means of an ordinary demounting process, Akport claims that Akport should be compensated for the cost of construction of the container port aggregated to 88,075 TL and a claim for compensation against Türkiye Denizcilik İşletmeleri was opened. As at 31 December 2012 the case was still in the process. Group management estimates that the compensation amount will not be less than the book value of the relevant constructed area included in the consolidated financial statements as of 31 December 2012.

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

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

NOTE 34 - SEGMENT REPORTING

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

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

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

NOTE 33 - SEGMENT REPORTING (Continued)

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

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

NOTE 34 - SEGMENT REPORTING (Continued)

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

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

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

NOTE 34 - SEGMENT REPORTING (Continued)

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

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

NOTE 34 - SEGMENT REPORTING (Continued)

d) 2012 segment assets:

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

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

NOTE 34 - SEGMENT REPORTING (Continued)

e) 2011 segment assets:

Statement of comprehensive income :	Chemical	Energy	Real-estate	Textile	Other	Adjustments	Consolidation Total
Revenue	1,972,934	585,143	74,300	35,915	183,779	(186,400)	2,665,671
Cost of sales	(1,658,385)	(496,822)	(56,159)	(26,826)	(151,743)	162,952	(2,226,983)
Gross profit	**314,549**	**88,321**	**18,141**	**9,089**	**32,036**	**(23,448)**	**438,688**
General administration expenses	(65,272)	(15,807)	(19,010)	(5,263)	(35,463)	-	(140,815)
Marketing, selling and distribution expenses	(42,542)	(24,478)	(7,094)	-	(724)	6,024	(68,814)
Research and development expenses	(5,284)	(12)	-	-	-	-	(5,296)
Other operating income/ (expenses),net	(15,990)	(6,530)	9,890	7,942	39,359	(18,681)	15,990
Operating profit/ (loss)	**185,461**	**41,494**	**1,927**	**11,768**	**35,208**	**(36,105)**	**239,753**
Investments accounted through equity method shares	-	(8,427)	-	-	-	15,912	7,485
Financial income/(expenses), net	(14,748)	(109,804)	(60,103)	11,001	14,216	6,083	(153,355)
Profit/(loss) before tax	**170,713**	**(76,737)**	**(58,176)**	**22,769**	**49,424**	**(14,110)**	**93,883**
Income tax/(expense)	(31,557)	(477)	18,303	(3,342)	(5,983)	-	(23,056)
Loss after tax from discontinued operations	-	-	-	(1,190)	-	-	(1,190)
Net profit(loss) for the period	**139,156**	**(77,214)**	**(39,873)**	**18,237**	**43,441**	**(14,110)**	**69,637**
Other comprehensive (expense)/income:							
Derivative financial instruments at fair value	660	(5,524)	-	-	-	-	(4,864)
Financial investments value increases	-	-	-	(59)	(3,921)	-	(3,980)
Currency translation differences	1,598	-	-	-	-	-	1,598
Total comprehensive income/(loss)	**141,414**	**(82,738)**	**(39,873)**	**18,178**	**39,520**	**(14,110)**	**62,391**
Net income for the period attributable to:							
Equity holders of the parent	139,121	(76,746)	(38,973)	18,237	43,441	(79,320)	5,760
Non-controlling interests	35	(468)	(900)	-	-	65,210	63,877
Total	**139,156**	**(77,214)**	**(39,873)**	**18,237**	**43,441**	**(14,110)**	**69,637**
Total comprehensive income attributable to:							
Equity holders of the parent	141,379	18,178	(38,973)	(82,270)	39,520	(79,320)	(1,486)
Non-controlling interests	35	-	(900)	(468)	-	65,210	63,877
Total	**141,414**	**18,178**	**(39,873)**	**(82,738)**	**39,520**	**(14,110)**	**62,391**

NOTE 35 - EVENTS AFTER THE BALANCE SHEET DATE

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

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

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

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

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

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

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

NOTE 35 - EVENTS AFTER THE BALANCE SHEET DATE (Continued)

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

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

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

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

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