

ÇALIK HOLDİNG A.Ş.; GAP GÜNEYDOĞU TEKSTİL SANAYİ VE TİC. A.Ş.; GAP PAZARLAMA A.Ş.; GAP İNŞAAT YATIRIM VE DIŞ TİCARET A.Ş.; ÇALIK ENERJİ SANAYİ VE TİCARET A.Ş.; AKTİF YATIRIM BANKASI A.Ş.; CETEL ÇALIK ENERJİ TELEKOMÜNİKASYON HİZM. A.Ş.; ÇALIK ENERJİ ELEKTRİK ÜRETİM ve MAD. A.Ş.; DOĞU AKDENİZ PETROKİMYA VE RAFİNERİ SAN VE TİC. A.Ş.; GAP ELEKTRİK DAĞITIM SANAYİ VE TİCARET A.Ş.; KIZILIRMAK ELEKTRİK ÜRETİM A.Ş.; TÜRKMEN'İN ALTIN ASRI ELEKTRİK ENERJİSİ TOPTAN SATIŞ A.Ş.; AKTİF DOĞALGAZ TİCARET A.Ş.; TAPCO PETROL BORU HATTI SAN VE TİC. A.Ş.; ÇALIK NTF ELEKTRİK ÜRETİM VE MAD. A.Ş.; ATLAS PETROL GAZ İTHALAT İHRACAT VE PAZ. TİC. A.Ş.; YEŞİLÇAY ENERJİ ELEKTRİK ÜRETİM SAN VE TİC. A.Ş.; MOMENTUM ENERJİ ELEKTRİK ÜRETİM SAN VE TİC. A.Ş.; IRMAK ENERJİ ELEKTRİK ÜRETİM MADENCİLİK SAN VE TİC. A.Ş.; BAŞAK ENERJİ ELEKTRİK ÜRETİM SAN VE TİC. A.Ş.; İKİDENİZ PETROL VE GAZ SAN VE TİC. A.Ş.; ÇALIK FİNANSAL HİZMETLER A.Ş.; ÇALIK YÖNETİM SİSTEMLERİ A.Ş.; E-KENT ELEKTRONİK ÜCRET TOPLAMA SİS. A.Ş.; NATURELGAZ SAN VE TİC. A.Ş.; CETEL TELEKOM İLETİŞİM SANAYİ VE TİCARET A.Ş.; YENİKOM TELEKOMÜNİKASYON HİZMETLERİ A.Ş.; LİDYA MADENCİLİK SAN VE TİC. A.Ş.; KENTSEL DÖNÜŞÜM İNŞAAT A.Ş.; ÇALIK İNŞAAT A.Ş.; SOMA YAPI MALZEMELERİ MADENCİLİK SAN VE TİC. A.Ş.; ÇALIK GAYRİMENKUL TİCARET A.Ş.; ORTÜR ELEKTRİK ÜRETİM VE TİCARET LTD. ŞTİ; VADİ ELEKTRİK ÜRETİM SAN VE TİC. LTD. ŞTİ; ÇALIK RÜZGAR ENERJİSİ ELEKTRİK ÜRETİM LTD. ŞTİ; ANT ENERJİ SAN VE TİC. LTD. ŞTİ; ÇEP PETROL DAĞITIM SAN VE TİC. A.Ş.; TURKUVAZ RADYO TELEVİZYON HABERLEŞME VE YAYINCILIK A.Ş.; TURKUVAZ TEKNIK HİZMETLER SAN. VE TİC. A.Ş.; TURKUVAZ KİTAPÇILIK YAYINCILIK A.Ş.; TURKUVAZ REKLAM PAZARLAMA DANIŞMANLIK A.Ş.; TURKUVAZ ATV TELEVİZYON PRODÜKSİYON A.Ş.; TURKUVAZ TELEVİZYON VE RADYO İŞLETMECİLİĞİ A.Ş.; TURKUVAZ HABER AJANSI A.Ş.; TURKUVAZ YAYIN HİZMETLERİ VE TİCARET A.Ş.; TURKUVAZ FİLMCİLİK PRODÜKSİYON SAN. TİC. A.Ş.; TURKUVAZ MATBAACILIK YAYINCILIK A.Ş.; TURKUVAZ MOBİL HİZMETLER A.Ş.; TURKUVAZ İZMİR GAZETE DERGİ BASIM YAYIN A.Ş.; TURKUVAZ DAĞITIM PAZARLAMA A.Ş.; TURKUVAZ İZMİR TELEVİZYON PRODÜKSİYON VE RAD. A.Ş.; TURKUVAZ AKTİF TELEVİZYON PRODÜKSİYON A.Ş.; TURKUVAZ YENİ ASIR TELEVİZYON PRODÜKSİYON A.Ş.; TURKUVAZ GAZETE DERGİ BASIM A.Ş.; TURKUVAZ TV HİZMETLERİ A.Ş.; TURKUVAZ MEDYA YAYIN HİZMETLERİ A.Ş.; TURKUVAZ GÖRSEL VE İŞİTSEL İLETİŞİM A.Ş.; EPOST ELEKTRONİK PERAKENDE OTOMASYON SATIŞ TİCARET A.Ş.; ADACAMI ENERJİ ELEKTRİK ÜRETİM SANAYİ VE TİCARET A.Ş.; ÇALIK HAVA TAŞIMACILIK TURİZM SAN. VE TİC. A.Ş.; ATAYURT İNŞAAT A.Ş.; AKÇAY ENERJİ A.Ş.; SEMBOL ENERJİ A.Ş.; TURA MADENCİLİK A.Ş.; DORE ALTIN VE MADEN A.Ş.; AYAS; RAFİNERİ VE PETROKİMYA SANAYİ VE TİCARET A.Ş.; PETROTRANS ENERJİ A.Ş.; TELEMED TELEKOM A.Ş.; ÇALIK ELEKTRİK DAĞITIM A.Ş.; ATAYURT TEKSTİL KONFEKSİYON SAN VE TİC. A.Ş.; YEŞİLİRMAK ELEKTRİK DAĞITIM A.Ş.; ÇALIK HOLDİNG A.Ş.; GAP GÜNEYDOĞU TEKSTİL SANAYİ VE TİC. A.Ş.; GAP PAZARLAMA A.Ş.; GAP İNŞAAT YATIRIM VE DIŞ TİCARET A.Ş.; ÇALIK ENERJİ SANAYİ VE TİCARET A.Ş.; AKTİF YATIRIM BANKASI A.Ş.; CETEL ÇALIK ENERJİ TELEKOMÜNİKASYON HİZM. A.Ş.; ÇALIK ENERJİ ELEKTRİK ÜRETİM ve MAD. A.Ş.; DOĞU AKDENİZ PETROKİMYA VE RAFİNERİ SAN VE TİC. A.Ş.; GAP ELEKTRİK DAĞITIM SANAYİ VE TİCARET A.Ş.; KIZILIRMAK ELEKTRİK ÜRETİM A.Ş.; TÜRKMEN'İN ALTIN ASRI ELEKTRİK ENERJİSİ TOPTAN SATIŞ A.Ş.; AKTİF DOĞALGAZ TİCARET A.Ş.; TAPCO PETROL BORU HATTI SAN VE TİC. A.Ş.; ÇALIK NTF ELEKTRİK ÜRETİM VE MAD. A.Ş.; ATLAS PETROL GAZ İTHALAT İHRACAT VE PAZ. TİC. A.Ş.; YEŞİLÇAY ENERJİ ELEKTRİK ÜRETİM SAN VE TİC. A.Ş.; MOMENTUM ENERJİ ELEKTRİK ÜRETİM SAN VE TİC. A.Ş.; IRMAK ENERJİ ELEKTRİK ÜRETİM MADENCİLİK SAN VE TİC. A.Ş.; BAŞAK ENERJİ ELEKTRİK ÜRETİM SAN VE TİC. A.Ş.; İKİDENİZ PETROL VE GAZ SAN VE TİC. A.Ş.; ÇALIK FİNANSAL HİZMETLER A.Ş.; ÇALIK YÖNETİM SİSTEMLERİ A.Ş.; E-KENT ELEKTRONİK ÜCRET TOPLAMA SİS. A.Ş.; NATURELGAZ SAN VE TİC. A.Ş.; CETEL TELEKOM İLETİŞİM SANAYİ VE TİCARET A.Ş.; YENİKOM TELEKOMÜNİKASYON HİZMETLERİ A.Ş.; LİDYA MADENCİLİK SAN VE TİC. A.Ş.; KENTSEL DÖNÜŞÜM İNŞAAT A.Ş.; ÇALIK İNŞAAT A.Ş.; SOMA YAPI MALZEMELERİ MADENCİLİK SAN VE TİC. A.Ş.; ÇALIK GAYRİMENKUL TİCARET A.Ş.; ORTÜR ELEKTRİK ÜRETİM VE TİCARET LTD. ŞTİ; VADİ ELEKTRİK ÜRETİM SAN VE TİC. LTD. ŞTİ; ÇALIK RÜZGAR ENERJİSİ ELEKTRİK ÜRETİM LTD. ŞTİ; ANT ENERJİ SAN VE TİC. LTD. ŞTİ; ÇEP PETROL DAĞITIM SAN VE TİC. A.Ş.; TURKUVAZ RADYO TELEVİZYON HABERLEŞME VE YAYINCILIK A.Ş.; TURKUVAZ TEKNIK HİZMETLER SAN. VE TİC. A.Ş.; TURKUVAZ KİTAPÇILIK YAYINCILIK A.Ş.; TURKUVAZ REKLAM PAZARLAMA DANIŞMANLIK A.Ş.; TURKUVAZ ATV TELEVİZYON PRODÜKSİYON A.Ş.; TURKUVAZ TELEVİZYON VE RADYO İŞLETMECİLİĞİ A.Ş.; TURKUVAZ HABER AJANSI A.Ş.; TURKUVAZ YAYIN HİZMETLERİ VE TİCARET A.Ş.; TURKUVAZ FİLMCİLİK PRODÜKSİYON SAN. TİC. A.Ş.; TURKUVAZ MATBAACILIK YAYINCILIK A.Ş.; TURKUVAZ MOBİL HİZMETLER A.Ş.; TURKUVAZ İZMİR GAZETE DERGİ BASIM YAYIN A.Ş.; TURKUVAZ DAĞITIM PAZARLAMA A.Ş.

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## »» Çalık Holding; leading company which generates added value for the countries it operates in...

Çalık Holding, known for its reputation, reliability and powerful financial structure in the regions where it operates in, shapes its institutional plans, strategies and objectives on the basis of sustainability. The Group is able to boast an innovative corporate structure that renders it a trailblazer. This conclusion is based on the major projects it has launched as well as investments that ensure the future for humanity. The Group makes the best of combining entrepreneurial and productive qualities of its rich corporate culture and remains among the leading actors in its primary business fields.



## ÇALIK HOLDING VISION

To be known as a reputable global company celebrated for entrepreneurship and credibility in its primary businesses.

## ÇALIK HOLDING MISSION

To be a group that achieves competitive edge, is able to rival other international brands, focuses on customer satisfaction, provides products and services without compromising on quality, achieves consistently profitable growth and contributes positively to society and the environment.



## Corporate Values of Çalık Holding

Çalık Group is complemented by its employees and the values it embraces. Our primary duty is to act in tandem with our mission and vision, to create added value for all our stakeholders and to be a well-respected, exemplary corporate entity through our values and deeds. The institutional values we uphold will make a difference for our group and our employees in all our spheres of activity. The sustainability of our success depends on fulfilling the responsibility incumbent upon us to promote these values daily. The following are the seven corporate values that guide us in achieving our goals and reinforcing our “corporate citizen” identity:

1. Identification with Çalık Community
2. Utilization of Knowledge
3. Commitment to Success and Goal-Oriented
4. Integrity and Transparency
5. Accountability and Taking Initiative
6. Customer Satisfaction
7. Social Responsibility

## Strategic Goals of Çalık Holding

Vast opportunities have emerged for Turkish companies thanks to active and dynamic foreign policy of Turkey especially towards Middle East, Africa and Balkan States in last year's. Çalık Holding acting under this reality has anticipated to develop its global business relations and to accelerate its regional investments by its long-term strategic plans. The basic goal of the Group is to exhibit studies which are formulated as “win-win” in the sectors and countries in which it is active and to produce added value in the countries where it operates. The basic principles of growth-focused strategies of Holding are to put Energy projects which will convert the rich potential of our geography into power into effect, to realize new investments in Telecom sector, to evaluate regional opportunities in Finance field and to bring alternative channels into more active situation, to give weight to projects of developing and evaluating real estates in the Construction field, to transport knowledge and experiences obtained in Media sector to close geographies and to sustain rapid growth, to establish mining operation portfolio which adds value in long-term in Mining.

# STABILITY AND SUSTAINABILITY

## Key Financial and Operational Indicators of Çalık Holding

### Key Indicators

(Thousand US \$)

	2010*	2009*	2008*
Total Assets	5,816,908	4,500,252	4,423,290
Current Assets	3,560,664	2,557,794	2,326,587
Total Equity	1,113,662	1,136,558	1,321,987
Net Sales	2,056,830	1,510,786	1,727,637
Operational Profit	182,291	125,979	145,355
EBITDA	256,479	197,367	227,216
Net Profit	20,315	-6,224	235,296

((\*) Values in US Dollars are based on converted year-end Turkish lira exchange rates:

2010: 1.5460

2009: 1.5057

2008: 1.5123

### Main Rates

	2010	2009	2008
Operational Profitability Rate [%]	9%	8%	8%
EBITDA Rate [%]	12%	13%	13%
Current Rate	1.04	1.19	1.24
Receivables Turnover Rate	3.3	3.0	3.7
Stock Turnover Rate	10.5	5.3	5.0
Debt Turnover Rate	2.4	2.7	3.1



# EXTENDING FROM CENTRAL ASIA TO NORTH AFRICA, FROM MIDDLE EAST TO THE BALKANS REGION'S ROBUST AND PRESTIGIOUS GROUP

Realizing outstanding projects in a wide region, Turkey in the center; Çalık Holding has shaped its corporate plans, strategies and objectives on the basis of sustainability.

## ÇALIK HOLDING IN BRIEF

Çalık Holding's foundation was laid by Mr. Ahmet Çalık in 1981. Today Group employs more than 20,000 people by means of its business enterprises in 14 countries within the sectors of energy, telecom, textile, construction, finance, media, and mining.

Çalık Holding operating in a region extending from Central Asia to North Africa and from Middle East to the Balkans, has more than 2 billion US Dollars annual turnover. The Group's, consolidated asset size exceeds 5.5 billion US Dollars and is currently working on 20 Billion US Dollars worth project portfolio.

As a result of its active involvement in the domestic and foreign tenders, Çalık Group has incorporated; Albtelecom, the land line operator and internet supplier of Albania in 2007, the Turkuvaz Media Group, one of two largest media enterprises of Turkey in 2008, and Yeşilirmak Electricity Distribution Inc. (YEDAŞ), which is responsible of electric distribution in 5 major cities of Turkey in 2010.

Çalık Holding has become one of the leading Turkish investors in Central Asia and the Balkans as well as being one of the largest employers in Turkey.

Çalık Holding has established international collaborations with many global and prestigious companies such as Rosneft, Initec Energia, Eni, Mitsubishi, EBRD, EWE, General Electric, Alacer Gold, Qatar Holding and Türk Telekom.

Çalık Holding has undertaken two energy projects which are regarded as global scaled milestones of Turkey - Samsun-Adana/Ceyhan Crude Oil Pipeline Project and Adana [Ceyhan] Oil Refinery Project, the first green-area refinery project to be established in the heart of East Mediterranean.

Çalık Holding, known for its reputation and reliability in the sectors it operates, with its powerful financial structure has shaped its corporate plans, strategies and objectives on the basis of sustainability. Çalık Holding boasts an innovative and corporate structure that renders it a trail blazer. In the light of its proven growth strategies Çalık Holding has initiated outstanding projects and generated value added investments in the countries it operates. The Group makes the best of combining the entrepreneurial and productive qualities of its rich corporate culture to remain among the leading and prevailing actors in its primary business fields.







## PRESTIGIOUS COMPANY, REFLECTING ITS EXPERIENCES FOR THE FUTURE

### MILESTONES

Ever since its inception, Çalık Holding has realized successful projects and seized a sustainable growth trend thanks to reasonable strategies it adopted.

#### From 1930s to 1980s...

Çalık Family's involvement in textile industry goes back to the 1930s. However, Ortadoğu Tekstil, established in 1981 by the Group's founder, Ahmet Çalık marked the first corporate venture.

#### 1980's

Mr. Ahmet Çalık continued to undertake new ventures in the textile industry through the second half of 1980s. In 1987, Gap Güneydoğu Tekstil, regarded as one of the world's leading manufacturers of denim fabric was founded.

#### 1994

Gap Pazarlama was established to boost the share of the Group in the international textile trade.

#### 1995

The Group set out to establish the first denim factory in CIS countries, and became one of the first foreign investors in Ashgabat, Turkmenistan.

#### 1996

Initially established to construct the textile factories for the Group, Gap İnşaat was restructured and launched with the mission of business development.

#### 1997

All the subsidiaries of the Group were reorganized under a unified management and Çalık Holding was established.

Serdar Spinning Factory and Türkmenbashi Jeans Complex were put into service in Turkmenistan.





## 1998

Çalık Enerji was established.

## 1999

The Group entered the finance sector with the establishment of Çalıkbank.

## 2000

Türkmenbashi Textile Complex started its production.

## 2001

Turkmenbashi Open-End Yarn Factory started to operate.

Fitch IBCA (Fitch Ratings) announced the first credit rating report for Çalık Holding; Group was assigned a BBB (Tur) long-term national credit rating.

## 2002

Gap İnşaat underpinned its position with global construction projects for fertilizer, paper and cement production facilities.

## 2003

Total assets of Çalık Holding exceeded 1 billion US Dollars.

In line with the agreement signed with EBRD, production capacity of Turkmenbashi Jeans Complex was expanded.

Çalık Enerji in cooperation with General Electric realized Turkmenbashi, Abadan and Balkanabad Power Plant Projects with total 376 megawatt.

## 2004

Bursagaz, the natural gas distribution company serving Turkey's fourth biggest city Bursa, was acquired by Çalık Enerji at the privatization tender.

Gap İnşaat realized Yaslik Paper Factory project on turnkey delivery basis.

## 2005

Italian energy company ENI became partner to TAPCO, which was established to realize the Samsun-Adana/Ceyhan Crude Oil Pipeline Project by Çalık Enerji.

Çalık Holding started wide-scoped SAP application in its body; a first in Turkey.

Group, in cooperation with Etisalat offered the second best prize in Türk Telekom tender with 6.5 billion USD; and in cooperation with IOCL offered the second best prize in Tüpraş tender with 4,120 billion USD.

Gap İnşaat completed the Tedjen Ammonium Factory and Kelete Cement Factory Projects on turnkey delivery basis.

## 2006

Construction Licensee of Samsun-Adana/Ceyhan Oil Pipeline Project by TAPCO was approved by National Security Council and President Mr. Ahmet Necdet Sezer.

Çalık Holding acquired 60 percent shares of Banka Kombetare Tregtare (BKT), the second biggest bank of Albania.

Gap Güneydoğu Tekstil loaned usury credit worth 50 million USD from the consortium led by Kuwait Finance House and Kuveyt Türk Katılım Bankası with the longest redemption date of 4.5 years ever obtained

Çalık Enerji completed Ashgabat Power Plant with 254 megawatt capacity in association with General Electric.

## 2007

Çalık Holding realized 200 million USD Eurobond issue with five-year term loan. International investing corporations showed a tremendous interest in the issue and Holding received approximately one billion USD demand; five times more than the supply ratio. This was a first in Turkish Republic history.

Çalık Holding acquired Albtelecom, Albania's largest fixed line telephone operator and internet provider, by privatization..

Banka Kombetare Tregtare's (BKT) first branch in Kosovo was opened.

Çalık Enerji purchased Kayserigaz which undertakes natural gas distribution and operation of Kayseri.

Çalık Enerji acquired Kayserigaz, a natural gas distribution and operating company in Kayseri.

Çalık Enerji agreed to sell 39.9% share of Bursagaz to the German-based international energy firm EWE.

Energy Market Regulatory Authority (EMRA) approved the license application of Çalık Enerji for an integrated refinery and petrochemicals facility with a 15 million ton annual capacity

Çalık Enerji completed Dashoguz Power Plant with 254 megawatt of power in association with General Electric.

## 2008

Bursagaz was awarded with EFQM European Quality Award's Grand Prize that was given only to seven companies in Turkey.

In line with its growth and restructuring strategies Çalık Enerji after transforming Bursagaz and Kayserigaz to the best managed private sector gas distribution companies, sold part of its shares valued over 35X EBITDA to its German partner, EWE. Group has realized one of the most beneficial sales of shares to the foreigners in Turkey.

Çalık Holding completed the legal procedures for the takeover of the media group ATV-Sabah Commercial and Economical Entity, acquired with an offer of US\$ 1.1 billion at the tender held by the Turkish Savings Deposit Insurance Fund (SDIF) in 2007.

25% shares of ATV-Sabah Media Group were sold to the Qatar Investment Authority.

Çalık Holding became one of the corporations that provided the highest Foreign Direct Investment (FDI) to Turkey with approximately 1 billion USD in last two years.





Çalıkbank was restructured and renamed as Aktif Bank.

In line Çalık Holding's production strategy in different geographic areas, Çalık Holding commenced production in Egypt Confection Factory.

Eagle Mobile, the youngest operator in the Albanian GSM market, commenced its operations March by completing its preparations within six months.

## 2009

Çalık Holding established a partnership with Canadian based Anatolia Minerals of which shares are traded at Toronto Stock Exchange and entered mining sector.

Turkuvaz Media Group formed a partnership with The New York Times, one of the most prestigious newspapers around the world, to offer the newspaper to readers in Turkey every Sunday.

Çalık Holding became 100% owner of Banka Kombetare Tregtare (BKT) by purchasing share of total 40% from EBRD and IFC.

Çalık Enerji won the tender for Yeşilirmak Elektrik Dağıtım company who undertook electric distribution to Samsun, Amasya, Çorum, Ordu and Sinop Provinces against tender price of 441.5 US Dollars in electricity distribution privatization realized in November.

## 2010

Turkuvaz Media Group, comprising 20% shares of Turkish television and newspaper advertising market with its in-field leading 1 TV channel, 4 newspapers and 26 magazines,

signed a content exchange agreement with Maeil Business, the largest media group in South Korea.

Eagle Mobile increased its market share 15 percent, in customer base.

Eastern Mediterranean Petro Chemistry and Refinery Industry and Trade I.C., signed an agreement with Shaw Group to receive Project Management Consulting (PMC) services regarding Adana East Mediterranean Refinery Project.

Çalık Maden was restructured and received the name Lidya Madencilik.

Çalık Enerji won the tender for construction of El Khairat Natural Gas Cycle Power Plant with 1,250 Megawatts capacity for 445.5 US Dollars contract price.

On 22 December, the first gold was produced in Çöpler Gold Mine operated by Anagold Madencilik for which Lidya Madencilik has partnership with Canadian centered Alacer Gold.

Gap İnşaat undertook the project consisting of reclamation of 19 km highway connecting Baghdad International Airport to the city center and establishing landscape area of 1,600 thousands square meters in Iraq.

Çalık Holding and the Russian national oil company Rosneft agreed to form a partnership for international oil trade and cooperation in the Turkish market .

Handover procedure of Yeşilirmak Electric Distribution Company (YEDAŞ) was completed and the company participated in the body of Çalık Enerji.



Dear Friends,

The global economic crisis which became aggravated after September 2008, led to a period of recession on a scale unprecedented since the Second World War. The world economy entered into a trend of recovery starting from mid-2009 as a result of extraordinary measures taken by countries and international organizations. Gaining momentum in 2010, this recovery continued at varying degrees in different countries.

As Çalık Group, we kept a very close watch on the developments in the world economy during this period. We emerged even stronger from this period full of uncertainties. We achieved further successes with our employees over 20,000 in 14 countries over a wide geographical area extending from Central Asia to Europe, from the Middle East to North Africa.

In each country where we do business, we feel at home and as a member of the community. Based on this, we further deepen our investments and services and strive to pave the way for people by adding value to the country

## **2010 was a year of innovation and achievements**

Along with the vision to create more added value to the economies, communities of the countries where it is active and for its customers as well as its employees, our Group realized important achievements in 2010.

Çalık Enerji, a Çalık Holding subsidiary which undertakes major projects in the neighboring region, has formed important partnerships in 2010. Firm has established a consortium with Initec of Spain for a tender to construct a 800 MW power plant in Uzbekistan. Also with Rafako of Italy, Çalık Enerji established a partnership to enter into

a power plant construction tender in Syria. As two other power plant contracts with a total capacity of 2,000 MW in Iraq is expected to be finalized in the first quarter of 2011, Çalık Enerji is also in an attempt to import electricity from Bulgaria. On the other hand, we reached an agreement with the Russian company Rosneft to conduct a joint oil trade in Eastern Mediterranean. Another pleasing development in 2010 was the takeover of Yeşilirmak Electricity Distribution Inc. Company with its more than 1.5 million subscribers. I am convinced that our Group will achieve the same successful results in electricity distribution in Samsun, Amasya, Çorum, Ordu and Sinop as it did in gas distribution with Bursagaz and Kayserigaz.

Another important development for our Group in 2010 was the start of gold production at Çöpler mine in İliç, Erzincan, operated jointly by Lidya Madencilik, Çalık Holding subsidiary, and Alacer Gold. The estimated gold production in 2011 is 135,000 ounces; the target for 2012 gold production is 175,000 ounces.

In 2010 our construction company Gap İnşaat, has focused mainly on land development projects and has concluded the preliminary works for a prestigious project in Ataşehir, the future finance center in Istanbul; the project will contribute to this vision. As the firm continues to follow urban transformation projects in Turkey, it undertook the project to rehab the highway connecting Baghdad Airport to the city center, in Iraq. With this project, scheduled to be completed in 2011, our Group will have carried out a major role in reconstruction of Baghdad.

Gap Güneydoğu Tekstil, Group's fundamental sector as well as Turkey's largest denim exporter, has engaged in innovative R&D activities with Turkish Scientific and Technological Research Institute (TÜBİTAK) and was put in the

short list for the 9th Technology Awards of the Institute. In the same context, Gap Güneydoğu Tekstil was considered worthy to represent Turkey in "Business of the Year Award" by the European Business Awards.

Gap Pazarlama, producing home textiles, knitwear and denim clothes in Group's textile facilities abroad in accordance with the globally accepted international quality standards (ISO 9001), environmental standards (ISO 14001), health and safety at work standards (OHSAS 18001) and social responsibility standards (WRAP), contributes both to the economies of the countries where it is present and deepens business ties with leading companies of the USA and Europe.

## **Synergy in Turkey and its vicinity**

During the global financial crisis, Turkish banking sector presented a significant increase in size and profit, in parallel with the economic development displayed by Turkey. Compared to 2009 sector's total asset increased by 20.8 percent, and exceeded 1 trillion Turkish Lira in 2010; the sector demonstrated considerable development and increased its total profit from 20.2 billion to 21.9 billion Turkish Lira.

Aktif Bank, Çalık Holding subsidiary in the financial sector, increased its asset size by 156 percent in 2010 and was marked as Turkey's fastest-growing bank, similar to last three years. Thanks to its unique innovative, technologic business strategy "New Generation Banking", Aktif Bank achieved highly successful results in retail and corporate banking fields. Bringing in various new products and approaches to the sector Aktif Bank, completed its infrastructure investments to a large extend in 2010 and will continue to make important moves forward in 2011, especially in the field of retail banking.



In 2010, we continued to implement developed banking products used in Turkey to the Balkans through BKT, Çalık Holding subsidiary. Having left the past year behind with major achievements, BKT reached an asset size of USD 1.5 billion and continued to introduce modern banking services to Albania and Kosovo. Due to its innovative approach, BKT was selected the "Best Bank of The Year in Albania" by The Banker, the banking sector magazine of The Financial Times, for the third time. Another international recognition of BKT's successes came from EMEA Finance. The sector magazine selected BKT as "Albania's Best Bank" in 2010.

Our Group, the largest investor in the Albanian telecom sector with its subsidiaries Albtelecom and Eagle Mobile, continues to introduce technological innovations to the people of Albania. In 2010, Albtelecom increased its number of broadband internet subscribers by 30 percent while Eagle Mobile raised its number of subscribers in the mobile market by 36 percent to 815,000.

Carrying out important activities also in the media sector, our Group maintained

its successful and respectable line in 2010. Turkuvaz Media, as the market developer and leader in the Middle East, the Balkans and the Turkic Republics, will launch two new thematic channels in 2011. Our medium term target in the media sector is to expand our operations in the neighboring geographies, similar to the other sectors we operate in.

### **Symbol of innovation and entrepreneurship**

The "Çalık" brand has become integrated with innovation, entrepreneurship, sustainability, and social responsibility awareness. Cherishing its national and international reputation as the most important asset it holds, Group acts on the awareness that its achievements are our country's success. In this success journey on which we have embarked with the aim of becoming a reputable world company and a regional power, we receive the biggest support from our devoted employees, our shareholders and our social stakeholders.

I am convinced that 2011 will be a year in which we will conclude further achievements in all fields we are active

in. I would like to take this opportunity to thank all our employees, shareholders and social stakeholders.

Respectfully,

**Ahmet Çalık**  
Chairman

Dear Business Partners,

In 2010 Çalık Holding, undertaking major investments for Turkey's future, achieved significant progress in its focus areas of business. Our Group is conducting projects that add value to the countries in which it operates with more than 20,000 valuable employees. Initiatives taken at the right time and in the right place by our Group are also followed with interest across the world.

Moving from its traditional sectors toward new horizons and aiming to increase both sustainable profitability and its share in the current markets, our Group has further strengthened its reputation and position through its investments and partnerships in a vast geographical area extending from Central Asia to North Africa, from the Middle East to the Balkans.

### **We display sustainable growth**

The turnover of our Group, standing out with its strong financial structure and years-long experience, increased by 36 percent compared to the previous year and exceeded USD 2 billion in 2010. We expect this figure to go above USD 3 billion at the end of 2011. We aim to increase our consolidated asset size, which was USD 5.8 billion in 2010, to USD 6 billion at the end of next year.

### **Turkey's development is followed with appreciation**

Due also to the proactive measures taken in the economy during the crisis,

Turkey decoupled from other countries in positive direction and entered into a process of rapid upturn. Such decoupling clearly showed itself in the growth and employment figures.

The 8.9 percent growth recorded in 2010 by Turkey, which obtained successful results through the economic program it implemented in spite of the shocks caused by the global crisis, was followed with appreciation by the world. In recent years, the environment of confidence established in Turkey has led to a greater interest in our country on the part of foreign investors and to an increase in their demands for developing joint projects with Turkish companies in the international markets. These positive developments have also raised the activity of Turkish businessmen in the neighboring countries.

### **We are making achievements in 7 sectors**

The point reached contributes to our Group's growth targets in the region. Aiming to deepen in the sectors where we are currently active, our Group plans to make investments totaling more than USD 500 million in 2011.

In proportion to the current economic and social development, a total of USD 120 billion investment is needed in the Turkish energy sector over the next 10 years. Having started the construction of the Adacami Hydroelectric Power Plant (HEPP) in Rize, our Group will bring the plant into operation in 2012. This power plant will generate 119

million KWH of electricity a year and prevent 67,000 tons of carbon emission a year. In addition to its ongoing Samsun-Adana/Ceyhan Pipeline and Eastern Mediterranean Refinery Projects, our Group, took over Yeşilirmak Electricity Distribution Inc. (YEDAŞ) at the end of 2010. I believe, with its existing experience in energy distribution business, Çalık will raise the service quality of YEDAŞ in the provinces of Samsun, Amasya, Çorum, Ordu and Sinop

As the impacts of the global crisis gradually die down, the degree of the ongoing recovery varies considerably between developed and developing countries. Unlike the financial sector in developed countries, steady growth is continuing in developing countries including Turkey. In proportion to this growth in Turkey, the total assets of Aktif Bank in corporate banking reached almost USD 1 billion.

Among the largest Turkish groups investing abroad, the Group is highly active in the Balkans; our subsidiaries, Banka Kombetare Tregtare (BKT), Albtelecom, and Eagle Mobile, grow rapidly by adding value to the countries in which they operate in. Our bank BKT, one of the two largest banks in its sector in Albania and Kosovo, raised its profitability by 92 percent in 2010. Having introduced many innovations to the people of Albania in 2010, our telecom companies plan to further improve the service quality by focusing on infrastructure investments in 2011.



Capable of performing “high-end” production at a high capacity in the region, Gap Güneydoğu Tekstil made good use of opportunities in the North European and US markets in addition to the Italian market last year and strengthened its presence in these regions. The Company, active in a wide geographical area, was again the leader of its sector in exports of denim fabric in 2010, despite the difficulties experienced in the global textile sector.

Gap İnşaat, holding a place for many years now in the list of “Largest International Contracting Firms” published by the Engineering News Record (ENR), in 2010 focused on land development projects in Turkey. Having started a niche project in the Burhaniye district of Üsküdar through the method of revenue sharing with Emlak Konut, our company is also working on a joint project with Varyap Construction on 100,000 square meters of land in Doğu Ataşehir, İstanbul. Gap İnşaat, which has implemented exemplary projects both at home and abroad, will enhance its activities in the Middle East in 2011.

As in the other sectors we operate, our Group also achieved successful moves forward in the media sector in 2010. Turkvaz Media’s EBITDA reached USD 85 million, its highest ever figure. Expected to display a much better performance in 2011, our Media Group plans to launch at least two thematic channels, including a children’s channel and a news channel in 2011.

One of the fine developments we experienced in the year 2010, was the first gold



production at the Çöpler Gold Mine - holding a total gold reserve of 6.3 million ounces. As the gold production accelerates at Çöpler, share-holder of the mine and a subsidiary of our Group, Lidya Madencilik, will be contributing more to the local economy. In the long term, our Group aims to increase its presence in the mining sector and to create a mine operation portfolio by obtaining mining licenses in Turkey and neighboring countries.

I would like to pay tribute to our employees for making the largest contribution throughout this journey to success, to our customers for their unwavering support

and confidence in carrying us forward to where we are, as well as to all our friends for bolstering our efforts with their presence.

Sincerely,

**Dr. Berat Albayrak**  
CEO

# EXECUTIVE COMMITTEE



**Ahmet Çalık**  
Chairman of Çalık Holding

Born in Malatya in 1958, Ahmet Çalık began his professional venture by establishing Ortadoğu Tekstil Ticaret ve Sanayi A.Ş. in 1981. Coming from a family engaged in textile sector since 1930s, he made the first large-scale industrial investment of East Anatolia by establishing Gap Güneydoğu Tekstil San. ve Tic. Inc. In the same period, he commenced his first overseas investments in Central Asian countries in line with his operation and investment targets. Putting the vast commercial experience he built up over the years in Turkey since 1993 to good use abroad, Çalık has spearheaded major investments in various business lines such as energy, telecom, finance, construction, media, textiles, and mining in several countries. He established Çalık Holding in 1997 with the intention of bringing all Group companies together under the same roof. He was declared worthy of the Turkish Republic Distinguished Service Medal in 1999, the Turkish Republic Ministry of Foreign Affairs Distinguished Service Medal in June 2002 and the Turkish Grand National Assembly's (TBMM) Distinguished Service Prize in 2006. Ahmet Çalık is the Chairman of Çalık Holding.

**Dr. Berat Albayrak**  
CEO

Dr. Berat Albayrak began his professional life in 1996. Following his graduation from Istanbul University School of Business Administration, he joined Çalık Holding in 1999. He was appointed as Çalık Holding's US Office Financial Director in 2002 while he enrolled in MBA Program at Lubin School of Business, Pace University in New York. In 2004, he was appointed as the Country Manager. Upon his return to Turkey in 2006, Dr. Albayrak first served as Assistant General Manager of Financial Affairs. In 2007 Dr. Albayrak was appointed as CEO of Çalık Holding. Dr. Albayrak earned his Ph.D. in finance and banking after completing his doctorate thesis in financing renewable energy resources field.



**Abidin Sungur**  
Board Member

Born in 1939, Abidin Sungur graduated from The Faculty of Law, Istanbul University in 1964. After working in senior managerial position in governmental institutions for several years, he retired as Chief Inspector from Prime Ministry in 1988. Abidin Sungur joined Çalık Holding as Legal Counselor in 1998. He has been serving as Member of Board in Çalık Enerji primarily and other Holding subsidiary companies since 2010.

**Mehmet Ertuğrul Gürler**  
Board Member

Mehmet Ertuğrul Gürler was born in 1958. He graduated from Marmara University, School of Business Administration. He has got 33 years experience in business. Mr. Gürler served in several position as Financial Director and Board Member from 1987 to 1994 for Dow Türkiye A.Ş. He served for Türkiye A.Ş. as Deputy General Manager and General Secretary and joined Çalık Holding A.Ş. as General Manager in 1998. At present, Mr. Gürler serves as a Board Member of Çalık Holding, Aktif Bank and also serves as Vice Chairman of Banka Kombetare Tregtare (BKT).



**Dr. Serhat Albayrak**  
Vice Chairman

After receiving his BA from Boğaziçi University, Department of Political Science and International Relations, Dr. Serhat Albayrak worked at Wall Street from 1998 until 2000. He earned his MBA at Pace University in New York and worked in managerial position at Vestel, General Manager at Çalık Holding and Chairman at Star Medya Yayıncılık. Dr. Albayrak was appointed to the Executive Board of Çalık Holding in 2007. He has completed his doctorate degree in banking and finance. At the present he serves as Vice Chairman in Çalık Holding and Vice Chairman, General Manager in Turkuvez Media Group.





**1- Ahmet Çalık**  
Chairman

**2- Dr. Berat Albayrak**  
CEO

**3- Abidin Sungur**  
Board Member

**4- Mehmet Ertuğrul Gürler**  
Board Member

**5- Dr. Serhat Albayrak**  
Vice Chairman

**6- Şafak Karaaslan**  
Foreign Affairs Director

**7- Gaye Somuncu**  
Corporate Communication Manager

**8- Ebubekir Şimşek**  
Information Technologies Director

**9- Özlem Özün**  
Project Finance Director

**10- Serhat Demir**  
Legal Affairs Director

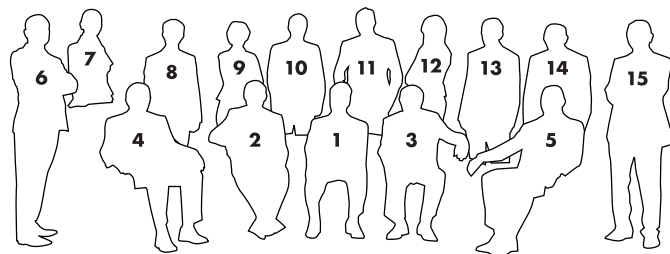
**11- Fatih Kazdal**  
Finance and Treasury Director

**12- İzzetiye Keçeci**  
Human Resources Director

**13- Tahsin Yazar**  
Energy Legal Affairs Director

**14- Hilmi Hülür**  
Financial Affairs Director

**15- İrfan Başak**  
Strategic Management Director



# Energy

A Group that undertakes major projects  
across a wide geographical region



**Energy distribution privatizations are largely completed. Competition is increasing in activities towards the end consumer as a result of the free market conditions in the sector while such increase is having a positive effect on the quality of service.**

## **OVERVIEW OF THE ENERGY SECTOR IN 2010 AND THE FUTURE VISION**

In 2010, the energy sector was dominated by privatizations. The distribution privatizations were completed and most of the take-overs took place. On the generation side, a large number of suppliers continue to operate in the market. The regulations made by the EMRA (Energy Market Regulation Authority) cleared the way for competition while they also led to the creation of new business areas. As will be remembered, electricity demand fell in 2009 and many power plant projects were suspended due to financing difficulties. It is observed that demand is rising again as the economy has entered into a growth period.

Turkey generated 210 billion kilowatt hours (kWh) of electricity in 2010 as against 196 billion kWh in 2009. If the upward trend continues, it is necessary that sources to generate 10 to 20 billion kWh of electricity every year should be commissioned. Electricity consumption is expected to increase by 5.8 percent and reach 222 billion kWh in 2011. As a result, electricity consumption per capita, which was 2,871 kWh in 2010, will rise to 3,010 kWh in 2011. According to forecasts, electricity consumption will reach 500 billion kWh in 2023.

## 130 BILLION DOLLAR INVESTMENT IS NEEDED

In 2011, the total installed capacity of power plants will increase by 3.9 percent and reach 48,781 megawatts (MW). It is expected that the shares of sources in electricity generation will remain largely the same with natural gas-fired plants, hydraulic power plants and lignite-fired plants holding the first ranks at, respectively, 46.8 percent, 24.3 percent and 18 percent. It is anticipated that the share of wind and geothermal electricity production in the area of renewable energy will rise to 1.7 percent.

Turkey is dependent on imports in energy at the rate of 74 percent and almost all of the petroleum and the natural gas and one fifth of the coal are imported. As of the end of 2010, 46 percent of the total electricity generation is obtained from natural gas, 17 percent from lignite, 8 percent from hard coal and 2.3 from fuel-oil plants. Hydraulic plants have a share of 24.5 percent, wind 1.3 percent and geothermal energy 0.3 percent.

For Turkey to meet the growing demand for energy, 130 billion dollar investment needs to be made in energy by the year 2023. In this direction, emphasis will be placed on increasing diversification in terms of sources, technology and infrastructure in energy supply. In recent years, petroleum and natural gas exploration activities both at home and abroad have intensified. Efforts will be made in this way to reduce the petroleum and gas imports bill, which currently reaches about 34 billion American Dollars a year. It is expected that the privatization process in energy will continue in the period ahead. Supply security and an increased share of local sources in total consumption are among the priorities. Accordingly, efforts will be maintained to create and develop competitive free markets in the electricity, natural gas and petroleum sectors. In the free market activities, the aim is to ensure that consumers benefit from price competition, to prevent any tendencies of monopolization, and to continue investments in a stable manner. Privatization efforts will also be continued in electricity generation assets, and the transfer procedures of small-scale hydroelectric power plants for which contract awards have been made and the contract award procedures of large-scale power plants will be carried on simultaneously.

# THE SHINING STAR OF THE ENERGY SECTOR: ÇALIK ENERJİ

Çalık Enerji is running its activities throughout a wide geographical area for more than 20 years now. Company's primary operation fields are electricity generation, distribution and trade, turn-key delivery electricity plant contracting, petroleum exploration, petroleum trade, and refining.

Çalık Enerji, Çalık Holding subsidiary in energy sector, was established in 1987; parallel with the Group vision was restructured in 1998 and took the name Çalık Enerji Sanayi ve Ticaret Inc. Çalık Enerji, with the aim to bring the energy sources in the near vicinity into Turkey and to make Turkey an energy base in its region, carries on its activities in electricity generation, distribution and trade, petroleum exploration, petroleum trade, and refining fields. The Company implements major projects across a wide geographical area covering Turkey, Turkmenistan, Uzbekistan, Iraq, the Balkans, Eastern Europe, CIS countries and countries in the Middle East as well as North Africa. Çalık Enerji, active for more than 20 years now, has become the shining star of the energy sector in the region where it is present through its accumulation of knowledge and the projects it has implemented.



## **A strong company that implements the right project at the right time and in the right place**

Çalık Enerji, spending 10 percent of its 2010 net profit in R&D activities, plans to utilize Turkey's untapped sources, especially solar energy, hydraulic energy and petroleum, at maximum level. Çalık Enerji also carries on the exploration of possible petroleum sources in Southeast Turkey.

In 2010, Çalık Enerji undertook projects mainly in the areas of power systems, petroleum and natural gas. As the Company continues to conduct its activities in engineering and construction of hydroelectric plant, natural gas combined cycle plant, pipeline and refinery projects, Çalık Enerji also carries on petroleum and natural gas exploration, production, transport and distribution services. The Company has obtained two petroleum exploration licenses in Anatolia and raised its license number within Turkey to nine, in 2010; Çalık Enerji also signed for two more petroleum exploration licenses abroad. The Company started to drill its first petroleum well under its Bismil license in June and made its first discovery within two months.

## **An energy company with high quality priority**

Çalık Enerji displays exemplary practices respectful to the environment and people with social responsibility awareness. As the Company acquires ISO 9001 Quality Certificate, OHSAS 18001 Work Health and Safety System Certifi-

cate and ISO 14001 Environmental Management System Certificate, it contributes to increase Turkey's competitiveness. Çalık Enerji, known as reliable and respectable in every field it operates in, with its robust financial structure, acts on "win-win" strategy.

## **Çalık Enerji's projects in international energy arena**

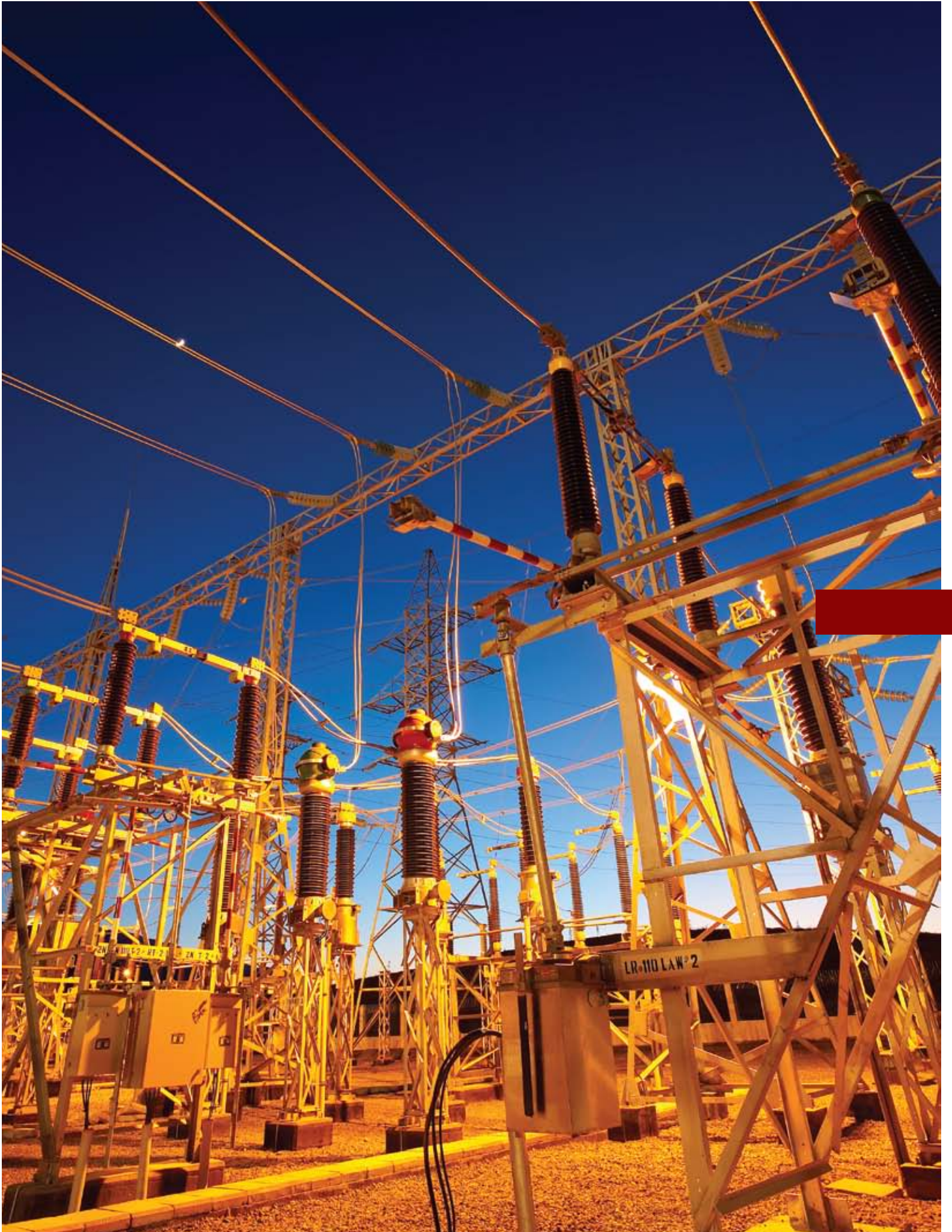
Due to its geographical position, Turkey functions as a bridge between the energy-rich Caspian, Middle East regions and Europe. Located between the producer countries that hold about three fourths of the world petroleum and natural gas reserves and the largest consumer countries, Turkey has a very important position in strategic terms. Apart from the projects it has developed in Turkey in recent years, Çalık Enerji has also intensified its activities in the neighboring countries that are rich in hydrocarbons and natural gas. Holding nine petroleum and natural gas exploration licenses in Turkey and two abroad, Çalık Enerji has determined its scope to do business as Balkans, Eastern Europe CIS countries and Middle East and North Africa countries. On the other hand, Samsun-Adana/Ceyhan Crude Oil Pipeline Project, which will transport Russian and Kazakhstan petroleum to Mediterranean by eliminating use of the straits and Adana/Yumurtalık refinery project, carries Çalık Enerji to a very important spot. Monitoring closely the international energy sector, Çalık Enerji has established a consortium with Initec of Spain for a tender to construct 800 MW power plant in Uzbekistan and has established a partnership with Rafako of Italy, to enter power plant construction

tender in Syria. As two other power plant contracts with a total capacity of 2,000 MW in Iraq is expected to be finalized in the first quarter of 2011, Çalık Enerji is also in attempt to import electricity from Bulgaria.

Following closely the opportunities to obtain petroleum and natural gas exploration and production fields in oil rich Iraq and Syria, Çalık Enerji has completed its field work and reached the stage to make offer.

Çalık Enerji, granted with eight exploration licenses in the Southeast Anatolia Region, has established a strategic partnership with a petroleum company from Canada. In line with this partnership, 2D work programs for 500 square kilometers and 3D work programs for 250 square kilometers have been planned for four exploration wells owned by Çalık Enerji.





# ÇALIK ENERJİ'S OBJECTIVE: TO MEET 10 PERCENT OF TURKEY'S ENERGY NEED

## Çalık Enerji era in YEDAŞ

Following the privatization award of Yeşilirmak Electricity Distribution Company (YEDAŞ) which Çalık Enerji obtained in November 2009 at the price of 441,500,000 American Dollars, YEDAŞ became one of the subsidiary of the Company in 2010. Under the agreement concerning transfer to Çalık Enerji, a total of 1,470,000 subscribers are served in the region that covers Samsun, Amasya, Çorum, Ordu and Sinop. Çalık Enerji aims to maintain with YEDAŞ the successful performance it has displayed in the energy distribution sector up to the present and to offer the people of this region the highest quality and best service.

## The Rize HEPP Project will meet the energy needs of 53,000 people

Our country, which procures its constantly growing energy need mainly from foreign sources, is now reducing its dependence on imported energy thanks to HEPP projects whose number has rapidly increased in recent years. In 2009, Çalık Enerji started the construction of the 28.80 MW Adacami Hydroelectric Power Plant (HEPP) in Güneysu, Rize. The project is planned to generate 119 million KWH of electricity a year and will be completed in about 2.5 years. With 250 people employed in its construction, the HEPP will meet the electricity needs of an area inhabited by 53,000 people. Under the project, which aims at contributing to the national economy, carbon emissions in the amount of 67,000 tons a year will be prevented with the commissioning of an environmental facility, and environmental and air pollution will be avoided by not causing greenhouse gas emissions.

Carrying on its activities in the fields of power generation, international electricity trade, electricity distribution and turn-key delivery contracting services, Çalık Enerji has the objective of meeting at least 10 percent of our country's energy need in the medium and long term. Efforts are being made to reduce the weight of the public sector in the electricity industry through privatization operations implemented in Turkey. Çalık Enerji has made a presence in this area and become one of the leading players in the sector with its project licences amounting to 2500 MW in total and its consistent structure in distribution privatizations.







# ÇALIK ENERJİ ESTABLISHES COOPERATION WITH MAJOR COMPANIES IN THE INTERNATIONAL ARENA



## **Samsun-Adana/Ceyhan Project will reinforce Turkey's regional position**

Crude oil and petroleum products going through the Straits and reaching the world markets from ports on the Black Sea threaten the Straits of Istanbul and Çanakkale, which are invaluable in terms of both environmental and cultural heritage. At the same time, with the start of production in the newly discovered fields in the Central Asian and Caspian basin, it is expected that the amount of crude oil to be exported from the Black Sea will increase considerably. In order both to ease the transit capacity and to reduce the extraordinary risks in the Straits, Çalık Enerji is conducting the Samsun-Adana/Ceyhan Crude Oil Pipeline Project.

The project, which will make it possible for the crude oil coming down to the Black Sea to be transported to Ceyhan on the Mediterranean coast, has great importance for Turkey and the surrounding area. Thanks to the project, the social and environmental risks in the Straits will diminish while the amount of crude oil shipped from Ceyhan to the global markets will reach 220 million tons and Ceyhan will become the most important crude oil terminal of the Eastern Mediterranean. Çalık Enerji has been carrying on its technical and commercial work related to the project since 2003. The Company made a licence application to the General Directorate of Petroleum Affairs, the Ministry of Energy and Natural Resources on 31

March 2004 and received the pipeline construction and operation licence in June 2006. Having established a partnership with the Italian company ENI in relation to the project, which will also ensure a diversification of energy routes, Çalık Enerji is continuing negotiations with the Russian petroleum companies Transneft and Rosneft. The project, which will be implemented through an investment of 2.5 billion American Dollars, will make Turkey one of the influential players in the world energy market and represent one of the most important steps taken by the country on the road to becoming a regional power. Under the project, a new loading terminal in Samsun and petroleum storage facilities in Ceyhan will be constructed and a 550 kilometre-long pipeline laid. It is foreseen that the daily capacity of the line will reach 1.5 million barrels after the project is realized.

## **With Eastern Mediterranean Refinery and Petrochemical Project, daily petroleum production will exceed 200,000 barrels**

100 to 120 million tons of crude oil a year on average are shipped to the world markets through the existing BTC and Kirkuk-Yumurtalık petroleum pipelines in the Adana/Yumurtalık-Ceyhan area. It is planned that part of the crude oil coming to the area through the pipelines will be processed at the refinery to be constructed in Yumurtalık under the Eastern Mediterranean Refinery and Petrochemical Project

developed by Çalık Enerji. Crude oil from various sources such as Iraq, Russia and the Caspian region will also be processed at the facility, where an output of 212,000 barrels a day is aimed at. In 2010, Eastern Mediterranean Petrochemicals and Refining Industry and Trade Company (DAPRAŞ) signed a contract with the Shaw Group for project management consulting services under the Adana-Eastern Mediterranean Refinery Project

### Çalık Enerji – Rosneft Cooperation

In 2010, Çalık Enerji and the Russian state oil company Rosneft decided to cooperate and establish a partnership in the area of international petroleum trade and the Turkish market. Under this agreement to be established, the activities will be conducted in petroleum trade of the Mediterranean region and in petroleum distribution and trade of Turkey through the partnership. Çalık Enerji and Rosneft will carry out sales of fuel to seacraft as well as petroleum distribution in Turkey. At present, Çalık Enerji regularly transports petroleum cargoes of Rosneft to all parts of the world every month and carries out their sales.

### Çalık Enerji's CNG natural gas system

Having made the German energy company EWE a partner in its success in Bursagaz and Kayserigaz, Çalık Enerji has expanded its presence in the natural gas distribution sector through Naturelgaz. In addition to natural gas transmission and distribution for the Bursa and Kayseri provinces, the Company distributes pipe-free CNG (compressed natural gas) through the extensive dealer network of Naturelgaz. Promoting CNG systems at European standards to the domestic market, Naturelgaz fills natural gas, an economical, safe and environment-friendly type of fuel, by compressing it into special stock units with the European Free Movement Certificate at the Turkish and European norms. These units are then distributed by land to areas which are not served by natural gas pipelines through "Swap", a system used again in Europe.

The CNG system, which is easily implemented in all

energy use areas of Naturelgaz, responds to the needs over a wide range of consumption from large industrial establishments to small enterprises, from mass housing estates to villas, from hotels to resting facilities, from generators to forklifts and autogas. Serving 300 medium and large sized industrial customers in Bursa, Sakarya, İzmir and the neighbouring areas through its 20 vehicles, the Company sold 12.5 million cubic metres of gas in 2009 through this method.

Naturelgaz, which offers the installation, workshop, repair, maintenance and transport services under a single roof in all the natural gas processes from vehicle conversion to gas supply in our country, keeps increasing its number of customers and its volume of sales every day thanks also to its extending dealer network. The Company aims to bring the latest technology equipment and methods in the CNG field into our country through its cooperation with foreign firms and also to increase its market share through the vehicle conversions it carries out.

### IN BRIEF 2010 ACTIVITIES OF ÇALIK ENERJİ

In 2010, Çalık Enerji obtained another two petroleum exploration licences and thus raised its number of licences in Turkey to nine while signing for two petroleum exploration licences abroad. In the summer of 2010, it made the first discovery of petroleum under its Bismil licence. Çalık Enerji established a partnership with the company Initec for an electricity plant contract award in Uzbekistan and a partnership with the Italian company Rafako for electricity plants to be constructed in Syria. The Company is also expecting the finalization of the contract award procedures for two electricity plants with a total installed power of 2000 MW in Iraq. Following the privatization contract award of Yeşilirmak Electricity Distribution Company (YEDAŞ), YEDAŞ became a subsidiary of the Company in 2010. Çalık Enerji and Rosneft decided in 2010 to cooperate and establish a partnership in the area of international petroleum trade and the Turkish market.





ALBTELECOM

EAGLE MOBILE

CETEL TELEKOM İLETİŞİM SANAYİ VE TİCARET A.Ş.

YENİKOM TELEKOMÜNİKASYON HİZMETLERİ A.Ş.

TELEMED TELEKOM A.Ş.

CETEL ÇALIK ENERJİ TELEKOMÜNİKASYON HİZMETLERİ A.Ş.

# Telecom

Well-known company, a strong Group  
in the Balkans telecom sector

**The Turkish telecom sector grows by 10 percent a year on average. The size of the mobile communications market, the engine of this growth, can exceed 10 billion American Dollars in 2011. Mobile internet and data revenues are expected to increase as against a decrease in voice revenues...**

## **A GIANT MARKET WORTH 24 BILLION USD**

One of the fastest-growing sectors in Turkey as in the rest of the world is telecom. Also considered one of the brightest sectors of the future, the global size of the sector has come close to 1.5 trillion American Dollars. According to the latest figures published by the Information and Communications Technologies Authority (ICTA), the size of the Turkish telecom market has exceeded 24 billion American Dollars, including a services market of 18 billion American Dollars and a software, hardware and equipment market of 6 billion American Dollars.

It is believed that the telecom sector will not slow down in 2011 and after. It is predicted that the market will grow by 10 percent and reach 26.6 billion American Dollars in 2011. It is calculated that services will represent about 20 billion American Dollars of the overall figure.



GSM has been the shining area of the sector for the last five years in terms of both competition and the growth rate. According to the ICTA report for the third quarter of 2010, there are a total of 61.9 million mobile subscribers in Turkey, corresponding to a penetration rate of 85 percent. The number of 3G subscribers, which was 8.7 million at the beginning of 2010, reached 16.6 million in the third quarter. The number of users receiving mobile internet service together with 3G service increased by 50 percent over the same period and exceeded 1 million. In this period, the total mobile Internet use was 3,197 TB (terabytes), placing Turkey with an average monthly mobile use time of 239.4 minutes in the third rank after France and Ireland in Europe. It is predicted that the Turkish mobile communications market will grow faster than the European market and rise by 21 percent to 10.5 billion American Dollars in 2012.

According to the data of the Internet measurement company comScore, the total number of Internet users on the globe is over 1 billion. In Turkey, this figure has exceeded 23 million. The ICTA report shows that Turkey has made incredible progress especially in broadband Internet access. In our country, the number of broadband Internet subscribers has reached 8 million by a 430-fold, increase over the last seven years.

## THE TELECOM SECTOR IN FIGURES

\* In Turkey, there are 61.5 million mobile communications subscribers, corresponding to a mobile penetration rate of 86 percent.

\* The number of mobile 3G subscribers is 8.7 million. There are 640,580 users receiving mobile Internet service together with 3G service.

\* The total number of employees in the sector is 36,042, of whom 26,858 are employed by Türk Telekom, 6,954 by mobile communications (GSM) companies, and 2,230 by other enterprises.

\* 80 percent (28,970) of the employees in the sector, are men and 20 percent are (7,072) women.

Source: ICTA, March 2010 data



# THE ESTABLISHED BRAND OF THE ALBANIAN TELECOM SECTOR: ALBTELECOM



## Albania discovers the technology world with Albtelcom

Dating back to 1912, Albtelcom, with its extensive urban network, its technological infrastructure and the services it offers, continues to be the first choice of Albanian people. Albtelcom, a subsidiary of Çalık Holding since 2007, meets customer expectations on a modern, digital platform with the infrastructure investments it has carried out.

Albania's telecom giant Albtelcom further increases its effectiveness in the market by providing services in fixed line telephone, ADSL, Dial-up, Intranet, ISDN, LAN, prepaid cards and Internet access. The Company continued to maintain its outstanding performance in voice transmission between national and international networks in 2010.

## Opening out to the World with infrastructure improvements and investments

Along with R&D in 2010 Albtelcom has concluded test stage of IP-TV application; The Company is continuing its efforts to implement technologies that will provide high-speed internet access such as VDSL. The successful introduction followed by wide usage of IP-TV application, has highlighted effectiveness of Albtelcom in a different operational area.

A member of the ETNO (European Telecommunications Network Operators' Association), Albtelcom focused on investments such as speeding up access projects, network improvement projects and fibre optic infrastructure projects in 2010.

By taking over Albania's largest fixed line operator and internet service provider Albtelcom in 2007, Çalık Holding became an important player in the telecom sector of the Balkans. Albtelcom, Albania's first communications firm, is one of the leading players in the sector with the high-quality service it offers.





# ALBANIA'S MOST DYNAMIC MOBILE COMPANY: EAGLE MOBILE

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With these investments Company aims to provide safe, high-speed voice transmission and internet access across Albania. Accelerating its technological investments in 2010, Albtelcom decided to invest in the DWDM transmission infrastructure, to provide safe data traffic and in long term offer high speed data transfer opportunity for the Company as well as for the other operators.

Albtelcom took important steps in NGN infrastructure extension projects and speeded up the transition of switch-board infrastructure from conventional TDM technology to fully IP-based technology. With this, Albtelcom made it possible to develop various service applications within short period of time

## **A better service; more effective employees**

As the number of Albtelcom stores, one-to-one contact points with customers, increased in the recent period, the Company recruited dynamic personnel and its employment number reached to 1,500. The Company's employee training program, to provide a better service, received positive feedback in 2010 customer satisfaction surveys. By continuously improving its performance management system, Albtelcom targets to be a leading telecom company in the world by investing in its employees.

**Having made a fast entry to the Albanian mobile sector, Eagle Mobile maintains its competitiveness with the "best, most innovative, fastest and highest-quality service" principle.**

Eagle Mobile, a subsidiary of Albtelcom, commenced its activities in 2008 and soon became Albania's most preferred GSM operator. Having set out with the mission to make life easier for its customers by bringing technology and the way of life together, the Company is Albania's most dynamic GSM operator with its innovative, fair and competitive identity.

The GSM Company entered the Albanian market as the third mobile operator with the strategy to expand in the Balkans and position the Company as a regional operator, and serve in international arena. The Company raised its share of income in the market to 12 percent in its third year.

As the impacts of the world economic crisis were still felt Eagle Mobile continued to grow in 2010. During this period, Eagle Mobile strengthened its position in the market while Albania's other well-established GSM operators suffered from regression. Even though fourth operator was established and Albanian GSM market shrunk, Eagle Mobile still managed to raise its incomes by 21 percent, in 2010.



### An innovative GSM operator in Albania

Eagle Mobile, employing nearly 1,000 people, renewed its network operation to improve its service quality. The Company started its organizational efficiency activities together with Albtelcom and introduced the “managed service” application in 2010.

Eagle Mobile continued its network improvement activities in 2010 and enlarged its coverage to 91.2 percent of Albania’s surface area and 98.1 percent of the population. As of the end of 2010, with its NGN (full IP) technology consisting of 377 GSM 900/1800 base stations, the Company has a network with a capacity of 1 million subscribers.

As the Company that first brought the EDGE technology, 4 times faster than GPRS, and Mobile TV (the service of watching TV live through the telephone) to Albania, Eagle

Mobile has given a new impulse to GSM sector, both price and service diversity wise. In 2010, the Company developed international traffic projects jointly with operators in Italy and other neighboring countries and closely followed PTK privatizations in Kosovo.

### IN BRIEF 2010 ACTIVITIES OF ALBTELECOM AND EAGLE MOBILE

Having carried out investments in 2010, **Albtelcom** gave priority to high-speed internet access, network improvement projects and fiber optic infrastructure activities.

In 2010, **Eagle Mobile** raised its share of income in the market to 12 percent. The Company also achieved an increase in its operational profitability and augmented its incomes by 21 percent on the previous year.

GÜNEYDOĞU TEKSTİL SAN. VE TİC. A.Ş.

GAP PAZARLAMA A.Ş.

GAPPA TEXTILES, INC.

ÇALIK USA, INC.

ÇALIK İSKENDERİYE HAZIR GİYİM SANAYİ ŞİRKETİ

A/O GAP TÜRKMEN (TÜRKMENBAŞI JEAN KOMPLEKSİ)

TÜRKMENBAŞI TEKSTİL KOMPLEKSİ

BALKAN DOKMA YGPI

SERDAR PAMUK EĞRİCİ FABRİĞİ ÇJB



# Textiles

A Group that has made a difference in the clothing sector through its Retina Project and Recycle-Organic production techniques

**The textile and garment industry, hit by the global economic crisis, is on the rise again as foreign firms have shifted orders back to Turkey...**

## **ORDERS HAVE RETURNED TO TURKEY**

The textile and garment industry, the engine of employment and exports in Turkey, made the greatest leap forward between 2000 and 2005 over the last 10-year period. Ready-wear and garment exports, which were 7.2 billion dollars in 2000, almost doubled and reached 13.7 billion dollars in 2005. This figure was 14 billion and 644 million dollars in 2010.

Textile and raw material exports rose from 4.6 billion dollars in 2005 to 6.6 billion dollars in 2008. This figure, which decreased to 5.5 billion dollars in 2009 due to the impact of the global economic crisis, climbed above 6.5 billion dollars as a result of the recovery in 2010.

As the figures show, the textile and garment industry, which achieved a rapid growth until 2008, spent the last two years in particular with difficulties. In the ranking of countries that make the largest exports in this industry, Turkey was 4th in the world in 2005. Our country went back to the 5th place in 2008 and the 7th place in 2009. However, the Turkish industry has achieved a considerable rise again since the beginning of 2010 because most foreign brands have shifted their orders back to Turkey rather than the Far East countries.

## 2023 EXPORTS TARGET FOR TEXTILES: 100 BILLION DOLLARS

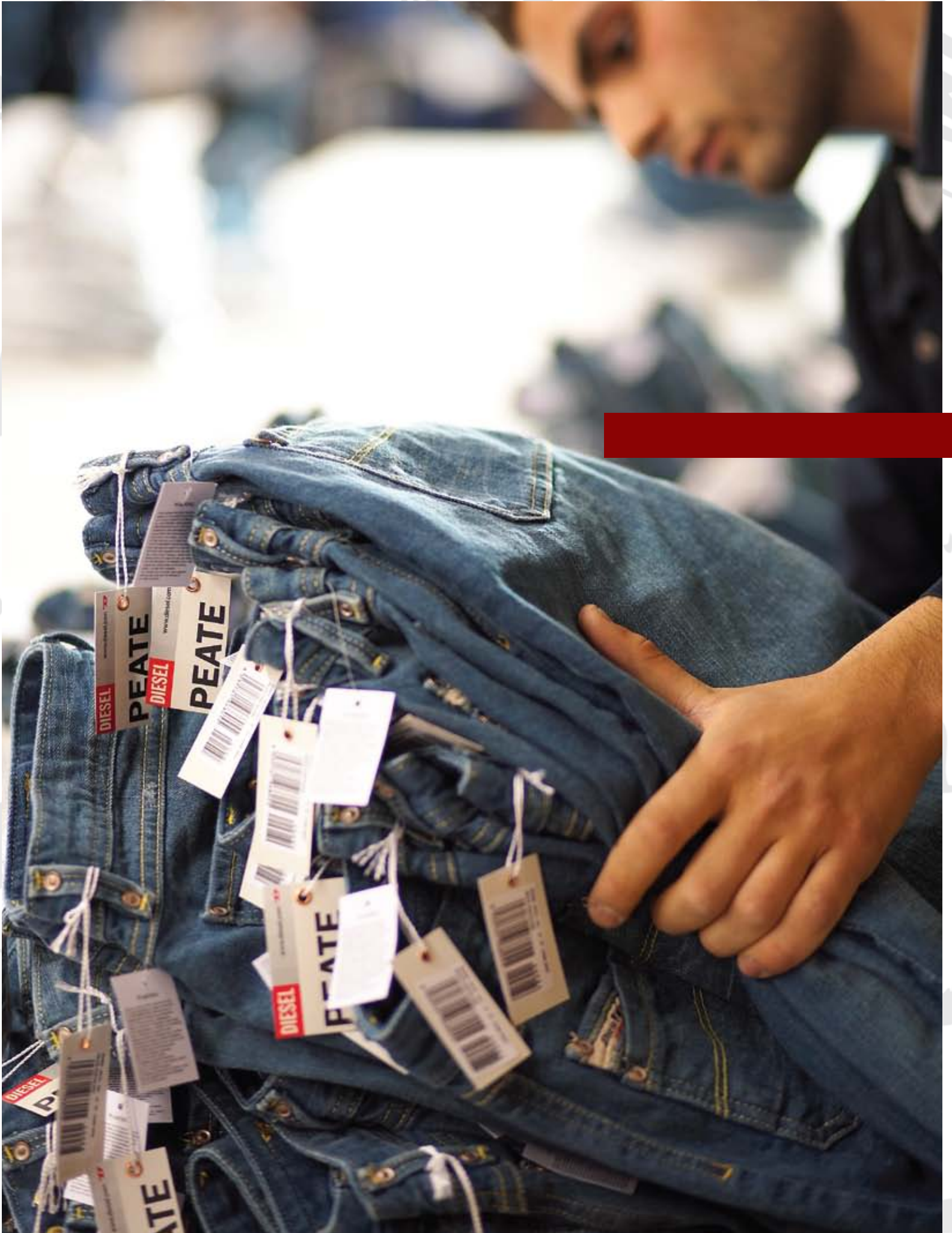
Meanwhile, it is observed that most of the manufacturing firms in the industry have turned towards technical textiles in the recent period. With investments increasing in this area, a considerable growth is expected in the exports of the textile and garment industry in the coming years. For it is a fact that technical textile products, which are used in sectors such as construction, agriculture, automotive, furniture and packaging, have higher value-added.

Exports by the textile and garment industry are expected to reach 100 billion dollars in 2023. According to the target, ready-wear and garments will make up 60 billion dollars of this figure, and textiles and raw materials 40 billion dollars.

According to the data of the Turkish Statistical Institute on the number of entrepreneurs, there were 31,128 entrepreneurs engaged in manufacturing in the Turkish ready-wear and garment industry as of 2002. This figure reached 48,563 by 2008. However, it is estimated to have fallen to 45 thousand in 2010. It is predicted that the number of entrepreneurs will go down to 27 thousand by 2023.

According to the data of the Social Security Institution, the number of registered employees in the textile and garment industry was 870 thousand at the beginning of 2008. This figure fell to 659 thousand in September 2009 and then increased again and reached 722 thousand as of June 2010. It is forecast that the ready-wear and garment industry, in which about 1.5 million people were employed in 2000, will employ 2 million people in 2023 and that the number of employees in the area of textiles and raw materials will be around 300 thousand.





# GAP GÜNEYDOĞU TEKSTİL CONTINUES TO RISE IN WORLD FASHION

**Gap Güneydoğu Tekstil, included among the leading manufacturers in the world markets with the high-quality denim fabric it produces, is one of the most respectable brands in its sector.**

It is one of the main suppliers for two major brands, Diesel and G-Star that currently lead the Italian jean sector.

Gap Güneydoğu Tekstil, one of the subsidiaries of Çalık Holding, was established in 1987. Conducting production and trade activities in many areas of the textile industry from ready-wear to raw cotton trade, the company is among Turkey's largest fabric-exporting firms. Gap Güneydoğu Tekstil, acting on the vision of becoming a brand known and demanded not only in Turkey but throughout the world, is a leading organization in the ready-wear sector with its facilities in Malatya.

## **Pride of Turkish textiles with its projects, awards and international achievements**

Closely following trends in world fashion, Gap Güneydoğu Tekstil is a strong and well-established company focusing in particular on denim fabric, gabardine and yarn production. Carrying its high-quality production and service to the international arena through its offices in Treviso / Italy, in New York / USA, and in Seoul / South Korea, the company makes exports to a wide range of countries including Italy, Spain, Portugal, France, Britain, Belgium,

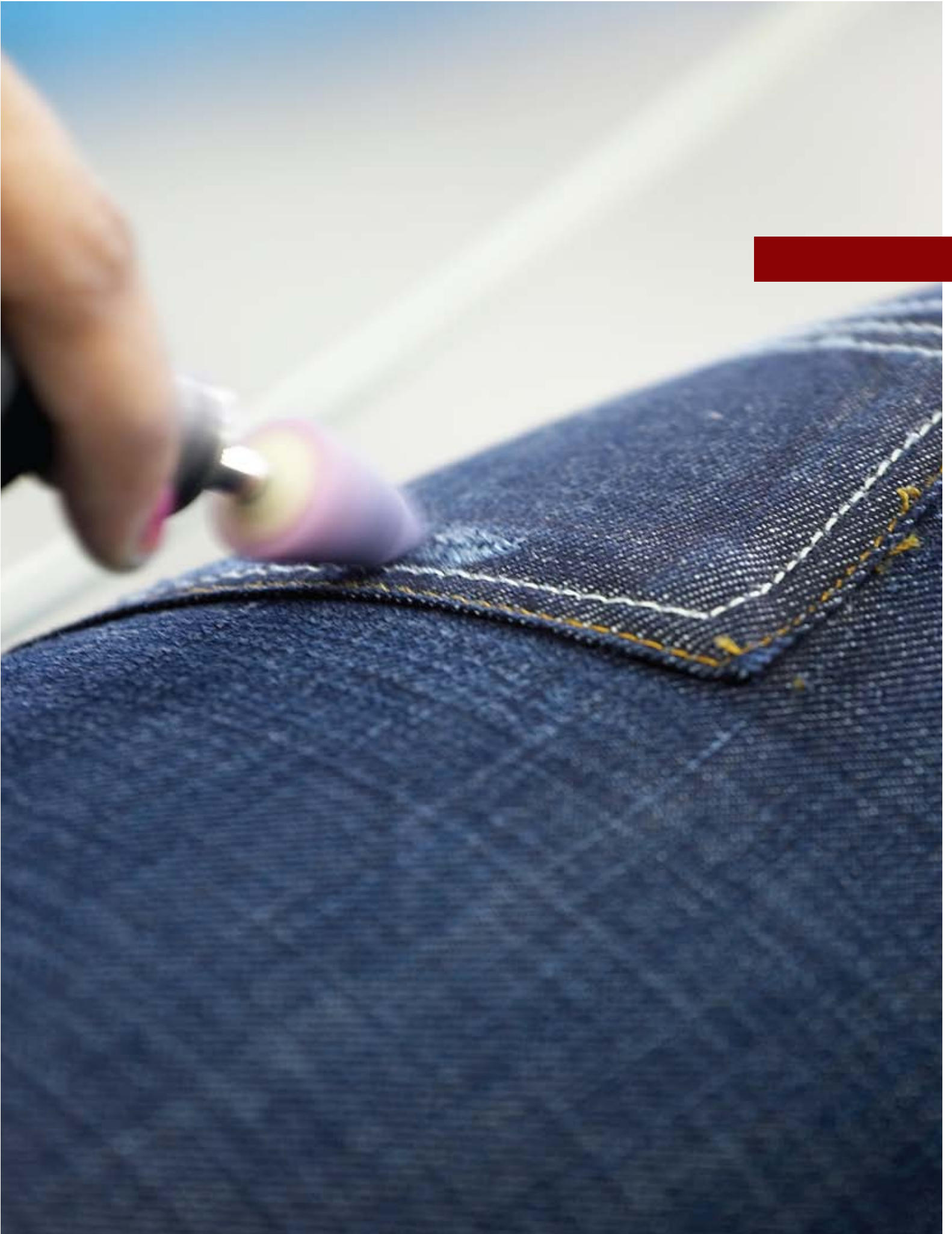
the Netherlands, the United States of America, Hong Kong, Singapore, Tunisia, Algeria and Morocco.

In line with its strategy for the next three years, Gap Güneydoğu Tekstil is making preparations to enter the Chinese and Indian markets. Having strengthened its infrastructure through an office in Hong Kong, the company has started a restructuring process in Los Angeles, the eastern side trend centre of the USA.

Swiftly rising in the sector and establishing cooperation with different brands at the end of 2010, Gap Güneydoğu Tekstil has strengthened its position in the Italian market. It is now one of the main suppliers for two major brands, Diesel and G-Star that currently lead the Italian jean sector. The company has added two new regions to the Italian market by making good use of the opportunities in the North European and US markets and intensified its selling activities in these regions, and also continues to develop business models jointly with other ready-wear exporting manufacturers.

Having a total turnover of 186 million US Dollars in 2010, Gap Güneydoğu Tekstil carried out 28 percent of the Turkish denim exports in the same year.







# A COMPANY WITH A DIFFERENT VIEWPOINT BEYOND CONVENTIONAL MANUFACTURING

Gap Güneydoğu Tekstil carries out manufacturing with a total of 284 benches on an area of 364,803 square metres. As a company that has succeeded in implementing difficult processes in the projects implemented from the past to the present, it has made a difference in the clothing sector with the Retina Project and Recycle-Organic production techniques. It became a finalist in the Tübitak 9th Technology Awards through the Retina Project, implemented following three years of research and development. In the context of its R&D activities, it has developed and provided to the sector many natural manufacturing processes, including especially Recycle-Organic production and pomegranate skin techniques.

## GAP GÜNEYDOĞU TEKSTİL PRODUCTION CAPACITIES

Finished Cloth (denim + gabardine) 31,000,000 Metres/Year

OE Yarn Production 3,200,000 Kg/Year

Twisted Yarn Production 2,100,000 Kg/Year

Ring Yard Production 6,700,000 Kg/Year

Denim Product 720,000 Pieces/Year

Total Area 364,803 m<sup>2</sup>

Covered Area 125,600 m<sup>2</sup>

## Çalık Denim strengthens its position

Gap Güneydoğu Tekstil, which focused its activity on denim in 2010, is rapidly rising among Turkish denim manufacturers. For the development of the Çalık Denim products, which are included in the collections of premium denim brands, the company is implementing projects with major brands. Holding the competitive advantage in this respect, Çalık Denim aims to become one of the first 4 manufacturers of high-quality products as well as one of the top 10 firms in the world.

## Gap Güneydoğu Tekstil on the showcase of world brands

Some of the important customers of Gap Güneydoğu Tekstil, which are also leading world brands in the area of textiles, are Diesel, Replay, GAP, Benetton, Mexx, H&M, Calvin Klein, G-Star, Tommy Hilfiger, Salsa, River Island, Marks&Spencer, Jack&Jones, and Zara. A total of 1,547 people are employed by the company, which makes three-year plans on the concept of strategic management under the Corporate Scorecard activities monitored through SAP.

Gap Güneydoğu Tekstil rapidly continues its successful work through its innovative principles following technology, placing corporate culture on strong foundations and adopting employee satisfaction.



### Efficient production, environmentally sensitive business concept

Having invested about 3.5 million US Dollars in renewal and new product development in 2010, Gap Güneydoğu Tekstil established an R&D Centre. Through the R&D activities carried out, the company obtains steam using coal in a fluid bed boiler, which is not available in any other denim facility, and minimizes waste by electrofilter. Through the recycling project implemented, old denim trousers are cut into pieces and their wefts and warps used again. The TÜBİTAK supports the projects of the company, which continued its innovative R&D work such as double-faced fabric and N-face in 2010.

In the framework of all this business concept, the company holds the ISO 14001:2004 Environmental Certificate, the ISO 9001:2000 Quality Certificate, the OEKO-TEX Certificate, the Tests Laboratory Accreditation Certificate and the Organic Product Manufacturability CU Certificate.

### IN BRIEF 2010 ACTIVITIES OF GAP GÜNEYDOĞU TEKSTİL

With a total turnover of 186 million US Dollars in 2010, Gap Güneydoğu Tekstil carried out 28 percent of the Turkish denim exports in the same year. The company is now one of the main suppliers for two major brands, Diesel and G-Star that currently lead the Italian jeans sector. Making good use of the opportunities in the North European and US markets, the company increased its presence there. The company aims to enter the Chinese and Indian markets and opened an office in Hong Kong.

# A WORLDWIDE BRAND: GAP PAZARLAMA

## A MANUFACTURER FOR WORLD BRANDS: GAP PAZARLAMA

Gap Pazarlama works with world brands such as Levi's, Zara, H&M, Foot Locker, GAP, Gina Tricot, Burton, Charming Shops, Lane Braynt, Pull&Bear, and Ituma.

Established as a subsidiary of Çalık Holding in 1994, Gap Pazarlama is one of the strongest manufacturing firms in the world textile market. With its 11,000 employees, the company aims to increase its share in the international textile trade.

Headquartered in Istanbul, Gap Pazarlama operates in New York with Çalık USA and Gappa Textiles, in Turkmenistan with the Turkmenbashi Textiles Complex, the Turkmenbashi Jeans Complex and the Balkan Dokuma and Serdar Pamuk Eğrici factories, and in Egypt with Çalık Alexandria.

The Turkmenbashi Jeans Complex, Gap Pazarlama's factory in Turkmenistan with a 100% vertical production system from cotton to ready-wear, has a monthly production capacity of 300,000. Çalık Alexandria, the company's factory in Egypt, operates in the ready-wear sector and produces garments only. The Çalık Alexandria factory, which is again part of Gap Pazarlama, has a sewing capacity of 175,000 pieces. It has a monthly washing capacity of 300,000 pieces and the country's technically best washing facility.

Having made a name for itself through its investments in technology, Gap Pazarlama with its 11,000 employees rapidly continues its customer- and quality-focused production. It comes into the fore with the contributions it makes to the living standards and productivity of its employees. The investments, creative force, employment structure and high standards of Gappa Co. Inc. have made this company a worldwide distinguished brand.

### The market segmentation of our garment facilities is as follows:

	American Market	European Market
Turkmenbashi Jeans Complex	%35	%65
Turkmenbashi Textile Complex	%80	%20
Çalık Alexandria	%65	%35





# Construction

Rising value of Group

**Developing countries have higher growth capacity in the construction and housing sector. The sector, which grew by 21.9 percent with the recovery in 2010, is expected to grow by more than 10 percent in 2011...**

## **THE CONSTRUCTION SECTOR IN TURKEY HAS GAINED MOMENTUM**

As the driving force of national economies, construction sector is considered in the value-added it creates and the employment it provides. According to reports prepared by international organizations, the construction sector, whose size has reached 13.4 percent of the world economy, will come to a volume of 12.7 trillion American Dollars and make up 14.6 percent of the world economy in 2020.

Well, but in what countries will the construction sector grow as it has been experiencing shrinkage throughout the world since 2008 due to the impact of the global economic crisis? In the 2010-2020 period, an average of 3.2 percent growth is expected in developed countries and 7.2 percent growth in developing countries. It is predicted that infrastructure construction in developing countries will grow by 128 percent in the next 10 years. The growth rate of infrastructure construction in developed countries will be 28 percent over the same period.

Turkey is expected to be one of the fastest-growing markets in construction in the next 10 years. It is forecast that the construction market, which reached a size of 79.1 billion American Dollars as of 2008, will grow by 7.3 percent on average in the next 10 years. It is foreseen that the construction market will double in current real prices by 2020. The construction spending of about 100 dollars per capita in Turkey is quite close to the world average.

According to a report prepared with the contribution of the Turkish Contractors Association, expectations were realized in 2010, which is regarded as a period of recovery, and the construction sector grew by 21.9 percent, tripling the growth rate of Turkey. Public investments in the energy and transport sectors in particular and the upturn in the housing sector made the faces smile in the construction sector. Being very effective also globally, the Turkish construction



## THE CONSTRUCTION SECTOR'S NEW ROAD MAP

sector together with its sub-sectors provides employment to about 1.3 million people as of 2009. According to the data of the Turkish Statistical Institute, employment in the fourth quarter of 2010 increased by 6.3 percent in comparison with the same quarter of the previous year.

In the housing sector, which makes up the most important item of construction, 357,341 houses changed hands by sale in 2010. TSI data show that house sales fell by 32.8 percent on the previous year, when 531,746 houses changed hands by sale. However, the construction sector looks to the periods ahead in greater confidence, due considerably to the target of the Housing Development Administration of Turkey to produce 500,000 new houses in the next 10 years.

Turkish contractors, who hold an important place in the world contracting sector, were included in the list of "Top 225 International Contractors" list with 33 firms in 2010. Maintaining their second place after China with this result, Turkish contractors increased the number of countries in which they operate to 89 and the number of projects implemented by them abroad to 5,910. The total value of projects implemented by Turkish contractors abroad is at the level of USD 187.6 billion.

Coming together within the Turkish Contractors Association, the construction sector has set its '2023 vision' and 'road map'. Planning to achieve a turnover of USD 200 billion a year over the next 12 years, with USD 100 billion abroad and USD 100 billion at home, Turkish contractors aim to be included with 40 firms among the largest 225 contracting firms in the world.

Another objective of the sector, which seeks to triple the amount of its overseas revenue transferred to Turkey, is to raise registered employment to 12 percent of the working population. Making efforts to ensure that 20 percent of the consulting services in foreign contracting business is provided by Turkish firms, sector representatives also aim to increase the number of companies with a turnover greater than USD 1 billion to a minimum of 10.

# AN INDICATOR OF EXPERIENCE, INNOVATION AND SUCCESS: GAP İNŞAAT

Being one of the world's largest companies in its sector, Gap İnşaat reaped also in 2010 the benefit of its years-long innovative and successful efforts. In 2010, a highway project in Iraq linking Baghdad Airport to the city centre, and the East Ataşehir Project in Istanbul, were included in the portfolio.

The construction sector, one of Çalık Holding's core areas of business, has executed innumerable projects at home and abroad since 1996. Gap İnşaat, the subsidiary of the Çalık Group that grows rapidly in the construction sector, has successfully implemented over 110 projects in 8 countries from the past to the present. The main areas of activity of Gap İnşaat, whose projects completed so far have a total value in excess of USD 3 billion, may be listed as industrial facilities, energy projects, hospital and health care structures, urban renewal and transformation, infrastructure projects, multi-functional housing and commercial space projects, public and military structure projects, art structures and landscaping.

Gap İnşaat, whose strategic goals include "right regions, right projects, rapid growth and geographical expansion", operates in many countries such as Turkey in the first place, Iraq, Turkmenistan, the Sudan, the United Arab Emirates, the Ukraine, Saudi Arabia, and Uzbekistan.

## **A leading organization that has scored “FIRSTS” in Turkey**

Adopting a customer-focused service concept using high-quality products and advanced technology as a requirement of its corporate structure, Gap İnşaat has made a name for itself as a firm that has scored firsts. In addition to being the first contracting firm to apply the SAP ERP systems, it is the first Turkish company to complete industrial projects abroad on a turn-key delivery basis. At the same time, it continues to execute successful work through “Urban Transformation Projects” which are conducted jointly by the public and private sectors for the first time.

Gap İnşaat has been included since 2006 in the list of “Top 225 International Contractors” list published every year by the Engineering News Record (ENR).

## **Gap İnşaat has certified its quality**

Generating customer-focused solutions, Gap İnşaat aims to provide value-added and offer the best to the countries where it is present. As a result of its careful work, Gap İnşaat has been awarded the ISO 9001 Quality Management, ISO 14001 Environmental Management and ISO 18001 Health and Safety at Work certificates. Following these successful activities, Gap İnşaat’s new objective is to obtain the LEED certificate for all projects.

## **A team with a sense of responsibility**

Having a competent and experienced management team, Gap İnşaat employs 4,500 conscious and productive individuals. In awareness of their responsibilities which come with success, the Gap İnşaat team display teamwork respectful to social values while continuously renewing themselves

## **New geographies and new projects**

In addition to the major projects it assumed in 2010, Gap İnşaat completed the Turkish Embassy in Abu Dhabi, which is its first project in the Gulf countries, and is continuing the construction of an Ophthalmology Hospital and a Gas Terminal in Turkmenistan. Participating in various tenders in Turkey, Qatar, the UAE, Oman, Iraq and Russia in line with its goal of “geographical expansion”, Gap İnşaat is obtaining the results of these intensive activities.

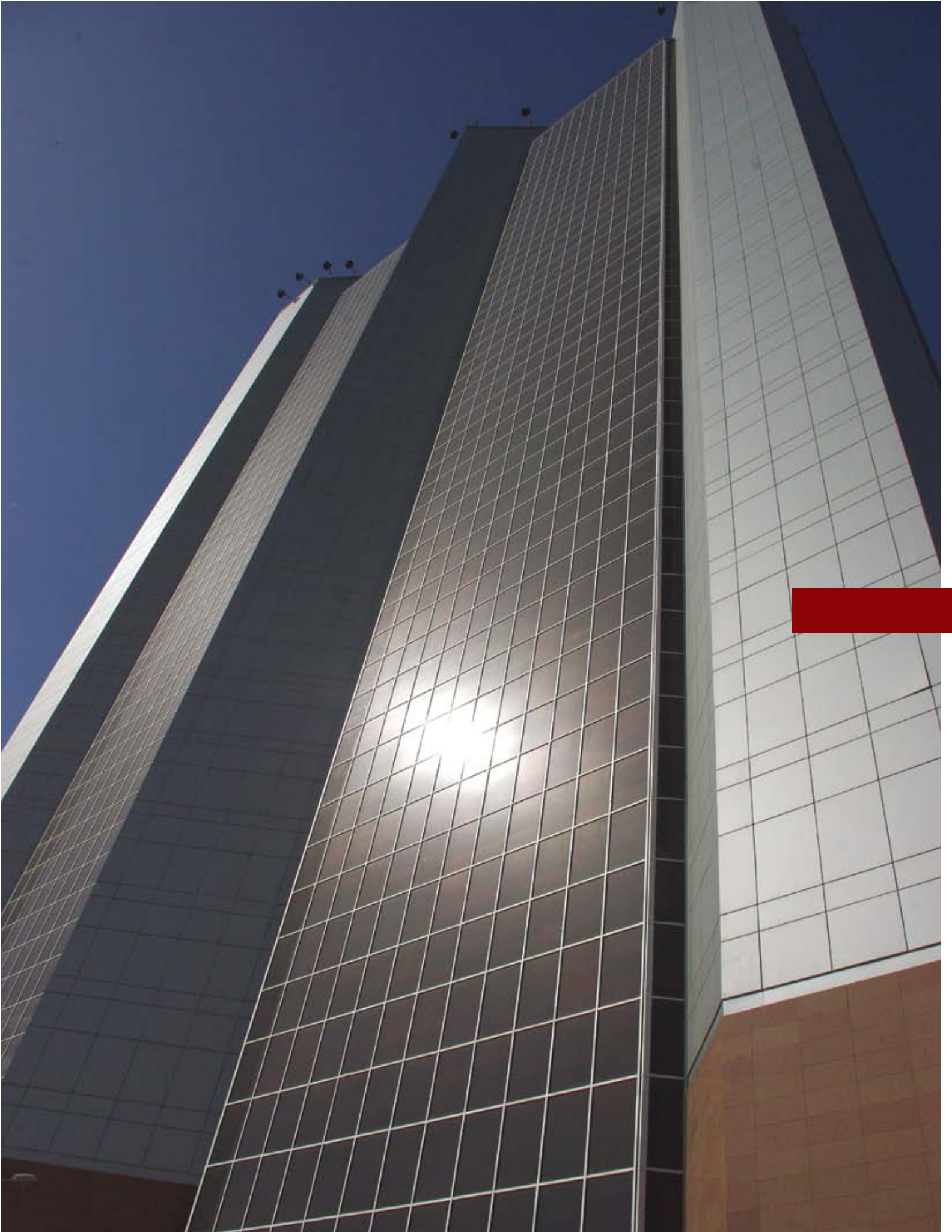
## **Baghdad is being renewed with Gap İnşaat**

Gap İnşaat has carried out an exemplary effort in the renewal process of the historical city of Baghdad and undertaken the renewal of the 19 kilometre-long highway linking Baghdad International Airport to the Unknown Soldier Monument in the city centre and a project to create a landscaping area of 1 million 600 thousand square metres. The 195 million American Dollar-project has been awarded by the Baghdad Municipality to Gap İnşaat as part of the activities to embellish the city after the war. It is planned that 1,500 people will be employed in the project and it will be completed within 9 months.

## **East Ataşehir will fascinate with its design**

In a consortium with Varyap Construction, Gap İnşaat is developing the most favourite land of East Ataşehir. The “Emlak Konut GYO East Ataşehir” project will be implemented on 100,000 square metres of land through the joint venture of Gap İnşaat and Varyap. The mixed project, whose outlines have become clear and which is called a wonder of urban design, is planned to include houses, residences, offices, hotels and shopping centres.





# GAP İNŞAAT GROWS WITH ITS SUBSIDIARIES...

## ÇALIK GAYRİMENKUL TİC. A.Ş.

A subsidiary of Gap İnşaat, Çalık Gayrimenkul Tic. A.Ş. started its operations in 2010. As a land development, investment and marketing company, it develops projects in the fields of urban renewal, offices, housing and trade. While managing the development, investment and marketing processes for its real estate projects at home, the Company takes care to ensure that the projects are respectful to nature, in harmony with the urban texture, and sustainable.

As a result of the positive economic development in 2010, the growth of the real estate market accelerated. Construction spending in the private sector gave an impetus to growth while the upturn in the housing sector was reflected favourably in the economy. The shortage of the housing stock raised the need for new housing investments, with Istanbul rising to the top rank on the list of cities with investment potential from the viewpoint of foreign investors. The Üsküdar-Burhaniye housing project, which it is thought will contribute to this development of Istanbul and which is being implemented jointly with Emlak Konut GYO A.Ş. through the revenue-sharing method, the Tarlabası Urban Renewal Project, where the expropriation processes are about to be completed, the Fener-Balat Urban Design Project, the Ataşehir Project, and the Basın Express and Yenibosna Development Projects, are important ongoing investments in the field of real estate.

## A niche housing project of Çalık in Üsküdar-Burhaniye

Construction was started in 2010 under the Üsküdar-Burhaniye project, which Çalık Real Estate and Emlak Konut GYO are jointly implementing through the revenue-sharing model. The design of this project, where traditional elements are treated in a poetic expression, is the work of the famous architects Han Tümer Tekin, Nevzat Sayın and İhsan Bilgin. The strong architectural team have turned this valuable tract of land into a niche living area which offers blue and green with comfort together. Consisting of 208 houses, this niche project brings the neighbourhood culture back while offering a peaceful and spacious living environment for large families. It is planned that the project will start hosting the inhabitants in 2012.

## Historical Tarlabası is being renewed

Gap İnşaat is taking part as the contractor in the "Tarlabası Urban Renewal Project", the first renovation project in Turkey to be implemented through a partnership of the public and private sectors. The goal of the project, which has been prepared under the leadership of the Beyoğlu Municipality, is to create in Tarlabası a more inhabitable and safer living centre that befits Istanbul.

In Tarlabası, one of Istanbul's most important districts in terms of historical assets, there are works of civil architecture belonging to the late nineteenth century. The fact that 40 percent of this settlement area, whose original street structure dates back to older times, currently remains empty although it has a central location in Istanbul clearly shows the need to renovate the district. Suffering from a lack of investment by property owners due to poor environmental conditions, this district will be reclaimed for Istanbul through the urban renewal project by preserving its environmental, historical, architectural and cultural assets.





The Tarlabası Renewal Project involves the renewal of all the buildings in an area of about 20,000 square metres in the district, of the streets between the buildings, and of all the infrastructure. Also covering 196 immovable cultural assets that must be protected, the Tarlabası Renewal Project has been designed through workshop activities bringing together experts and academics from different fields, leading architects, the private sector, and municipal representatives.

Decisions of the European Commission were accepted for the identification and protection of Tarlabası cultural assets under this long-term project. In this framework, inventories of historical assets were produced for the precise identification of the monuments, buildings and groups of buildings to be protected in the area. In the work to identify and assess the immovable cultural and natural assets that must be protected, inventory sheets and reports were prepared for each asset in compliance with the provisions of the European Convention for the Preservation of the Architectural Heritage. Following the approval of the project by the authorities, the implementation process was started after ensuring the participation of property owners in the project through consensus for the most important stages of the Tarlabası Renewal Project. In the consensus process, which resulted in the agreement of property owners at the rate of 70%, the Beyoğlu Municipality held one-to-one meetings with property owners and their tenants and directed the process. During the legal process, the cooperation that began between the Municipality and Gap İnşaat on the project basis matured and developed with the participation of property owners, local inhabitants and non-governmental organizations in the

project process. Gap İnşaat regards the Tarlabası Renewal Project, which is the first investment project it has undertaken in Turkey, as an important social responsibility project it is implementing for its country. As one of the solution partners of this long-term and multi-actor project, it is voluntarily carrying out all its responsibility concerning the social plan developed for those who live in the area.

### **Istanbul's history meets the future: Fener-Balat-Ayvansaray are being renewed**

The second renewal project through a public and private sector partnership in Turkey covers a total area of 79,335 square metres located between Fener-Ayvansaray and the Golden Horn above the Historical Peninsula in Istanbul. The Fener-Balat-Ayvansaray Renewal Project, developed under the leadership of the Fatih Municipality, is intended to renovate physical structures, to improve environmental conditions, and to protect the cultural and historical heritage for the future generations. Under the renewal project, in which Gap İnşaat takes part as the contracting firm, it is planned that the Fener-Balat-Ayvansaray area will be revived as a high-quality living centre without spoiling its characteristic texture while achieving its integration into the city in conformity with its potential.

The area covered by the Fener-Balat-Ayvansaray Project has several problems in both physical and socio-economic terms. The historical building stock in the area has deteriorated and become non-resistant to earthquakes as a result of changing conditions during the course of time. 19.4 % of the buildings in the area have lost their structural quality through excessive dilapidation, and 61.9 % have been identified to be in need of major



repairs. Considering the location of Istanbul on a seismic fault-line, it is essential to intervene rapidly in these buildings, 85 % of which are occupied. In the design stage of the project, the officials of the Fatih Municipality cooperated with academics from leading universities in our country and with companies specialized in their field. In the framework of such cooperation, problems of the registered building stock in the project area were identified, the buildings classified, and they were grouped according to their structural problems. In the subsequent phases, execution drawings will be prepared for the registered building stock, whose dimensional and restitution drawings have been produced, also considering the static report to be prepared in consultation with universities.

This urban transformation project is intended to restore high-quality, original structures greatly contributing to the silhouette of the city and being fortunate enough to reach the present day and to make them reach the future generations. In the event that sufficient information and documents cannot be obtained with regard to structures that have become excessively worn out by physical conditions during the course of time, moved away from their original condition through incorrect and ill-informed interventions, and lost their registered properties, those structures will be reconsidered.

It is planned that the renewal project will comprise houses at 69%, business premises at 12%, offices at 8% and cultural structures at 2%. Improving the economic and social conditions of the people who live in the area is one of the basic goals. For this reason, the new value created will accrue with priority to the property owners in this area. The main principle of consensus is for all property owners in the area to continue being property owners under the new project. Following the completion of the consensus process and the approval of the dimensional, restitution and restoration drawings for all of the registered building stock, the implementation phase will be started on a basis of individual blocks.



## IN BRIEF 2010 ACTIVITIES OF GAP İNŞAAT

In 2010, Gap İnşaat completed the construction of the Turkish Embassy Building in Abu Dhabi, its first project in the Gulf region. The Company is also carrying on the construction of a hospital in Turkmenistan for the Health Ministry and of a Gas Terminal, in the same country, in partnership with MMHE-Technip. For the purpose of business development, Gap İnşaat opened an office in Iraq after Uzbekistan, Qatar and Russia. In addition, work is under way concerning the Ataşehir and Burhaniye projects in Istanbul. Tender for a motorway recovery project linking Baghdad Airport to the city centre was won.

ÇALIK FİNANSAL HİZMETLERİ A.Ş.

AKTİF YATIRIM BANKASI A.Ş.

BANKA KOMBETARE TREGTARE SH.A

E-KENT ELEKTRONİK ÜCRET TOPLAMA SİS. A.Ş.

EPOST ELEKTRONİK PERAKENDE OTOMASYON SATIŞ TİCARET A.Ş.

# Finance

An innovative and active Group in  
local and regional banking



**For the Turkish banking sector, which did not suffer from the global crisis and increased its total profit by 49 percent in 2009 and 8.7 percent in 2010, the year 2011 may prove somewhat challenging in terms of profitability. However, the sector remains strong against possible crises...**

## **TURKISH BANKS FIRMLY ON THEIR FEET**

The storm of the global crisis, which peaked in September 2008 with the bankruptcy of the world giant Lehman Brothers, has not completely died down although its impact diminished in 2010. However, the Turkish banking sector managed to stand on its own feet without suffering any serious wounds in 2010 as in 2009. The Turkish banks, which had learned their lessons from the economic crisis of 2001 and were now prepared for the crisis, succeeded in raising their profitability by 49 percent and their assets by 14 percent on average in 2009, when the Turkish economy shrank by 9.5 percent. In 2010, the sector's profit recorded an increase of 8.7 percent and its assets an increase of 21 percent. According to the report of the Banking Regulation and Supervision Agency (BRSA), the net profit of the banking sector rose by TL 1,748 million to TL 21,931 million as the result of an improvement in its asset quality despite a falling net interest margin. In a period when many European banks were not able to pass stress testing, the capital adequacy ratio (CAR) of the Turkish banking sector moved to around 20%.

Branch and employment growth also continued in the Turkish banking sector, with the number of employees increasing by 6,975 to 191,180 and the number of branches by 485 from 9,581 to 10,066. The total assets of the banking sector increased by about 21 percent and exceeded TL 1 trillion in 2010.

In 2010, the Turkish currency assets of the banking sector increased by 22.7 percent and its foreign currency assets by 15.6 percent. In 2010, the sector's loans increased by 33.9 percent while the fastest loan growth was observed in the state-owned banks at 42.3 percent. Loan growth was 33.8 percent in the private banks. In the same period, deposit growth was 19.2 percent in the private banks and 20.9 percent in the state-owned banks. It was observed that the rising trend in loans which had started in the last quarter of

2009 continued into 2010 in all types of loans. The share of loans in all assets increased by 5.1 points to 52.2 percent. The total amount of loans reached TL 525.9 billion. The SME loans, affected most by the 2009 crisis, were the fastest growing loan type by 50.1 percent in 2010.

The downward trend in non-performing loans continued in 2010. The rate of non-performing loans, which stood at 5.3 percent as of the end of December 2009, fell by 1.6 points to 3.7 percent in December 2010. Non-performing loans, which reached their peak level at TL 21.9 billion in the end of December 2009 due to the impact of the global crisis, decreased by 8.8 percent to TL 19.9 billion as of the end of December 2010.

The ratio of the Turkish banking sector's total assets to GDP reached 90 percent at the end of December 2010 while it was around 55 percent in the aftermath of the 2001 crisis. The fact that this ratio is in the range of 200 to 500% in developed economies, reflects the growth potential of the sector.

In terms of its resources, the Turkish banking sector has relied so far on short-term deposits. The introduction of maturity-based diversification in reserve requirements by the Central Bank of the Republic of Turkey (CBRT), and legislation to facilitate borrowing from the capital markets, give support to the maturity structures of banks, which have become distorted as a result of short-term funding and long-term placements.

## THE FOREIGN SHARE IN THE SECTOR MAY DECREASE

The Turkish banking sector, which had an impressive performance in the last two years while banking giants of the world struggled with the crisis, is expected to have a more difficult year in 2011 due to reduced margins and increased rates of reserve requirements. Also with the impact of the restriction on credit growth, a reduced profitability in the banking sector will be no surprise. The foreign share in the Turkish banking sector once reached 90 and even 95 percent in 2010 but then fell through partial sales. A decrease is expected in the foreign share in the Turkish banking sector in connection with developments in 2011, too.

# **AN INNOVATIVE GROUP THAT HAS BROUGHT A NEW SPIRIT INTO TURKISH AND REGIONAL BANKING**

Çalık Holding carries out its finance sector activities through Aktif Bank in Turkey and Banka Kombetare Tregtare (BKT) in Albania and Kosovo, and keeps track of potential expansions in nearby geographies.



## Çalık Finansal Hizmetler A.Ş.

Aiming to put into use its vast and deep-rooted experience acquired through its commercial and industrial activities as well as in the field of banking, Çalık Holding established Çalık Finansal Hizmetler. The Group has gone into a robust structuring in this field, and finance has taken its place among the strategic sectors of the Holding Company. The two important participations of the Group in the field of banking are Aktif Bank and Banka Kombetare Tregtare (BKT).

### **“AKTİF” star in finance with its rational and unusual concept of service**

In the area of corporate banking, Aktif Bank achieved 159 percent of growth in total assets by recording 143 percent of rise in total cash loans and 171 percent of rise in non-cash loans as of the end of 2010.

Making rapid progress in the banking sector through its activities aimed at intermediating a significant portion of the financial transactions in every area where it operates and at generating financial solutions from A to Z, Aktif Bank is Turkey's first and only direct bank.

Acting on a rational and unusual service mission, Aktif Bank aims to become the most successful firm in the medium term with regard to the criteria of profitability and growth. Aktif Bank, which provides private and corporate banking services in addition

to investment banking, largely completed its human resources and technological infrastructure investments as of 2010. In line with its strategies of direct banking, regional banking and city banking, it raised its equity capital 3.5-fold and its assets 25-fold over the last three and a half years.

Treating the big cities in Turkey like a separate country each under its city banking strategy, Aktif Bank develops strategies and products special to each city in which it operates. Aiming to expand its activities in Turkey and the surrounding areas under its regional banking strategy, the Company also plays a role in the financing of activities undertaken in Turkey by local businessmen in neighbouring countries.

As part of its improvement and renewal activities in 2010, Aktif Bank achieved the integration of the Acoustic Basic Banking application into the Swift system and thus eliminated all possible human errors by generating the necessary messages from the direct banking system. Having started work to extend personal loans through all PTT (post office) branches in cooperation with the PTT, Aktif Bank introduced foreign remittances by UPT.



# AN “AKTİF” BANK IN THE INTERNATIONAL MARKETS

## Aktif Bank brings alternative financing models into Turkey

Aktif Bank has a considerable expertise in the area of structured financing models. Under the ‘Strategic Cooperation Agreement’ made with ITFC, the Foreign Trade Financing Company of the Islamic Development Bank, Aktif Bank has introduced the financing models applied by ITFC across the world into Turkey. In 2010, Aktif Bank raised number of its correspondent banks from 231 to 302, established long-term limits with ECA and development banks, and increased the item of loans obtained from domestic and foreign banks by 255 percent. Aktif Bank displayed a successful rising trend in foreign trade transaction volumes thanks to its network of correspondent banks which extends to 81 countries.

In May 2010, under the “Financing Line” agreement signed with the Saudi Export Programme (SEP) in accordance with its Regional Banking strategies, Aktif Bank started to provide foreign loans having a maturity of up to 3 years and advantageous terms for its customers importing non-oil products from Saudi Arabia

## An innovative bank scoring “firsts” in Turkey

To increase its innovative products in the area of foreign trade, Aktif Bank has signed agency contracts with Euler Hermes, Coface Sigorta A.Ş. and Atradius. In the framework of such cooperation, the Bank insures short-, medium- and long-term exports by its customers to all countries across the world and covers their export prices through the “Credit Insurance” and “L/C Insurance” products, which enable customers to receive the export prices before maturity and to have a sustainable cash flow. These financing models, which involve accepting credit insurance policies as security, are a first in Turkey. Transactions financed through the Medium-Term Export Insurance Policy have been recognized by Eximbank as exemplary transactions.

Having developed a long-term growth strategy in the Balkans, the Middle East, North Africa and the Turkic Republics, Aktif Bank maintains its contacts in this framework both in the target regions and in those countries where there are investors wishing to invest in those regions. Aktif Bank does not restrict its financial partnership policy in the nearby geographies to banking alone and instead aims to have also insurance companies, intermediary institutions and similar financial organizations within its structure. While acquiring financial subsidiaries, Aktif Bank continues to implement strategic partnerships with national and international finance actors whose partnership will be beneficial to it.



UPT, which provides the possibility of transferring money at the most suitable prices in the market, has attracted great interest, and 152,000 UPT transactions were carried out from PTT offices in 2010.

### **Sending money cheaply, safely and easily through UPT without opening an account**

One of the main features that distinguish Aktif Bank from other banks is that it has adopted alternative distribution channels as its main distribution channels. In line with this concept, the bank continues to serve its customers using both electronic channels such as the Internet and the call centre and the physical channels of its business partners such as dealers and the PTT. All infrastructure work has been completed for the UPS system, which allows everyone, independent of whether an Aktif Bank customer or not, to send money instantly in TL, Euro and USD from the almost 4,000 PTT branches across Turkey to all banks in Turkey and in the rest of the world, and the system has been put into service.

EFTs can be made between existing banks through UPT, which is available for use by the whole of Turkey in line with the principle of cooperating with institutions that have an extensive service network, without establishing a network of branches. The transfer process by post remittance between PTT offices has been taken one step further to allow cheap, rapid, easy and extensive transfers between the PTT and banks. This service, which provides the possibility of transferring money at the most suitable prices in the market, received great interest and 152,000 UPT transactions were carried out in 2010.

### **All financial needs are met in the dealer through "Kreaktif"**

With Kreaktif, the system of online credit from the dealer, which is implemented by a small number of institutions in Turkey, Aktif Bank enables instant provision of credit to consumers who buy goods and services from branded distribution channels in Turkey. Through the Aktif Dealer portal, the system makes it possible for

customers to meet all their financial needs without leaving the dealer.

Thanks to the "PTT Bracket Credit" established with the PTT in June 2010, Aktif Bank started to allocate instant credit to its customers who collect their pensions from PTT branches. Within a period of less than six months, about 21,000 credits were made available and the credit volume provided through this channel reached TL 109 million in total. In 2010, about 4,000 consumers used the Dealer Bracket Credit.

### **"Aktif Bond" accounts for 13.8 percent of all bond issue in Turkey**

With the "Aktif Bond", Turkey's first bank bond in the nature of commercial paper, which was issued in 2009, Aktif Bank carried out 13.8 percent of all bond issuance in Turkey. The total resources raised through the Aktif Bond amounted to TL 278 million as of the end of 2010 and the fifth issue of the Aktif Bond commenced.

### **Aktif Bank R&D activities in 2010**

In 2010, Aktif Bank developed a system for receiving card applications, generating the cards and making them reach the customers and achieved integration between the card and the SMS, IVR and post systems. At the same time, through the R&D activities implemented on the dealer system, which is designed fully on a portal basis, dealers were enabled to communicate with each other and to see all transactions they carry out from the system.

Through the work implemented on the Communications Centre application, the customer reception screens were integrated into the systems in use, thereby allowing the Communications Centre staff to provide the customer

with support from a single screen.

For the city card, the ACS (Aktif Card System) was developed including the infrastructures of the transport system, the card management system, the workplace and point of sale (POS) management systems and the campaign management system and supporting the Smart Chip Card Payment Systems (Smart Payments). With the ACS, it was made possible to receive city card applications through various electronic channels. Instead of two different e-wallets in shopping and public transport, pre-paid cards having a single common balance, with and without a contact, were offered for use by citizens through the "Chip Application" (Dual Interface Java Chip Applet) which was specially developed for the Aktif38 card programme, implemented in Kayseri as the first true city card in Turkey.

Aktif Bank also developed the "Tourist Card" product, a first in Turkey and in the rest of the world. Aktif Point (Self-Service Kiosk) devices were developed, and commissioned in Kayseri, Bursa and Kütahya provinces, allowing many transactions to be made through a single device such as buying pre-paid smart transport cards with cash or small change, charging cards with balances, finding out the balance, buying magnetic paper tickets for public transport, buying mobile telephone call time (TL/call units) and making a smart card application.

Following work carried out for E-Kent, Aktif Bank developed the Automat product through completely local engineering for the use of smart transport cards on self-service automats and, in addition, the AutoPOS product for the acceptance of bank credit cards in public transport. The Mini-ACS platform was created to enable students to use the smart transport cards they use for discounted public transport also for their spending transactions at school canteens and nearby places such as stationery shops, buffets etc.



## IN BRIEF 2010 ACTIVITIES OF AKTİF BANK

As of 31/12/2010 (in USD)

Indicators	Aktif Bank
Total Assets	956.9 mio US Dollars
Loans (Cash Loans)	470.3 mio US Dollars
Deposits	-
Bank Bonds	179.99 mio US Dollars
Other Borrowed Resources	624.4 mio US Dollars
Equity Capital	138.5 mio US Dollars
Capital Adequacy Ratio	12.65 %
Net Profit	22.7 mio US Dollars
Number of Customers	27,123
Number of Employees	316
Number of Branches	6





# BKT RAPIDLY CONTINUES TO RISE WITH ITS ROBUST STRUCTURE



Çalık Holding carries out multi-branch commercial banking activities through its subsidiary Banka Kombetare Tregtare (BKT) in Albania and Kosovo. Operating with 57 branches in Albania and 15 branches in Kosovo, BKT is the main pillar of the Group's regional banking strategy.

Becoming one of the two largest banks in terms of asset size in Albania while maintaining its strong position, BKT has adopted the principle of offering its customers the best quality service through its branches in Albania and Kosovo. Having moved to the position of the largest bank in Albania in five years, the Bank aims to expand its activities in other countries of the region and seeks to contribute to the development of the Albanian economy.

## **BKT successfully closed the year 2010 with a historic growth rate**

Closing the year 2010 with major achievements, BKT reached a historic growth rate in parallel to the recovery in the world economies and financial markets. As of the end of 2010, its assets reached USD 1.5 billion, its deposits USD 1.3 billion and its equity capital USD 119 million. The Company achieved a profit of USD 25 million, up by 92 percent on the previous year, and a rate of return of 25 percent on its equity capital.

The BKT treasury made important contributions to achieve profitability by creating a foreign investment portfolio of USD 330 million and investing in different geographical areas. Making investments especially in the field of private banking, the Company opened 7 branches in 2010, including 4 in Albania and 3 in Kosovo. BKT continued to grow in Kosovo and increased its number of branches to 15 as of the end of 2010.

Banka Kombetare Tregtare (BKT), a subsidiary of Çalık holding, was awarded the "2010 Best Bank in Albania" prize by the Banker, the banking sector magazine of the Financial Times.



# BKT CHANGES BANKING IN ALBANIA



Not compromising on any area of service, BKT has scored many firsts not only through its banking services but also by developing new products and infrastructures that will add value to the economy.

BKT implemented the first application to allow installment by credit card (Installment Programme) and started to make ATMs available for use as exchange offices. In this way, the possibility is provided to withdraw cash from accounts in different currencies (Lek, Euro, USD, GBP, CHF and AUD), which are defined to Debit cards, in both Euros and Leks on ATMs in Albania, and only in Euros in Kosovo.

BKT, which is the first bank to add the account statement, credit card account balance and credit card application functions to its ATMs, is able to charge credits on Eagle Mobile unbilled line owners through POS equipment, following work done with Eagle Mobile, a subsidiary of Çalik Holding. At the same time, BKT is also the first bank to offer very extensive internet banking in Albania. Introducing innovative approaches to the Albanian banking system, BKT has established the 'Financial Institutions Directorate' and made it possible to have access to alternative financing sources by effectively promoting the bank. In this context, negotiations have been held with 100 banks in 6 countries, including the Gulf countries.

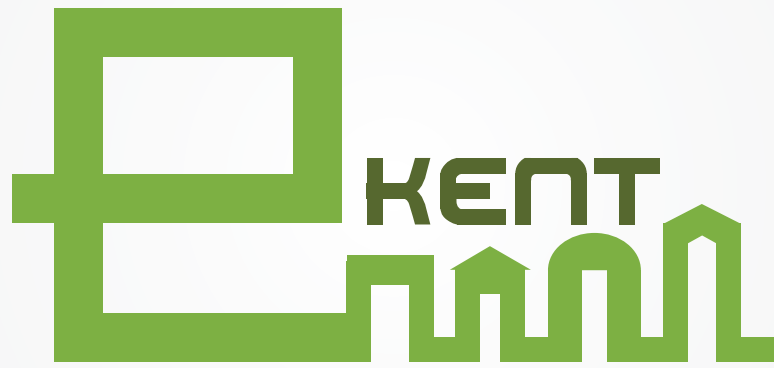
## IN BRIEF 2010 ACTIVITIES OF BKT

As of 31/10/2010 (in USD)

Indicators	BKT
Total Assets	1,502.9 mio US Dollars
Loans (Cash Loans)	551.0 mio US Dollars
Deposits	1,309.7 mio US Dollars
Bank Bonds	-
Other Foreign Resources	62.4 mio US Dollars
Equity Capital	118.7 mio US Dollars
Capital Adequacy Ratio	13.10 %
Net Profit	25.0 mio US Dollars
Number of Customers	325,490
Number of Employees	922
Number of Branches	72

2010 USD Exchange Rate: 1.5460





# THE NEW SOLUTION THAT SPEEDS UP LIFE: E-KENT

In 2008, Çalık Holding took over E-Kent, which offers the high technology solutions required by modern urbanization and operates them through extensive field organizations. Providing services on the rail system, on municipal and privately-run buses, and in public spaces such as car parks, culture parks, zoos and museums, E-Kent establishes and operates electronic fee collection solutions and the payment systems at every point where municipal services are provided.

## E-Kent offers the opportunity of savings

Thanks to the system it has established considering the special needs of cities, E-Kent is a service bridge between people and municipal and privately-run buses. It serves without interruption for 7 days a week and 24 hours a day while offering solutions that will contribute to the budgets of all parties in the public transport service. It also rapidly maintains its efforts for public transport to become less costly and even an important source of income.

## IN BRIEF 2010 ACTIVITIES OF E-KENT

E-Kent, raising the quality of service in public transport and introducing the necessary applications for public transport to be operated efficiently, is the leading firm with the most extensive solutions network in this area through the wide-ranging service it provides in Turkey's ten points (Kayseri, Gaziantep, Düzce, Kütahya, Sakarya, Bursa, Tokat, Çankırı, Konuralp ve Anamur).

## The essential key to city life

With the aim of becoming "the essential key to city life", E-Kent is engaged in business partnership with many local and foreign respectable and reliable technology firms. The company, which is a member of the International Association of Public Transport (UITP), has an annual turnover of up to 500 million Turkish Liras in public transport and other integrated entry-exit systems. E-Kent has more than 3 million smart card users in the cities where its services are provided.

Being the only firm that has developed, established and for many years now operated applications in Turkey where cash is not used at all and only magnetic tickets and Small Cards are used, E-Kent is also capable of tracking the public transport and payment networks of all units for 7 days a week and 24 hours a day thanks to its developed infrastructure. The reports and feedback obtained from the technological infrastructure of the electronic systems established by E-Kent make it possible to carry out more efficient transportation in the city.

TURKUVAZ RADYO TELEVİZYON HABERLEŞME VE YAYINCILIK A.Ş.

TURKUVAZ YAYIN HİZMETLERİ VE TİCARET A.Ş.

TURKUVAZ FİLMCİLİK PRODÜKSİYON SANAYİ VE TİCARET A.Ş.

TURKUVAZ HABER AJANSI A.Ş.

TURKUVAZ TELEVİZYON VE RADYO İŞLETMELİĞİ A.Ş.

TURKUVAZ ATV TELEVİZYON PRODÜKSİYON A.Ş.

TURKUVAZ REKLAM PAZARLAMA DANIŞMANLIK A.Ş.

TURKUVAZ TEKNİK HİZMETLER SANAYİ VE TİCARET A.Ş.

TURKUVAZ KİTAPÇILIK YAYINCILIK A.Ş.

TURKUVAZ GAZETE DERGİ BASIM A.Ş.

TURKUVAZ DAĞITIM PAZARLAMA A.Ş.

TURKUVAZ MATBAACILIK YAYINCILIK A.Ş.

TURKUVAZ MOBİL HİZMETLER A.Ş.

TURKUVAZ İZMİR GAZETE DERGİ BASIM YAYIN A.Ş.

TURKUVAZ İZMİR TELEVİZYON PRODÜKSİYON VE RADYOCULUK A.Ş.

TURKUVAZ AKTİF TELEVİZYON PRODÜKSİYON A.Ş.

TURKUVAZ YENİ ASIR TELEVİZYON PRODÜKSİYON A.Ş.

TURKUVAZ MEDYA YAYIN HİZMETLERİ A.Ş.

TURKUVAZ TV HİZMETLERİ A.Ş.

TURKUVAZ GÖRSEL VE İŞİTSEL İLETİŞİM A.Ş.

TURKUVAZ MOTOR PRESSE DERGİ YAYINCILIK LİMİTED ŞİRKETİ

TİAK TELEVİZYON İZLEME ARAŞTIRMALARI A.Ş.



# Media

A philosophy of high-quality, accurate and  
timely journalism

**In the next five years, the entertainment and media sector in Turkey will grow rapidly. It is forecast that the sector, which reached a size of 5.3 billion American dollars in 2009, will achieve 9.7 billion American dollars in 2014 with an average growth of 13 percent a year.**

## **FIVE-YEAR EXPECTATIONS FOR THE MEDIA ARE POSITIVE**

In 2010, the major focus of change was again the Internet. Great changes and developments took place especially in the media field. As the digital transformation in the world continues to extend and accelerate, digital technologies are having an increasingly greater impact on all segments of the media sector.

According to the report "Global Entertainment and Media Outlook 2010-2014" by the financial audit company PricewaterhouseCoopers, consumers are in the driving seat of the change towards the digitalization of the sector. The global entertainment and media sector, which grew in 2010, may grow by 5 percent a year on average and reach 1.7 trillion dollars in 2014.

In Turkey, following the downturn in 2009, the sector is expected to reach 9.7 billion dollars in 2014. In the next five years, the entertainment and media sector in Turkey will grow. Having reached a size of 5.3 billion dollars in 2009, the sector is estimated to have reached 6 billion dollars in 2010. It is forecast that 9.7 billion dollars will be achieved in 2014 through an average annual growth rate of 13 percent over the next 5 years.

In the Turkish entertainment and media sector, television advertising has been the area hit hardest by the global crisis. Total television advertising incomes fell by about 19 percent to 895 million dollars in 2009. As a result of the recovery in 2010, they rose again to over 1 billion dollars. They are expected to grow by 13 percent a year on average and to reach 1.6 billion dollars in 2014.

Although the economic crisis has negatively affected the media sector in Turkey in the short term, the sector is expected to see rapid development again with double-digit growth rates in the next five years.

## DEMAND OF BEING EVERYWHERE AT THE SAME TIME DIGITALIZES THE SECTOR

The economic crisis has led to considerable falls in advertising expenditure. However, particularly as those digital vehicles which are an extension of the printed media become widespread, it is forecast that the advertising sector will surpass the pre-crisis period in television and digital media. This forecast is supported by the fact that internet advertising is one of Turkey's fastest-growing markets, with a growth rate of 27 percent a year on average.

Cable and mobile internet access expenditures worldwide are predicted to rise in 2014 to 351 billion dollars while it is calculated that advertising expenditure globally will reach 498 billion dollars in 2014 with an annual average growth rate of 4.2 percent.

Consumers increasingly demands "being everywhere at the same time" specification together with content flow in different devices to support much wider interaction and compatibility. Consumers converge to more mobile applications while they use their cell phones in new and different formats to support their lifestyles. According to PricewaterhouseCoopers' report the growing dominance of content consumption in all internet experience is clearly seen in the television. Nonetheless people apply for personalized music services like Pandora instead of purchasing physical CD or digital "download" while consuming magazine and newspapers in the web.



# **TURKEY'S RESPECTABLE, IMPARTIAL AND RELIABLE NEWS SOURCE**

The Turkuvaz Media Group, a subsidiary of Çalık Holding, continues its activities with the goal of being the best in each segment in which it operates, with a philosophy of reliable, impartial and timely journalism.

The Turkuvaz Media Group launched following the transfer, in April 2008, of the ATV-Sabah Business Entity from the Savings Deposit Insurance Fund to Çalık Holding. Since 2008 Turkuvaz Media has developed new brands and extended its audience reach, and become a magnet for talented staff in the media sector. Our Media Group is active in a very broad spectrum of media activities, from radio and TV broadcasting to newspaper and magazine printing and publishing, from the nationwide distribution of newspapers and magazines to sales of non-media products.

## **A wide-ranging and fast service network that reaches millions**

Acting on the vision of becoming the leading media organization in the Turkish, European and Middle Eastern area, the Turkuvaz Media Group incorporates 22 companies. In addition to being one of Turkey's largest media groups, Turkuvaz offers complete and high-quality service thanks to the strong synergy among its 55 brands.

Reaching viewers through regional, national and international broadcasts in the TV segment with ATV, ATV Europe, Yeni Asır TV and Izmir TV, Turkuvaz Media gains the appreciation of listeners in the radio segment by broadcasting nationally through Radio Turkuvaz and locally through Romantic Radio. In the newspaper segment, it reaches readers from all walks of life through the Sabah, Takvim and Fotomaç newspapers on the national scale and through the Yeni Asır newspaper on the local scale. In the magazine segment, the Turkuvaz Media Group has the Turkish publication rights to magazines of the world-famous Hearst and AMS groups in addition to its own magazine brands.

In the online segment, the Group offers the public information for different areas of interest through different and wide-ranging contents on its 21 websites. Turkuvaz Books gained a prestigious place in the sector within a short time by carrying out distinguished activities in book publishing. The Turkuvaz Media Group is deployed in 5 strategic locations in Turkey in the field of printing and distribution, enabling it to reach every part of the country and to serve the Group and non-Group customers.



# A STRONG SYNERGY, A CONCEPT OF HIGH-QUALITY AND DECENT BROADCASTING

## Turkish Advertising Market Growth Rates 2010

	Turkey	Turkuvaz Media Group
<b>TV</b>	41%	80%
<b>Newspapers</b>	15%	18%
<b>Magazines</b>	20%	35%
<b>Internet</b>	38%	50%

Source: Data of the Advertising Association and the Turkuvaz Media Group

The priority goal of the Turkuvaz Media Group is high-quality broadcasting and publishing. It considers supporting social and cultural development, contributing to Turkey's present and future, and constantly developing itself and the sector among its main responsibilities. It aims to carry the strong brands it has successfully built into the twenty-first century and to be a leader in Turkey in meeting the challenges of the changing media world.

**In exporting TV series, we are one of the biggest players in Turkey**

Making best use of international business opportunities in 2010, the Turkuvaz Media Group reaches the mass of readers and viewers living in Germany and other European countries through its ATV Europe and Sabah Europe brands. One of Turkey's biggest players in exports of serials, which has an important place in the international media market, the company has the position of a leader and market developer in the Middle East, the Balkans and the Turkic Republics.

## Growth continued in 2010

Turkuvaz Media carried out TL 18 million worth of investment in 2010. In this framework, Turkuvaz Advertising is continuing its work to adapt IS Media in the common SAP system. In 2010, the Turkuvaz Media Group put CTP machines into operation in its printing facilities, strengthened the technical infrastructure of ATV, and established new and modern broadcasting studios. Continuing its investments in the framework of arranging the Turkuvaz Visual Media Centre, the Turkuvaz Media Group laid the foundations of another two brands this year: News Channel A Haber and Children's Channel Minika.

**A big family with its employees and its stable administrative mentality**

The Turkuvaz Media Group is a big family with its 3,000 employees across the country, particularly in Istanbul, Ankara, Izmir, Antalya and Adana, and abroad in Germany. The years 2008 and 2009 were important milestones for the Turkuvaz Group in terms of the adoption of a stable management concept by the employees and the related parties. In 2010, with the help of the work conducted in cooperation with Booz & Company, which has executed important projects in the media sector in Europe and the Middle East, shortcomings in the current level of the media sector were eliminated and efficiency was increased.

With this project, the Turkuvaz Media Group aims to achieve brand distinction in the market by raising the quality of content, to improve efficiency by investing in information technologies, and to become a leading media organization.

In the area of its printing activities, Turkuvaz Media holds the ISO 9001:2008 quality certificate under the Quality Management System. With the ISO 9001:2008 certificate, Turkuvaz Distribution and Marketing Company carries out the service it provides at the Head Office and 5 Regional Directorates in conformity with internationally accepted standards.







# STEPS LEAVING THEIR MARKS IN THE HISTORY OF THE TURKISH MEDIA



## NEWSPAPERS

### Sabah

Having started publication in Istanbul in 1985, Sabah has been published since 2008 by the Turkuvaz Media Group. Enlightening its readers about current social, economic, political and international affairs and courageously offering its impartial news, Sabah is at the heels of the most potent and most dynamic part of society.

Sabah, which believes in the rule of law and in a diversity of voices, introduced a Turkish version of The New York Times, one of the most prestigious newspapers in the world, to its readers in 2009. Turkuvaz Media Group thereby launched a new era in the Turkish press, by offering its readers news and comment every Sunday from the perspective of The New York Times.

In 2010, the Sabah newspaper's access to the newspaper readership in the country was 14.09 % while its overall access to Turkey's population reached 1 million 507 thousand according to the 12-3 cumulative results of the Turkish Press Readership Survey.

### Sabah Europe

Having been published since 2006 in 20 cities of Europe including Germany in particular, Sabah Europe communicates the developments in Turkey and in the rest

of the world to its readers in Europe in the fastest and most reliable way. With a circulation of 17,000 copies in 2010, Sabah Europe has become indispensable for the Turks in Europe by reaching them with its supplement called Günaydın, unlike other Turkish newspapers.

### Yeni Asır

Starting publication in 1895, Yeni Asır is Turkey's biggest regional newspaper with its long history. It is also the first Turkish newspaper to be printed in the Turkish alphabet.

Being the voice of the Aegean Region and of this region's people, Yeni Asır is printed in the Turkuvaz Media Group facilities. It incorporates Yeni Asır TV, Izmir TV, Romantic Radio and the Yeni Asır Internet Newspaper. In 2010, its daily average net sales were 33,000 and its overall access to Turkey's population was 329,000 persons.

### Takvim

Starting publication in 1994, Takvim is among the best-selling newspapers in Turkey. With its young staff and correct reporting, it meets its readers every day on the principle of impartial journalism and being on the side of the people and the right.

In 2010, Takvim with a market share of 2.6 % maintained its position in the sector and reached 584,000 persons within Turkey's population.

## Fotomaç

Turkey's best-selling and best-reading sports newspaper, Fotomaç started publication in 2000. With its leadership in reporting on transfer deals, its exclusive interviews and its visual quality, Fotomaç is way ahead of its rivals. With an overall audience reach in Turkey of 1 million 139 thousand in 2010, the newspaper once again proved its success in sports journalism.

## Magazines

Turkuvaz Magazines has a publication portfolio consisting of Turkey's strongest magazine brands. Holding the Turkish publication rights to magazines of the world-famous Hearst and AMS groups in addition to its own magazine brands, our magazines group provides its readership with a large number of magazines in various subjects including current affairs, hobbies, fashion, youth and decoration.

In 2010, Turkuvaz Magazines had 33% of the net magazine sales and 19% of the advertising revenues in the sector. The monthly average sales of the Group magazines stood at 156,878 in 2010.

## THE VISUAL MEDIA

### ATV

Having made its mark on the history of Turkish TV through its concept of impartial and respectable broadcasting mentality, ATV is one of the most-watched channels in the country. ATV directly reaches every part of Turkey through terrestrial transmitters, cable TV and digital platforms and also reaches the whole of Europe, America, North Africa, Australia and the Turkic Republics by means of satellite broadcasts and antennas.

ATV made important progress in ratings in 2009. High-quality and principled programming, and serials selected on a correct analysis of the popular serial watching habits in Turkey, contributed to the increase in the audience share. In 2010, ATV had a prime time audience share of 13.8 % and an off-prime time audience share of 11.6 percent. Having grown by 13 % in 2009, ATV displayed an even better performance in 2010 and recorded a growth of 15%.

## ATV Europe

Having started broadcasts in 1997 with the mission of becoming a European channel, ATV Europe makes bilingual broadcasting to more than 40 countries including Germany in particular. The channel is addressed to Turks living abroad and is watched with appreciation thanks to its comprehensive broadcasting content.

### TV RATING DETAILS

ATV made important progress in audience share in 2009. It correctly analysed details of high-quality and principled programming and especially the popular serial watching habits in Turkey. Serials thus selected made an important contribution to the increase in the audience share. The company grew by 13 percent in 2009 and 15 percent in 2010.

Source: Nielsen







### Turkuvaz Television and Radio Business

Established in 2005 to operate in the fields of television and radio management. With its strong technical equipment, it successfully continues its broadcasting activity inside and outside the country.

### Turkuvaz Production and Publicity

Turkuvaz Production gives advertising and publicity services to all of the Group companies and some non-Group companies. It conducts its design, production and media planning activities in a wide-ranging area from brand positioning to logo design, from advertising campaigns to image building.

### Turkuvaz Advertising, Marketing and Consulting

Engaged in digital media advertising and sales marketing with its printed and visual products, Turkuvaz Advertising consists of the Head Office, four Regional Directorates, and Regional Representations. With its experienced staff, it takes an important share in the advertising cake and is placed among the leading companies in its sector.

### Turkuvaz News Agency

Established to provide news agency services to the printed and visual media brands within Turkuvaz Publishing and Broadcasting. It offers services to many leading organizations in Turkey and Europe.

### Turkuvaz Distribution Marketing

It conducts the distribution activities of the Turkuvaz Media Group. Being one of Turkey's two printed media distribution firms, Turkuvaz Distribution serves 44% of the market (excluding the Zaman and Yeni Şafak newspapers, which have subscription systems). Currently, it distributes 24 national and 5 regional newspapers and 370 magazines to 199 main dealers and 24,000 points of retail sale through a fleet of 1,088 vehicles.

### Turkuvaz Books

Established in 2005, Turkuvaz Books maintains its high-quality and modern editorial line in all its publications. It follows principles of respectable, high-quality and trustworthy publishing in making available the works of distinguished authors. Turkuvaz Books publishes literature, biographies, memoirs, history, philosophy, research, children's books, health books, thrillers, folk tales, classics, modern classics, current affairs and popular books.



## Turkuvaz Printing

Conducting the activities of printing, publishing and distributing newspapers, magazines and other publications, Turkuvaz Printing has five facilities in Istanbul, Ankara, Adana, Antalya and Izmir.

One of the innovations led by the Turkuvaz Media Group in the press sector is that it established the first insert system in Turkey at its Istanbul printing facility in 1996-97. The facility, which prints 3 major newspapers (Sabah, Takvim, Fotomaç) at the same time, is capable of printing a 160-page product at 70,000 copies per hour. In addition, thanks to the automated roll carriage system, paper is sent from the storage facility to production fully automatically. With the CTP plate system, newspaper pages in the electronic medium are transferred to the printing plate without using film.

In magazine printing, Turkuvaz Printing also uses the latest printing machinery. It has three rotation printing machines (two Goss M600 and one KBA 411) and 1 Heidelberg sheet printing machine. With the capability to print in five colours and the closed-circuit ink system, it has the capacity to print 55,000 copies per hour, with the same quality maintained throughout the print run.

Printing magazines, books, brochures, inserts and similar products, Turkuvaz Printing printed 17.5 billion pages at its newspaper printing facilities in 2010. At its magazine printing facility, it carried out the printing of 194 million forms.

## ATV Technical

ATV Technical is the unit that provides technical support to the TV group. It has studios at three different locations including the Yenibosna Studio Complex, the Yıldız Visual Media Centre and the Ankara Office.

All of the studios are equipped with leading technology. The Yenibosna Complex is controlled by 3 studios and 2 direction rooms. Direction Room 1 has a Full HD MVS8000G 3ME picture desk while Direction Room 2 has an MVS60000 2,5 ME full HD picture desk and a total of 11 Sony HSC300 studio cameras.

At the Turkuvaz Visual Media Centre in Yıldız, there are a total of 17 HD studio cameras including 13 Sony HSC300 and 4 Sony HSC100 cameras, with 7 studios controlled by 3 direction rooms.

Having all HD system equipment and infrastructure, ATV Technical can make both HD and SD broadcasting. It has the capacity to make SD broadcasting on 5 channels and HD broadcasting on 2 channels, using Cinegy Broadcasting Automation with 150 users.

At the Turkuvaz Visual Media Centre, there are a total of 3 Final Cut, 2 Cinegy and 2 Avid editing sets; at the Yenibosna Studios, there is one Avid editing set. Broadcasting is made at the Ankara Office through 5 HXC100 HD studio cameras and 6 XDCAM PDW510 actual cameras.

The light capacity offered by ATV Technical is a total of 1,050 KW (robot, 2500 paint, cold light). There are 30 LED screens and 5 processors available for use in shootings. There are a total of 7 uplink vehicles and 2 generator vehicles, including 4 uplink vehicles and 2 generator vehicles (200KVA, 40KVA), 2 uplink vehicles in Ankara, and 1 uplink vehicle in Izmir, and a total of 25 XDCAM PDW-700 cameras for actual shootings.

The Turkuvaz Media Group, which has completely renewed the infrastructure of ATV and of the thematic channels, now operates with a total of 33 HD studio cameras and 25 XDCAM actual cameras.

## IN BRIEF 2010 ACTIVITIES OF TURKUVAZ MEDIA GROUP

Investing 18 million TL in 2010, Turkuvaz Media Group sustained SAP IS Media System adaptation operations. Media Group also put the CTP machines into use in the printing facilities in 2010. A news channel and a children's channel were laid to be broadcast while current infrastructures of ATV Technical and new studios were being empowered.



LİDYA MADENCİLİK SAN. VE TİC. A.Ş.

SOMA YAPI MALZEMELERİ MADENCİLİK SAN. VE TİC. A.Ş.

TURA MADENCİLİK A.Ş.

DORE ALTIN VE MADEN A.Ş.



**According to the data of the Mineral Research and Exploration Institute, Turkey ranks 28th among 132 countries in the total value of mineral production. It ranks 10th in mineral diversity...**

## **A SECTOR THAT INFLUENCES THE WORLD ECONOMY: MINING**

Daily increasing consumption by the world, which has reached a population of 7 billion, and especially by countries that influence the world economy such as China and India, has carried demand for limited natural resources to dimensions never seen before. Investment in natural resources through derivative financial instruments as well as real consumption has caused the prices of natural resources to become a driving factor for the world economy.

In 2010, commodity prices were observed to have increased very considerably. This increase is a sign of output and export growth in line with the stock renewal and economic recovery following the global crisis while it also indicates a rising investor appetite due to a weak US Dollar and inflation concerns.

While producers of certain industrial raw materials can respond to increasing demand, the fact that production of metals such as gold, silver and copper cannot be increased in response to demand caused the prices of such metals to follow a fluctuating but upward trend during the year.

In 2010, the price of gold increased by 25.9 %, the price of silver by 80%, and the price of copper by 30%. These increases in commodity prices brought a new vitality to mergers and takeovers in the global mining market. It was observed that companies changed hands or merged in all areas from gold to coal, from potash to rare earth elements. Among these movements, the most noticeable was the fact that state-supported Chinese firms had gone shopping on a global basis to guarantee the needs of "Chinese production machines".

Another event that marked the year 2010 was the imposition of a quota by China on exports of rare earth elements, of which it controls 97% globally, and the reactions this invited from Japan and other industrial countries. These elements are used in many areas from wind turbines to aircraft engines, from smart telephones to electric cars. There is no doubt that the concentration in a single hand of the production and trade of these elements will be one of the issues that highly engage world economics and even politics in 2011.

## Turkey, the largest gold producer in Europe, can reduce its current deficit through the mining sector

Turkey is a country that is rich in minerals but that needs to develop its infrastructure and market in this area. The share of mining in GDP is 4% on average in developed countries and the world average is 2% while Turkey seems a little behind with 1.5%.

In the area of metal mining, although chromium and iron are extensively produced in Turkey, copper and gold fields are rapidly growing and certain nickel projects also being developed. Turkey exports its chromium, generally as unprocessed ore, to China and other developing countries.

In Turkey, where gold mining had been performed since ancient civilizations, there was unfortunately no production in modern times before 2000. The development of gold mining is long delayed in Turkey, which ranks high in the world in gold imports and consumption and jewellery production, and which is estimated to have 6,500 tons of gold reserves.

Gold production, which started in 2001, reached 17 tons as of 2010, and the target for 2015 is 50 tons. With production at these levels, Turkey is the largest gold producer in Europe. In the near future, Turkey will become a net exporter of gold. Copper production by Turkey, number 7 copper importer in the world, covers only 20% of consumption, which is 500,000 tons per annum and expected to reach 1 million tons in the next 5 to 7 years.

## MINING WILL PROVIDE EMPLOYMENT AND VITALITY

Generally, mining in Turkey is performed on the basis of the database created by the Mineral Research and Exploration Institute (MTA) following years of work. Such work has remained limited to certain regions at certain levels for reasons such as economic crises, commodity prices, budget shortages and security. It is essential for sustainability that momentum should be given to mineral exploration work in all regions by both the state and the public sector and that underground assets should be made available for the growing population and economy.

Turkey, which has a considerable current deficit due to energy imports, can achieve a significant relief in this area to the extent it makes the resources it has in industrial and precious metals available for the economy. Encouraging investments in mining, a capital- and technology- intensive sector, will accelerate local and foreign capital inflows and also provide employment and economic vitality to many Anatolian towns where industry does not go.







# Mining

A Group which generates added-value for the economy and provides employment through its investments in Eastern Anatolia

# A NEW PLAYER IN TURKISH MINING SECTOR: LİDYA MADENCİLİK



Çalık Maden İşletmeleri A.Ş., Çalık Holding subsidiary in mining sector since 2006, changed its name into Lidya Madencilik Sanayi ve Ticaret A.Ş. in 2010 and reinforced its position in the sector through its new management structure.

In 2010, construction activities were completed at the Çöpler Gold Mine, owned by Anagold, a joint venture of Alacer Gold and Lidya Madencilik. The Company, which made the first gold casting on 22 December 2010, is one of the largest investors in the region with an investment outlay of 250 million American Dollars.

## Major contribution to local employment

800 people are employed in construction and operation under the project at Çöpler Gold Mine, 35 percent are local people employed from villages and towns in the surrounding area. The facility is expected to produce 135,000 ounces of gold in 2011, and the target for 2012 is set to be 175,000 ounces. The necessary feasibility studies are in progress to extend the operations at Çöpler Gold Mine.

## IN BRIEF 2010 ACTIVITIES OF LİDYA MADENCİLİK

The Çöpler Gold Mine, where the first gold was cast on 22 December 2010, is one of the largest investments in the region with an investment outlay of about 250 million American Dollars.

## Value-added to the country's economy

Lidya Madencilik is continuing its studies to establish partnerships to bring in new mining fields to Turkish economy in 2011. Through its projects the Company contributes to employment and industrial development that aims to become one of the leading organizations in its sector. In addition to all these activities, Lidya Madencilik is rapidly continuing its efforts to add new mining fields at home and abroad to its portfolio.

»» In unison with Turkey's constant development, Çalık Holding contributes to the societies' future in the countries it has presence.

The principle "to create added value for the society" forms the basis of Çalık Holding's corporate social responsibility understanding.



# GROUP CREATING BENEFITS FOR THE SOCIETY

Guided by its corporate culture principle “to create added value for the society” Çalık Holding supports a range of activities in art, sport, education, health fields and in socially-based issues directly as well as indirectly by cooperating with various nongovernmental organizations

## Social Responsibility

In recognition of their liabilities toward society and environment, Çalık Holding and its subsidiaries conduct all their activities within the framework of sustainable development and social responsibility approach. Constantly creating added value for the regional economy through its goods and services produced as well as direct and indirect employment opportunities created, investments realized and taxes paid, Çalık Holding positively manifests its operations for the society by social responsibility projects it realizes.

Continuing to grow and develop with Turkey, Çalık Holding contributes to the societies’ future in the countries it has presence. “To create added value for the society” forms the basis of the corporate responsibility approach of Çalık Holding. Guided by this corporate culture principle, Çalık Holding supports a range of activities in art, sport, education, health fields and in socially-based issues directly as well as indirectly by cooperating with various non-governmental organizations. Çalık Holding regards its social responsibilities as a vital manifestation of its respect for society and Çalık employees.

## "Çalık Village" Project in Pakistan

After the destructive flood disaster in Pakistan, during which millions of people had been affected and thousands died, Çalık Holding and its employees initiated a social responsibility campaign to establish a new village for the victims. Çalık Holding and its employees have met basic supplies and clothing to the disaster region. The sheltering need of 175 Pakistani families' was also met with this campaign.

Within the framework of humanitarian assistance operation initiated by Turkish Red Crescent, Çalık Family pioneered establishment of 175 Mevlana House in Akura Khatak village of Nowshera city, Khyber Pakhtunkhwa (KPK) Province.

## Support to Albanian Youth Through FASTIP Programme

Recognizing the importance to create added value to societies where it operates, Çalık Holding supports Albanian youth. BKT, a subsidiary of Çalık Holding, contributes to education through the banking programme developed together with University of Aleksander Moisiu in Durres. While gaining theoretical knowledge, youth in Albania could simultaneously turn the theory into practice in BKT. Therefore, they are provided with the chance to find a work as a “qualified personnel” in BKT after their graduation.

## Restoration of Atatürk's Yalova Chalet (Walking Chalet)

The famous Yalova Chalet which was pulled by sled to avoid cutting even a branch of a plane tree by Atatürk's directive, was reopened for visits on August 18, 2006 with a ceremony held in the garden of the Chalet after being restored with the support of Çalık Holding. The Chalet became known as the "Walking Chalet" after it was moved 4.8 meters upon orders of Atatürk who declared "the Branch shall not be cut, the Chalet shall walk" and served as a lounge and office for Atatürk for many years. The Chalet and the surrounding landscape were faithfully restored including all the furnishings.

## 'You've Got my Hand' Initiative (Tag Game project)-Şanlıurfa

Recognizing the importance of cultivating well-educated generations to achieve sustainable development, Çalık Holding believes all contributions, no matter how small, are worthwhile to enable children and youngsters to have better educational facilities. 'Tag Game' Project is carried out with the voluntary participation of Gap Güneydoğu Tekstil staff to make a contribution to the society, social stakeholders and environment. Within the scope of the project which was started in May 2006, students were supplied with clothing and financial aid and contributions were made to schools for repairs to provide more modern and healthier classrooms for the students.

## Support for "Hope House"

Designed by Hacettepe University Oncology Clinic around the model developed by the Union for International Cancer Control (UICC), Hacettepe Hope House is built to provide clean, safe and affordable accommodations for underprivileged patients and their families during their treatment. Çalık Holding provided financial assistance for Hacettepe Hope House initiative in 2006, contributing to the faithful restoration of a dilapidated historic building in Ankara.

## Mahmut Çalık Education Complex

Mahmut Çalık Training Complex, constructed on a 40,000 square meters area will be completed in 3 phases. The Complex consists of a kindergarten, a primary school and a high school as well as dormitories for girls and boys, an indoor sports arena, a dining hall, teachers' dwelling houses, auxiliary social facilities and an all-purpose sport hall.

## Hasan Çalık Hospital

Hasan Çalık Hospital in Yeşilyurt, Malatya covers an area of 12,000 square meters, of which 4,000 square meters is indoors and 8,000 square meters outdoors which was concluded in 1992. With a 75-bed capacity, the Hospital has the relevant sections for internal and external diseases, urology, gynecology, radiology, ear-nose-throat, pediatrics and infectious diseases. Çalık Holding met all the building costs of the Hospital which was signed over to the Ministry of Health with a protocol in 1994 and was inaugurated in 1997.

## Scholarships and education opportunities:

### Malatya Education Foundation

Çalık Holding and Group companies offer their scholarships and student grants through Malatya Education Foundation which provides financial assistance to successful university students of underprivileged backgrounds. Following periodic disbursements from all Group subsidiaries to the Foundation every year, the Foundation assesses applications for bursaries and provides grants to those students in need.

### Education Overcomes Every Hurdle

Turkuvaz Media Group supported "Education Overcomes Every Hurdle" campaign run by Beyazay Derneği (White Crescent Association) by involving as its media sponsorship. The aim of the project is to integrate people with disabilities into the educational sphere. In line with this vision, there are plans to increase the number of specialized schools, improve the conditions in existing schools, raise awareness among the educators and parents and boost the rates of enrollment and completion. The project is conducted with the support and cooperation of the Provincial Directorates of National Education. The scope of the project involves pre-school and formal education as well as adult training to people with disabilities. Sabah and ATV have been actively engaged to provide publicity for the project since its inception to maximize its exposure through news and information programs as well as cooperating with White Crescent Association in the development of project strategies.

# ROBUST STRUCTURE DEVELOPED AROUND CORPORATE VALUES

Companies giving priority to create added value sticks out in an environment of intensive competition. Çalık Holding, displays success in every country it operates by its established corporate values.

## CORPORATE GOVERNANCE

Corporate values and the mutual synergy developed within the Group and its subsidiaries provide foundation for the steady growth of the Group.

Guided by the aim of constant value creation for its customers, employees, stakeholders and the society at large, Çalık Holding endeavors to realize all operations on the basis of openness, transparency and accountability. The Group orients the course of its development by recognizing that adopting and implementing corporate governance principles carry a vital importance for sustainable growth.

### The corporate principles of Çalık Holding

Since its inception, the corporate culture of Çalık Holding has been anchored in the principle of foreseeing the particular conditions each period requires before its rivals to stimulate change and innovation. Çalık Holding is a dynamic corporation which prioritizes customer satisfaction, undertakes efforts to deliver competitive edge in the course of the continuing growth trend, aims for the highest quality in its products and services and maintains a pioneering role in all the sectors in which it is engaged.

### Within the framework of these practices, Çalık Holding's fundamental corporate business principles involve:

- A business model based on openness and transparency,
- A creative, efficient and effective

business management,

- An environment of effective communication and continuous training,
- An innovative and constructive business culture,
- Utilization of up-to-date technology,
- A customer-oriented work model,
- A working environment based on mutual affection and respect, while emphasizing solidarity and
- An insightful and respectful approach for the beliefs and fundamental values of the society.

### The fundamental business approaches of Çalık Holding

Embracing a principled and ethical code of behavior, Çalık Holding employees are individuals who recognize that they are working toward shared objectives with their colleagues, feel ownership in the Company and Group and create result-oriented ideas and innovative solutions.

### The business approaches underpinning the achievements of Çalık Holding employees which also safeguard the continuing success of the Group can be summed as follows:

- Grasping the needs of the customers at least as well as the customer to generate and introduce to the market effective, lasting, creative and competitively priced solutions ahead of the competition,
- Regarding subsidiaries of the Group and internal departments as internal customers and bearing in mind that the ultimate goal of the common corporate effort is quality service for customers,
- Developing constructive propositions



continuously to improve the quality of production, sourcing and provision of services,

- Generating timely and lasting solutions in order to achieve success,
- Bearing in mind that every individual within the Group has equal rights and responsibilities to generate added value for success,
- Fostering team spirit and teamwork as indispensable elements of the business model without sacrificing the dynamics of individual competition,
- Appreciating that the strength of Çalık Holding corporate culture derives from noble values,
- Aspiring for the satisfaction of not only the target audience but also all social stakeholders in every effort,
- Restoring what was taken from this country to be utilized, Integrating with the world without compromising its own culture and values,
- Representing Turkey on the international platform in the best possible way and contributing to the prestige of the nation,
- Embracing progress and development as the commonwealth of humanity.

Çalık Holding regards the reputation it earned on the national and international platforms as the embodiment of the highest set of values. Building on its success, becoming an exemplary corporation in Turkey and around the world, as well as adding to its record of achievements daily without resting on its laurels are the primary objectives for Çalık Holding. Never dissociating its existence from that of its country, Çalık Group acts in recognition that the achievements of the Group belong to the country and identifies enhancing Turkey's credibility in the international arena as its principal duty.

"Çalık" as a brand symbolizes the innovative and entrepreneurial skills, as well as the objectives and commitments of Çalık Holding as an integral part of its stance. The values embodied by the brand are fully embraced by all the subsidiaries of the Group, serving as a

compass, an underpinning and an important amalgam of years of experience. Çalık Holding is firmly committed to ensuring that all its future achievements, just like those in the past, will uphold and preserve the values epitomized by the "Çalık" brand.

## ORGANIZATIONAL STRUCTURE

Organizational structures of Çalık Holding and its subsidiaries have been molded by an efficient and coordinated systematization of accumulating knowledge and experience, consciousness of institutionalization and effective human resource within the Group in line with the strategic goals.

Boards and committees supporting organizational structure and providing strategic functions to be up-to-date, rational and methodologically in line with the corporate culture, are fundamental practices that give direction to corporate management.

Asset/Liability Committee and Risk Management Committee established to examine, implement and monitor strategic functions in an holistic and comprehensive way, are cornerstones for evaluation of strategic corporate decisions and their implementation on the basis of a "collective wisdom".

Çalık Holding's primary goal in Human Resources Policy is to achieve maximum success in its business fields by investing in human resource to constantly improve its employees, personal and vocational qualifications and to create committed workforce.

## HUMAN RESOURCES

Placing a great emphasis on the human resource as a factor of strategic importance for corporate success, the Group aims to have a pool of employees who have high added value, utilize up-to-date knowledge and technology effectively and are result-oriented. Therefore, the Group seeks to support the professional development of their employees and generate motivation and job satisfaction.

Human Resources Directorate works in close coordination with other departments to ensure employees' adoption of the Group's corporate values, and fostering their commitment with the corporation. Monitoring the latest developments and innovations in the field, Human Resources Directorate of Çalık Holding embraces a strategic management approach that encourages customizing the contemporary human resources practices for the Group.

Aiming to recruit a human resource of, multiperspective, analytical individuals with a positive attitude, the Directorate is responsible for establishing and managing the necessary systems to source the qualified workforce which will perpetuate the success of the Group and create added value.

### Main Human Resources Practices

Promoting the creation of a structure based on "constant development" which enables employees to develop their skills, enhance their competencies and realize their potential,

Contributing to the establishment of an effective and efficient organization by developing systems which encourage creativity,

Ensuring the Group companies' staff has the priority for internal vacant positions that are newly generated or available.

Supporting self-improvement and self-training of the employee as well as substitutes for the position,

Reviewing the human resources organization, system and processes continuously and ensuring it is restructured as and when required,

Internalizing the benefits of being an international company, while conducting the necessary work to install a strong awareness of corporate identity,

Çalık Holding seeks to recruit talented, creative and highly competent new graduates and nurture the prospective leaders of the Group in line with its corporate culture through the "Team Members Program" established to access the qualified potential among the young and recently graduated human resource. Held in the light of the same awareness, "Career Days" reach the potential workforce at various universities and facilitate the recruitment of new graduates in the Group in a qualified and healthy manner as well as enhancing recognition of the Group in the eyes of new graduates.

### Performance evaluation and improvement system

In Çalık Holding Performance Evaluation Systems, strategic corporate goals are being turned into departmental goals and annual personal targets and business plans developed in this direction. Major aim is to ensure collaboration among managers, their peers and subordinates.

Weighted rates of concrete and measurable targets and business plans are developed in accordance with the title of the employee, which are then monitored and updated within the year. Success of an employee is monitored through a performance module which is based on targets. The targets and business plans are followed throughout the year which is later evaluated together with competencies of the employee at the end of that year.

During the implementation stage of Performance Improvement System on which all departments place particular emphasis, all managers take the lead in enabling employees fulfill the specified goals by providing personal motivation.

With Çalık Holding Performance Evaluation System, ensuring collaboration among managers, their peers and subordinates is sought.

### Career Improvement and Back Up

Career Improvement and Succession Practices structured in line with employees' competences and needs of the organization aims to generate highest motivation for employees and to meet company's strategic objectives. The professional knowledge, skills and personal development of the employees are supported through this system and they are intended to develop into candidates with promotion potential, in line with the data derived from the Performance Evaluation System.

Career Improvement and Succession Practices are developed to provide objectivity and equal opportunity and they intend to turn employees into candidates that are competent for promotion.

### Training management

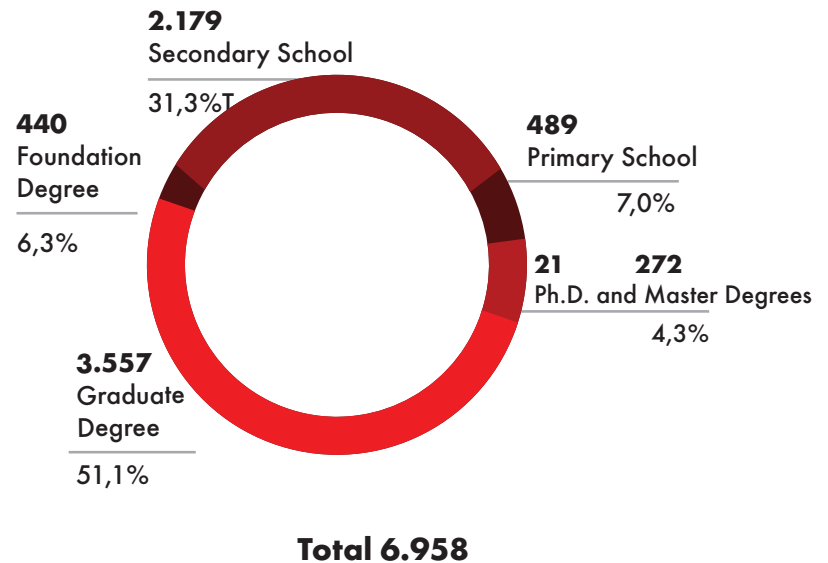
Training needs are recognized in line with Performance Evaluation and data on Career Planning; improvement programmes are prepared to improve employees' organizational competencies and vocational qualifications. Orientation Training, providing new employees with basic information on Holding, subsidiaries, corporate culture, internal processes and human resources practices are realized to ease the period of adaptation.

The training system is formulated to ensure the Group has the attributes of a "learning organization", as well as boosting the awareness, efficiency and motivation of the employees and obtaining an excellent performance from them.

### Number of Employees as of December 2010

White collar	6,958
Blue Collar	13,095
Total	20,053

### Educational background of white collar employees (2010 year-end)



### NUMBER OF EMPLOYEES

COMPANY	TOTAL (WC+BC)		
	TR	OTHER	TOTAL
HOLDING TOTAL	146	1	147
TEXTILES SECTOR	1.768	8.883	10.601
CONSTRUCTION SECTOR	409	1.645	2.054
ENERGY SECTOR	830	237	1.067
MINING SECTOR	3	0	3
TELECOM SECTOR	38	1.912	1.950
FINANCE SECTOR	332	902	1.234
MEDIA SECTOR	2.996	1	2.997
<b>OVERALL TOTAL</b>	<b>6.552</b>	<b>13.531</b>	<b>20.053</b>

## OCCUPATIONAL SAFETY, ENVIRONMENT AND QUALITY POLICIES

To ensure corporate sustainability in both economic and social terms, Çalık Holding, in all of its operations, gives the utmost consideration to people, quality and the environment. In the execution of its projects, the Group is attentive to take all necessary measures to preserve natural resources, minimize industrial waste and prevent soil, air and water pollution. Furthermore, occupational health and safety procedures are revised to mitigate risk with the active cooperation of all employees. Not only do Group companies draw up and implement effective quality, environment and occupational health and safety policies but they are also committed to ensuring that these systems are fully certified.

Among subsidiaries, Çalık Enerji, Gap İnşaat, Bursagaz and Kayserigaz have made the transition to the Integrated Management System and all hold ISO 9001 (Quality Management System), ISO 14001 (Environmental Management System) and ISO 18001 (Occupational Health & Safety) certificates. Gap Güneydoğu Tekstil continues to operate with ISO 9001, ISO 14001 and Oeko-Tex Standard 100 certifications.

### The Integrated Management System is structured upon the following key principles;

- To establish a structure that is in compliance with legal requirements and regulations, focused on customer satisfaction, compatible with technology and continuously improved,
- To ensure that all employees are aware of the Company's policies, aims and objectives,
- To ensure that legal and other requirements and customer expectations are known to and properly understood by the employees and that these are fulfilled to the maximum extent,
- To secure high levels of customer satisfaction by making sure that the products are fit for purpose, meet the full range of user needs and delivered to the customer at a favorable price, in a defect-free state and in a timely fashion,
- To provide an environment that promotes individual happiness as well as harmonious teamwork in an integrated system where all employees have well-defined job descriptions, thus preventing waste of time and enhancing efficiency,
- To ensure the standards of the system apply; to

deliver the sustainability of efficient, quality production and service approach; and to this end, provide the necessary training on personal development and quality,

- To protect the environment and the employee in all operations, alleviate environmental impact and abide by all applicable laws and other legislation; to ensure that employees adopt the relevant principles and objectives and have increased awareness

### Within the framework of environment and occupational health and safety policies applied, Çalık Holding and subsidiaries:

- Seek constant improvement in all business processes through continuous reviews to preserve the natural resources with effective and efficient utilization of raw materials.
- Abide by all laws and regulations concerning the environment and make any amendments required in this respect.
- Act on the principle of mitigating and where possible eliminating environmental impact, to minimize waste, employ the latest technologies with waste output levels below international standards and to ensure that Environmental Impact Assessment (EIA) are prepared for investments.
- Continue environmental performance evaluations by setting new goals and objectives every year. Inform the public and concerned parties about the practices and efforts as well as the commitments regarding the Environmental Management System.
- Consider the results of the risk assessments with respect to system plans concerning environmental and occupational health and safety, while adapting new developments and practices to the system.
- Organize educational and social activities that encourage protection of the environment and human health while raising environmental awareness and responsiveness.
- Take the necessary measures to prevent or minimize the hazards and risks that employees as well as the residents in the vicinity may be exposed to and abide by all laws and regulations, international standards and client specifications.
- Organize necessary technical, first aid and risk-reduction training programs to spread the recognition and communication of environmental and occupational health and safety responsibilities and awareness across all levels; ensure the active participation of employees therein and improve the system constantly through risk analyses.



## STRATEGY MANAGEMENT

Strategic management of Çalık Holding's corporate structure addresses in two major stages, "development" and "implementation". In the development stage, strategies are identified on the basis of detailed analysis' which are then translated into operational targets. As a result of this process, three-year conceptual document, strategic map and balanced scorecard are developed. Implementations are monitored strictly on the basis of scoreboards and strategic changes are made together with accompanying changes in scoreboards. In the course of turning strategies into practice, operational and strategic review meetings are carried out quarterly to ensure dynamism and management discipline. As of 2010, balanced scorecard is implemented in the ERP system by deploying the SAP Strategy Management (SSM) software. As in many issues, Çalık Holding has been the "first company" applying Strategy Management approach with data automation.

### Strategic Management standards and main policies

Strategic management in the Group is pursued not by individual initiatives, but within the framework of an institutionalized structure and process discipline which is determined by the Holding and identified in the regulations. The main goal of this regulative frameworks is to ensure that mission, vision and values of the companies are compatible with those of the Group. Strategic objectives are set for a 3 (three) year period. These long-term strategic objectives are being monitored and reported by monthly and three-months reviews on the basis of proper performance indicators. In all Group subsidiaries, performance is evaluated according to the success in strategic objectives.



## INTERNAL AUDIT

Established in 2000, the Directorate of Internal Audit is an independent entity within the organizational structure of Çalık Holding. The Directorate was founded to examine the entire operational, financial and managerial activities within the Group's operations, to rectify the deliberate or involuntary errors in the internal control systems, to ensure the accuracy and reliability of the data supplied to information requesters and to continuously improve the internal control mechanism.

The Directorate of Internal Audit at Çalık Holding has been structured in accordance with the Principles and Standards of the Corporate Governance. Reporting directly to the Chairman of the Board and his Deputy, the Directorate performs its duties in coordination with the members of Board assigned by the Chairman

The main priority of the Directorate throughout the internal audit procedures is to preserve the assets and resources of Çalık Holding and its subsidiaries. Embracing the "Hybrid Control Approach" which was widely-popular in the 1980s and is still relevant, the Directorate implements "In-Depth Examination" in cases where the Internal Audit System fails.

### Çalık Holding Internal Audit Policy is based on three pillars:

**Support:** Internal Audit helps the Group's senior managers and executives, various business units and managers of the subsidiaries as well as the entire Group personnel to carry out their duties successfully.

**Control:** Internal Audit examines and evaluates the managerial, operational and financial activities of all the employees and makes suggestions to rectify deliberate or involuntary errors and to further improve the existing operational systems.

**Protection and Surveillance:** : Internal Audit preserves the assets of the Çalık Holding subsidiaries and works to ensure that the resources are used economically and efficiently in line with the corporate objectives and plans.

### The Directorate of Internal Audit of Çalık Holding performs the audits in the following fields:

- Compliance of activities with legislation as well as corporate policies, plans and regulations
  - Accuracy and reliability of all sorts of information supplied,
  - Operational Quality in all activities
  - Adequacy and efficacy of Internal Audit Systems,
  - Efficient use of assets,
  - Efficient use of resources as planned,
  - With regard to all acquisition and merger procedures;
- Company valuation and feasibility surveys,  
- Relevant verification/evaluation work.

Furthermore, motivated by the principle of sourcing the qualified personnel requirements of the Group from within the Group, the Directorate embraces the notion of offering human resources developed within the scope of the Internal Audit to the benefit of the subsidiaries and thus primes the Internal Audit team as all-rounders.

# 2010 REFLECTIONS

## **ÇALIK HOLDİNG ERA IN YEŞİLIRMAK ELEKTRİK**

An agreement related to the transfer of recently-privatized Yeşilirmak Elektrik Dağıtım Inc. to Çalık Holding has been signed by Ahmet Çalık, Chairman of Çalık Holding, and Ahmet Aksu, acting Head of the Privatization Administration in Ankara. Minister of Finance Mehmet Şimşek and Minister of Energy and Natural Resources Taner Yıldız also attended the ceremony. A giant company joined the Çalık Holding family which operates in the fields of energy, telecommunications, finance, construction, textile, media, and mining with its around 20 thousand employees. Serving 1 million 470 thousand subscribers in Samsun, Amasya, Çorum, Ordu, and Sinop, Yeşilirmak Elektrik Dağıtım Inc. (YEDAŞ) was taken over by Çalık Enerji, a subsidiary of Çalık Holding which was named as the winner after offering \$441.5 million in November 2009. (30.12.2010)

## **GAP İNŞAAT TO SET ITS SEAL ON CONSTRUCTION OF MAIN ARTERY IN BAGHDAD**

Gap İnşaat, a subsidiary of Çalık Holding, will carry out a \$195 million project comprising the rehabilitation of a 19-kilometer expressway between Baghdad International Airport and the city center as well as landscaping works on a plot with a total area of 1.6 million square meters. Having successfully completed multi-billion dollar projects in Turkey, The Central Asia, Middle East, and Africa, Gap İnşaat will now carry out an exemplary project as part of the reconstruction of Baghdad, a historical city. Gap İnşaat, a subsidiary of Çalık Holding, has undertaken to carry out a \$195 million project comprising the rehabilitation of a 19-kilometer expressway between Baghdad International Airport and Cundi Unknown Soldier monument in the city center as well as landscaping works on a plot with a total area of 1.6 million square meters. (20.12.2010)

## **MASSIVE COOPERATION BETWEEN ÇALIK HOLDING AND ROSNEFT**

Çalık Holding and the Russian national oil company Rosneft have decided to form a partnership to cooperate in the international and the Turkish petrol market. The framework agreement prepared on the subject was signed in Istanbul by Ahmet Çalık, Chairman of Çalık Holding and the President of Rosneft, Eduard Khudainatov. The signing ceremony was attended by the Minister of Energy and Natural Resources Taner Yıldız and the Russian Deputy Prime Minister Igor Sechin. Çalık Holding, rapidly progressing in the fields of energy, telecom, finance, textile, construction, mining and media, has actualized a giant cooperation in the petrol trade intended on Mediterranean and Turkey markets. Agreement was reached between Çalık Enerji and the Russian national oil company Rosneft after long negotiations and work is proceeding at the moment, to setup a joint company to trade in oil in the Mediterranean and the Turkish markets. (15.12.2010)

## **BKT SELECTED BEST BANK IN ALBANIA**

Banka Kombetare Tregtare (BKT), which joined the Çalık Holding family five years ago, has been awarded the title of "Best Bank of Albania in 2010" by the Financial Times' banking magazine The Banker. Receiving the award for the second time, BKT has once again proven the success of its operations in Albania, Çalık Holding's gateway to Europe. In the award ceremony in London that was held for the 11th time on December 2010 and hosted by the famous journalist and BBC anchorman Michael Buerk, the best banks from 149 countries were presented with their awards. (02.12.2010)

## **ÇALIK HOLDING, AIMS TO REACH 3 BILLION DOLLAR TURNOVER BY THE END OF 2011**

Çalık Holding CEO Berat Albayrak told Reuters in an interview, that Çalık Holding expected sales this year to surge 50 percent to \$2.2 billion and should top \$3 billion in 2011. Mr. Albayrak said "In the first half of 2010, consolidated revenue of Çalık Holding is \$845 million with a 18% in comparison to the same period in previous year; This was powered in the first half by the energy, banking and media sectors. When the first six months of 2009 considered, expected sales this year to surge 50 percent to \$2.2 billion and similarly, EBITDA will reach to \$111 million with more than 50% increase. He states that expected consolidated EBITDA this year to jump more than 25 percent to around \$250 million, comparison to the last year. Stating that EBITDA in media group has reached to \$47 million in the first half and a \$100 million target is set by the end of the year, Mr. Albayrak said "we aim to improve our performance in media sector in 2011". He added "Our consolidated size of assets has already reached to \$4.5 billion and we're expecting a size of assets with \$5 billion" as of the end of 2010. (08.11.2010)

## **BIG TRANSFORMATION IN ALBANIAN BANKING COMES WITH BKT**

During a meeting held at Sheraton Tirana Hotel on October 26, 2010, which was occasioned by BKT introduction of its new banking products, Prime Minister of Albania, Sali Berisha thanked to Turkish Prime Minister Recep Tayyip Erdoğan for encouraging Turkish businessmen to invest in his country and said: "The event today is very important not only for Çalık and BKT but also for Albania. I would like to congratulate Mr. Çalık and his employees. BKT has increased its capital 10 times within 10 years. Up to the present, such a success has been seen neither in Albania nor in other Balkan countries. BKT has made a great contribution to Albanian economy. BKT has turned into the most trusted financial institution of Albanian people and businessmen. I would like to thank to Mr. Çalık once more. Stating that the investments carried out by Çalık Group in Albania has strategic importance, Çalık Holding Chairman Ahmet Çalık said: "Our belief in today and future of this growing and developing beautiful country is absolute. As Çalık Group, in Albania we give high importance to technology and human resources investments in finance and telecom sectors. (26.10.2010)

# IN PRESS

## **ÇALIK HOLDING BUILT A "ÇALIK VILLAGE" IN PAKISTAN**

After the destructive flood disaster in Pakistan, Çalık Holding established a new village for the victims. With the support of Çalık Holding and its employees and basic supplies and clothing sent to the disaster region, the sheltering need of 175 Pakistani families' and basic needs of the affected population have been met. Within the framework of humanitarian assistance operation initiated by Turkish Red Crescent, Çalık Family pioneered establishment of 175 Mevlana House in Akura Khatak village of Nowshera city, Khyber Pakhtunkhwa (KPK) Province. (13.10.2010)

## **€ 34 MILLION RENEWABLE ENERGY LOAN TO ÇALIK HOLDING**

Çalık Holding signed a "renewable energy loan" agreement of Euro 34 million with the Development Bank of Turkey. The Loan will be used in the finance of the Adacami Hydroelectric Power Plant (HPP) that is being built in the Güneysu district of Rize. Adacami Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş., an affiliate of Çalık Holding, signed a "renewable energy loan" of Euro 34 million with the Development Bank of Turkey. The signing ceremony at Çalık Holding on Tuesday, September 28th was attended by Mr. Berat Albayrak, Çalık Holding's CEO, Mr. Abdullah Çelik, General Director of the Development Bank of Turkey and bank officials. The term of the loan was determined as 12 years with 3 years grace period. (28.09.2010)

## **ÇALIK HOLDING GATHERED ITS EMPLOYEES AT TRADITIONAL RAMADAN DINNER**

Çalık Holding's Traditional Ramadan dinner was held in Four Seasons Bosphorus on 13th of August. Participation to the night from high management, employee and business partners were high. During the dinner where 900 employees had attended Çalık Holding Chairman Mr. Ahmet Çalık said "As a long-established Group, through a wide geography, in 14 countries and with over 20.000 employees, today our Group represents Turkish Republic and its flag with honor". Highlighting the strategic importance of Turkey, Mr. Çalık said "The region which includes Turkey, Europe, Central Asia, the Balkans, Russia, Middle East and North Africa, possess one third of world population and economy as well as 65% of hydrocarbon reserves. In this sense, the region within five hour flight distance to Istanbul, offer many opportunities for our Group and for Turkey."

Stating that "During the global crisis, as one of the least affected Countries, Turkey with its firm economy, public finance, industrial infrastructure and young population has drawn world's attention", Çalık Holding CEO Mr. Berat Albayrak said that " In line with the positive macro environment, group has continued its stable growth and has become an international actor that global firms prefer to do business." (13.08.2010)

## **ÇALIK ENERJİ SIGNED "PMC" AGREEMENT WITH SHAW GROUP FOR DAPRAŞ**

Eastern Mediterranean Petrochemistry and Refinery Industry and Trade I.C., signed an agreement with Shaw Group to receive project management consulting services regarding Adana East Mediterranean Refinery Project. DAPRAŞ (Eastern Mediterranean Petrochemistry and Refinery Industry and Trade I.C.) owned by Çalık Holding's subsidiary Çalık Enerji, agreed with one of the world's leading corporations Shaw Group, for the project management consultancy of petrochemistry and refinery facilities that will be built in Adana Yumurtalık region. (27.07.2010)

## **EAGLE MOBILE WILL FLY HIGH WITH JAMES BELUSHI IN ALBANIA**

Çalık Group's subsidiary Eagle Mobile is shooting its new advertising campaign in Istanbul. Eagle Mobile, target to be number one in Albanian GSM sector with its innovative services, is bringing Albanian-American Hollywood star James Belushi, company's advertisement face since 2009, to Turkey. Çalık Group's successful affiliate Eagle Mobile, which makes great successes and targets the leadership in the Albanian telecom sector, is working with American actor James Belushi for its corporate advertisement campaign. Albanian-American Hollywood star James Belushi is known to be a big fan of Istanbul. The actor is well recognized all around the world with his movies and sitcoms such as 'Red Heat', 'K9', 'According to Jim' and is greatly admired in his homeland Albania. (21.06.2010)

## **ÇALIK, INTRODUCES 3G TO ALBANIA**

In the press meeting held for the celebration the second anniversary of Eagle Mobile, General Manager Mr. Ali Taşkın said "within the last two years we have invested more than 50 million euro for the technical infrastructure." Albania's youngest GSM operator, Eagle Mobile offers the most innovative services to its 630 thousand subscribers. In a very short time, Eagle mobile has ended the monopoly in Albania's GSM market. Mr. Taşkın describes 2010 as the "big competition year" and he said "number portability and 3G is the most significant projects to be put into operation by the Albanian authorities". Mr. Taşkın continued "we are here to offer the latest and most superior technology to Albanian people. We will provide the best service with the latest technology." Introducing Eagle Mobile's latest service "mail@mobile, Ali Taşkın stated that with this new service all Eagle Mobile subscribers will easily reach yahoo, hotmail, gmail and other e-mail accounts and that this service will also provide access to social sharing websites like facebook. (14.03.2010)





# INDEPENDENT AUDIT REPORTS

Çalık Holding A.Ş.  
01.01.2010 – 31.12.2010

Consolidated financial statements and independent  
audit reports for accounting period



## INDEPENDENT AUDITOR'S REPORT

### To the Shareholders and Board of Directors of Çalık Holding Anonim Şirketi

We have audited accompanying statements of consolidated financial position of Çalık Holding A.Ş (the "Company") and its subsidiaries listed under note 1 (the "Group"), as at 31 December 2010, and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

### Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's responsibility

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 whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

### Conclusion

In our opinion, the consolidated financial statements present fairly in all material respects, the financial position of Çalık Holding A.Ş. as at 31 December 2010, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

EREN Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş.  
Member Firm of GRANT THORNTON International



Nazım Hikmet  
Partner

Istanbul, 05 Nisan 2011



**ÇALIK HOLDİNG A.Ş.**  
**STATEMENTS OF CONSOLIDATED FINANCIAL POSITION**  
**AT 31 DECEMBER 2010 AND 2009**

(Currency shown in thousands of US Dollars ("USD") unless otherwise indicated.)

<b>Assets</b>	<b>Note</b>	<b>2010</b>	<b>2009</b>
<b>Current assets</b>			
Cash and cash equivalents	7	340.080	219.420
Placements and balances with banks	8	231.989	188.076
Investments securities	9	813.914	539.049
Due from services concession agreements	10	20.700	--
Trade receivables	13	756.067	467.874
Loans and advances to customers	14	811.559	537.945
Construction contracts work in progress	12	68.780	253.544
Inventories	15	166.929	132.162
Other assets	16	350.646	188.247
<b>Total current assets</b>		<b>3.560.664</b>	<b>2.526.317</b>
<b>Non-current assets</b>			
Capital equivalency deposit	11	12.348	8.105
Trade receivables		6.682	4.801
Loans and advances to customers	14	71.273	49.007
Due from services concession agreements	10	37.604	--
Equity investments	17	126.398	124.532
Property, plant and equipment	18	666.438	664.414
Investment property	20	128.439	109.878
Intangible assets	19	1.168.438	820.585
Other assets		5.671	4.479
Deferred tax assets	27	32.953	25.412
<b>Total non-current assets</b>		<b>2.256.244</b>	<b>1.811.213</b>
<b>Total assets</b>		<b>5.816.908</b>	<b>4.337.530</b>

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

**ÇALIK HOLDİNG A.Ş.**  
**STATEMENTS OF CONSOLIDATED FINANCIAL POSITION**  
**AT 31 DECEMBER 2010 AND 2009**

(Currency shown in thousands of US Dollars ("USD") unless otherwise indicated.)

<b>Liabilities and equity</b>	<b>Note</b>	<b>2010</b>	<b>2009</b>
<b>Current liabilities</b>			
Borrowings	21	736.097	275.451
Customer deposits	22	1.301.863	1.128.461
Due to banks	23	283.953	178.223
Trade payables	24	857.385	393.386
Deferred billings	12	5.348	1.828
Taxation on income	27	1.575	1.415
Provisions	25	20.564	16.516
Other liabilities	26	206.603	100.721
<b>Total current liabilities</b>		<b>3.413.388</b>	<b>2.096.001</b>
<b>Non-current liabilities</b>			
Borrowings	21	1.006.843	1.095.222
Trade payables	24	29.132	6.914
Employee termination benefits	28	27.997	16.639
Other liabilities		225.886	15.824
<b>Total non-current liabilities</b>		<b>1.289.858</b>	<b>1.134.599</b>
<b>Equity</b>			
Share capital	29	159.456	159.456
Translation reserve		(17.859)	(7.201)
Fair value reserve		185	(102)
Revaluation reserve		85.473	86.294
General reserves		553.215	560.164
<b>Equity attributable to owners of the parent</b>		<b>780.470</b>	<b>798.611</b>
Minority interest		333.192	308.319
<b>Total equity</b>		<b>1.113.662</b>	<b>1.106.930</b>
<b>Commitments and contingencies</b>	30	--	--
<b>Total liabilities and equity</b>		<b>5.816.908</b>	<b>4.337.530</b>

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

**ÇALIK HOLDİNG A.Ş.**  
**STATEMENTS OF CONSOLIDATED INCOME**  
**FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009**

(Currency shown in thousands of US Dollars ("USD") unless otherwise indicated.)

	Note	2010	2009
Revenue	31	2.056.830	1.471.404
Cost of sales		(1.582.144)	(1.094.658)
<b>Gross profit</b>		<b>474.686</b>	<b>376.746</b>
Research and development expenses		(5.872)	(4.907)
Selling expenses		(117.646)	(106.414)
General and administrative expenses		(168.877)	(142.731)
<b>Operating profit</b>		<b>182.291</b>	<b>122.694</b>
Loss from investment in associate		(13.794)	(20.825)
Other income	33	12.055	10.703
Other expense	33	(55.081)	(27.969)
Financing income	34	216.649	164.964
Financing expense	34	(314.916)	(279.626)
<b>Profit (loss) before taxation</b>		<b>27.204</b>	<b>(30.059)</b>
Taxation income (charge)	27	(6.889)	23.997
<b>Net profit (loss) for the year</b>		<b>20.315</b>	<b>(6.062)</b>
<b>Net profit (loss) attributable to:</b>			
Equity holders of the Company		(7.455)	(12.419)
Minority interest		27.770	6.357

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

**ÇALIK HOLDİNG A.Ş.**  
**STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009**

(Currency shown in thousands of US Dollars ("USD") unless otherwise indicated.)

	<b>2010</b>	<b>2009</b>
<b>Profit (loss) for the year</b>	<b>20.315</b>	<b>(6.062)</b>
Fair value reserve for available-for-sale securities	287	250
Translation differences	(14.832)	(17.200)
Revaluation reserves	--	(1.513)
<b>Other comprehensive loss</b>	<b>(14.545)</b>	<b>(18.463)</b>
<b>Total comprehensive income (loss) for the year</b>	<b>5.770</b>	<b>(24.525)</b>
<b>Attributable to:</b>		
Equity holders of the Company	(18.647)	(24.877)
Minority interest	24.417	352

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



**ÇALIK HOLDİNG A.Ş.**  
**STATEMENTS OF CONSOLIDATED CHANGES IN EQUITY**  
**FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009**

(Currency shown in thousands of US Dollars ("USD") unless otherwise indicated.)

	Share capital	Translation reserve	Fair value reserve	Revaluation reserve	General reserves	Total attributable to owners of parent	Minority interest	Total equity
<b>Balance at 01.01.2010</b>	<b>159.456</b>	<b>(7.201)</b>	<b>(102)</b>	<b>86.294</b>	<b>560.164</b>	<b>798.611</b>	<b>308.319</b>	<b>1.106.930</b>
Dividends paid to minority interest	--	--	--	--	--	--	(407)	(407)
Cash increase in subsidiaries share capital	--	--	--	--	--	--	970	970
Acquisition of minority shares of Motor Presse	--	--	--	--	--	--	471	471
Consolidated subsidiaries as from 01 January 2010	--	--	--	--	(181)	(181)	109	(72)
Changes in minority interest	--	--	--	--	687	687	(687)	--
<b>Transaction with owners</b>	<b>159.456</b>	<b>(7.201)</b>	<b>(102)</b>	<b>86.294</b>	<b>560.670</b>	<b>799.117</b>	<b>308.775</b>	<b>1.107.892</b>
Net profit (loss) for the year	--	--	--	--	(7.455)	(7.455)	27.770	20.315
<b>Other comprehensive income (loss):</b>								
Fair value gain for available-for-sale securities	--	--	287	--	--	287	--	287
Translation differences	--	(10.658)	--	(821)	--	(11.479)	(3.353)	(14.832)
<b>Total comprehensive income (loss) for the year</b>	<b>--</b>	<b>(10.658)</b>	<b>287</b>	<b>(821)</b>	<b>(7.455)</b>	<b>(18.647)</b>	<b>24.417</b>	<b>5.770</b>
<b>Balance at 31.12.2010</b>	<b>159.456</b>	<b>(17.859)</b>	<b>185</b>	<b>85.473</b>	<b>553.215</b>	<b>780.470</b>	<b>333.192</b>	<b>1.113.662</b>

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

**ÇALIK HOLDİNG A.Ş.**  
**STATEMENTS OF CONSOLIDATED CHANGES IN EQUITY**  
**FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009**

(Currency shown in thousands of US Dollars ("USD") unless otherwise indicated.)

	Share capital	Translation reserve	Fair value reserve	Revaluation reserve	General reserves	Total attributable to owners of parent	Minority interest	Total equity
<b>Balance at 01.01.2009</b>	<b>159.456</b>	<b>3.901</b>	<b>(242)</b>	<b>87.807</b>	<b>560.316</b>	<b>811.238</b>	<b>481.932</b>	<b>1.293.170</b>
Unconsolidated subsidiaries	--	--	--	--	--	--	(143.216)	(143.216)
Dividends paid to minority interest	--	--	--	--	--	--	(161)	(161)
Cash increase in subsidiaries share capital	--	--	--	--	--	--	2.650	2.650
Acquisition of minority shares of Bank Kombetare Tregtare Sh.a.	--	--	--	--	--	--	(19.893)	(19.893)
Acquisition of minority shares of Aktif Yatırım Bankası A.Ş.	--	(17)	--	--	(710)	(727)	(362)	(362)
Consolidated subsidiaries as from 01 January 2009	--	--	--	--	12.977	12.977	(6)	(733)
Changes in minority interest	--	--	--	--	--	12.977	(12.977)	--
<b>Transaction with owners</b>	<b>159.456</b>	<b>3.884</b>	<b>(242)</b>	<b>87.807</b>	<b>572.583</b>	<b>823.488</b>	<b>307.967</b>	<b>1.131.455</b>
Net loss for the year	--	--	--	--	(12.419)	(12.419)	6.357	(6.062)
<b>Other comprehensive income (loss):</b>								
Fair value gain for available-for-sale securities	--	--	140	--	--	140	110	250
Revaluation reserve of property, machinery and equipment, net of deferred tax	--	--	--	(1.513)	--	(1.513)	--	(1.513)
Translation differences	--	(11.085)	--	--	--	(11.085)	(6.115)	(17.200)
<b>Total comprehensive income (loss) for the year</b>	<b>--</b>	<b>(11.085)</b>	<b>140</b>	<b>(1.513)</b>	<b>(12.419)</b>	<b>(24.877)</b>	<b>352</b>	<b>(24.525)</b>
<b>Balance at 31.12.2009</b>	<b>159.456</b>	<b>(7.201)</b>	<b>(102)</b>	<b>86.294</b>	<b>560.164</b>	<b>798.611</b>	<b>308.319</b>	<b>1.106.930</b>

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

**ÇALIK HOLDİNG A.Ş.**  
**STATEMENTS OF CONSOLIDATED CASH FLOW**  
**FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009**

(Currency shown in thousands of US Dollars ("USD") unless otherwise indicated.)

	Note	2010	2009
<b>Profit (loss) before taxation</b>		<b>27.204</b>	<b>(30.059)</b>
Adjustment to reconcile profit (loss) before taxation to net cash provided from operating activities:	35	147.478	154.685
<b>Operating profit before changes in working capital</b>		<b>174.682</b>	<b>124.626</b>
Changes in operating assets and liabilities	35	444.514	170.421
Taxes paid		(6.313)	(31.000)
<b>Net cash provided by operating activities</b>		<b>612.883</b>	<b>264.047</b>
<b>Cash flows from investing activities</b>			
Changes in investments securities		(274.889)	(74.453)
Purchases of equity investments		(1.866)	(71.513)
Acquisition of subsidiaries		(416.498)	(40.022)
Purchases of property, plant and equipment	18	(66.487)	(110.331)
Purchases of intangible assets	19	(9.817)	(7.797)
Purchases of investment property	20	(76.650)	(57.363)
Proceeds from sale of property, plant and equipment		986	3.221
Proceeds from sale of intangible assets		206	130
Proceeds from sale of investment property		57.280	--
Petroleum drilling expenses		1.673	--
<b>Net cash used in investing activities</b>		<b>(786.062)</b>	<b>(358.128)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		543.661	250.262
Repayment of borrowings		(191.440)	(156.069)
Interest paid		(85.177)	(94.603)
Dividends paid to minority interest		(407)	(161)
Interest received		24.151	17.484
Cash increase in subsidiaries share capital		970	2.650
<b>Net cash provided by financing activities</b>		<b>291.758</b>	<b>19.563</b>
Translation differences		2.081	10.800
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>120.660</b>	<b>(63.718)</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>219.420</b>	<b>283.138</b>
<b>Cash and cash equivalents at end of year</b>	<b>7</b>	<b>340.080</b>	<b>219.420</b>

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

**ÇALIK HOLDİNG A.Ş.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

(Currency shown in thousands of US Dollars ("USD") unless otherwise indicated.)

**1. ORGANISATION AND NATURE OF ACTIVITIES**

Çalık Holding A.Ş. (the "Company" or "Çalık Holding") was established in 1997 to support and organize the activities of its subsidiaries within the sectors of textile, energy, telecommunication, construction, banking, marketing and media by providing centralised services for finance, accounting, budget and internal audit, human resources and corporate communications.

The registered office address of the Company is located at Büyükdere Caddesi, Şişli/Istanbul Turkey.

As of 31 December 2010, the average number of personnel employed was 12.335 (2009: 9.294)

As of 31 December 2010, Çalık Holding, its subsidiaries (the "Group") are made up of Çalık Holding, its 83 subsidiaries and a joint venture (2009: 72 subsidiaries) listed below:

The Group is organised into 7 major business segments given below:

**1.1 Textile group**

<b>Consolidated company</b>	<b>Location</b>
Gap Güneydoğu Tekstil Sanayi ve Ticaret A.Ş.	Turkey
Çalık Korea Inc.	Korea
Çalık USA	USA
Gap Güneydoğu FZE Jebel Ali Free Zone	UAE – Dubai
Çalık Alexandria For Readymade Garments	Egypt

**GAP Güneydoğu Tekstil Sanayi ve Ticaret A.Ş. ("GAP Güneydoğu")**

GAP Güneydoğu was established in 1987 in Turkey. Its facilities are located in Malatya Industrial Area. GAP Güneydoğu has an annual production capacity of 11 thousand tonnes of open-end yarns, 8 thousand tons of ring and uneven yarns, and 40 million square meters of denim fabric. Two branches of GAP Güneydoğu, namely, GAP Güneydoğu Atatürk Hava Limanı Free Zone and GAP Güneydoğu Mersin Free Zone are engaged in the importation and exportation of textile products.

**Çalık Korea Inc.**

Çalık Korea Inc. was established in 2007 in order to import and export trade of textile and clothing service industry related to distribution, forwarding and transportation.

**Çalık USA and GAP Guneydogu FZE Jebel Ali Free Zone**

Çalık USA and GAP Guneydogu FZE are engaged in the trade of textile products in the USA and in United Arab Emirates ("UAE"), Dubai respectively.

**Çalık Alexandria For Readymade Garments**

Çalık Alexandria For Readymade Garments was established in 2006 in Egypt. Çalık Alexandria is engaged in the business of manufacturing and marketing ready wear, yarn and textures.



**ÇALIK HOLDİNG A.Ş.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

(Currency shown in thousands of US Dollars ("USD") unless otherwise indicated.)

**1.2 Energy group**

<b>Consolidated company</b>	<b>Location</b>
Çalık Enerji Sanayi ve Ticaret A.Ş.	Turkey
Çalık Enerji Dubai FZE	UAE – Dubai
Naturel Gaz Sanayi ve Ticaret A.Ş.	Turkey
Aktif Petrolcülük A.Ş.	Turkey
Türkmen'in Altın Asrı Elektrik Enerjisi Toptan Satış A.Ş.	Turkey
Çalık Enerji Elektrik Üretim ve Madencilik A.Ş.	Turkey
TAPCO Petrol Boru Hattı Sanayi ve Ticaret A.Ş.	Turkey
Kızılırmak Enerji Elektrik A.Ş.	Turkey
Doğu Akdeniz Petrokimya ve Rafineri Sanayi ve Ticaret A.Ş.	Turkey
Çalık NTF Elektrik Üretim ve Madencilik A.Ş.	Turkey
Ant Enerji Sanayi ve Ticaret Limited Şirketi	Turkey
Vadi Elektrik Üretim Sanayi ve Ticaret Limited Şirketi	Turkey
Ortur Elektrik Üretim ve Ticaret Limited Şirketi	Turkey
Atlas Petrol Gaz İthalat İhracat ve Pazarlama Ticaret A.Ş.	Turkey
Başak Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş.	Turkey
Çalık Rüzgar Enerjisi Elektrik Üretim Limited Şirketi	Turkey
Enel Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş.	Turkey
Irmak Enerji Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş.	Turkey
Yenikom Telekomünikasyon Hizmetleri A.Ş.	Turkey
Yeşilçay Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş.	Turkey
İkideniz Petrol ve Gaz Sanayi ve Ticaret A.Ş.	Turkey
Çep Petrol Dağıtım Sanayi ve Ticaret A.Ş.	Turkey
Gap Elektrik Dağıtım Sanayi ve Ticaret A.Ş.	Turkey
Sembol Enerji A.Ş.	Turkey
Atayurt İnşaat A.Ş.	Turkey
Adacami Enerji Elektrik Üretim Sanayi Ve Ticaret A.Ş.	Turkey
Akçay Enerji A.Ş.	Turkey
Ayas Rafineri ve Petrokimya Sanayi ve Ticaret A.Ş.	Turkey
Petrotrans Enerji A.Ş.	Turkey
Yeşilirmak Elektrik Dağıtım A.Ş.	Turkey
Çalık Elektrik Dağıtım A.Ş.	Turkey
Çalık Energy Construction LLC	Uzbekistan

**Çalık Enerji Sanayi ve Ticaret A.Ş. (“Çalık Enerji”)**

Çalık Enerji was set up in 1998 to conduct the Group's activities in the energy sector and engaged in the exploitation of natural gas and petroleum resources in different parts of the world and in international shipments and sales. Çalık Enerji has a branch in Turkmenistan, which was set up in Ashgabat to operate several energy projects in Turkmenistan, Çalık Enerji Atatürk Hava Limanı Free Zone and Çalık Enerji Uzbekistan.

**Çalık Enerji Dubai FZE (“Çalık Enerji FZE”)**

Çalık Enerji FZE was incorporated as a Free Zone Establishment with a limited liability in Jebel Ali Free Zone pursuant to Dubai Law no.9 of 1992 and the implementing regulations issued there under by the Jebel Ali Free Zone Authority. The principal place of business of the establishment is located at the Jebel Ali free Zone, Dubai. The principal activity as per Licence no.5517 issued by the Jebel Ali Free Zone Authority is General Trading. Çalık Enerji FZE has a branch in Turkmenistan.

**ÇALIK HOLDİNG A.Ş.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

(Currency shown in thousands of US Dollars ("USD") unless otherwise indicated.)

**Naturel Gaz Sanayi ve Ticaret A.Ş. ("Naturel Gaz")**

Naturel Gaz was established in 2004 in Istanbul. The principal activities are purchasing, compression, and delivery of natural gas as well as the fittings and installation works, and the necessary research studies made thereon.

**Aktif Petrolçülük A.Ş. ("Aktif Petrol")**

Aktif Petrol was established in 1999 in Istanbul in order to operate in gas distribution and trade. As of the balance sheet date, Aktif Petrol is dormant.

**Türkmen'in Altın Asrı Elektrik Enerjisi Toptan Satış A.Ş. ("Türkmen Elektrik")**

Türkmen Elektrik was established in 2000 in Istanbul in order to operate in electricity distribution and trade. As of the balance sheet date, Türkmen Elektrik is dormant.

**Çalık Enerji Elektrik Üretim ve Madencilik A.Ş. ("Çalık Elektrik")**

Çalık Elektrik was established in 2004 in Merter, Istanbul in order to establish, operate and rent power generation plants.

**TAPCO Petrol Boru Hattı Sanayi ve Ticaret A.Ş. ("TAPCO")**

TAPCO was established in 2005 in Merter, Istanbul in order to import, export, distribute and operate all kinds of natural gas, crude oil and derivatives of these products.

**Kızılırmak Enerji Elektrik A.Ş. ("Kızılırmak")**

Kızılırmak was established in 2005 in Merter, Istanbul in order to import, export, distribute and operate all kinds of natural gas, crude oil and derivatives of these products.

**Doğu Akdeniz Petrokimya ve Rafineri Sanayi ve Ticaret A.Ş. ("Doğu Akdeniz Petrokimya")**

Doğu Akdeniz Petrokimya (formerly known as Enerji Petrol Gaz İthalat Pazarlama Sanayi ve Ticaret A.Ş.) was established by the end of 2005 in Merter, Istanbul in order to realize prospects for oil and natural gas, produce, import and export these products and to establish or let establish the related plants for their distribution.

**Çalık NTF Elektrik Üretim ve Madencilik A.Ş. ("Çalık NTF")**

Çalık NTF was established in February 2006 in Istanbul in order to establish, operate and rent power generation plants.

**Ant Enerji Sanayi ve Ticaret Limited Şirketi ("Ant Enerji")**

Ant Enerji was established in 2006 in Istanbul in order to marketing, selling and distribution of electricity.

**Vadi Elektrik Üretim Sanayi ve Ticaret Limited Şirketi ("Vadi Elektrik")**

Vadi Elektrik was established in February 2007 for producing and distributing electricity.

**Ortur Elektrik Üretim ve Ticaret Limited Şirketi ("Ortur Elektrik")**

Ortur Elektrik was established in December 2005 for producing and distributing electricity.

**Atlas Petrol Gaz İthalat İhracat ve Pazarlama Ticaret A.Ş. ("Atlas Petrol")**

Atlas Petrol was established in 2008 in order to import, export, distribute and operate all kinds of crude oil and to build necessary facility for the production.

**Başak Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş. ("Başak Enerji")**

Başak Enerji was established in 2008 for building and operating of electricity facility, producing, selling and marketing of electricity.

**Çalık Rüzgar Enerjisi Elektrik Üretim Limited Şirketi ("Çalık Rüzgar")**

Çalık Rüzgar was established for building and operating of electricity facility, producing, selling and marketing of electricity.

# ÇALIK HOLDİNG A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2010

(Currency shown in thousands of US Dollars ("USD") unless otherwise indicated.)

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#### **Enel Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş. ("Enel Enerji")**

Enel Enerji was established in 2008 for building and operating of electricity facility, producing, selling and marketing of electricity. Enel Enerji also possesses another principal activity about engaging in exploration and production of mineral ore.

#### **Irmak Enerji Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş. ("Irmak Enerji")**

Irmak Enerji was established in 2008 for building and operating of electricity facility, producing, selling and marketing of electricity.

#### **Yenikom Telekomünikasyon Hizmetleri A.Ş. ("Yenikom")**

Yenikom was established in 2008 for building and managing electronic communication network.

#### **Yeşilçay Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş. ("Yeşilçay Enerji")**

Yeşilçay Enerji was established in 2008 for building and operating of electricity facility, producing, selling and marketing of electricity. Yeşilçay Enerji also possesses another principal activity about engaging in exploration and production of mineral ore.

#### **İkideniz Petrol ve Gaz Sanayi ve Ticaret A.Ş. ("İkideniz")**

İkideniz Petrol was established in 2008 in order to import, export, distribute and operate all kinds of crude oil and to build necessary facility for the production.

#### **Çep Petrol Dağıtım Sanayi ve Ticaret A.Ş. ("Çep Petrol")**

Çep Petrol was established in 2008 in order to import, export, distribute and operate all kinds of crude oil and to build necessary facility for the production.

#### **Gap Elektrik Dağıtım Sanayi ve Ticaret A.Ş. ("Gap Elektrik")**

Gap Elektrik was established in 1998. It has a 30-year authorization by the Council of Ministers resolution in March 1998, to operate electrical distribution systems in the provinces of Malatya, Elazığ, Tunceli and Bingöl. As of the balance sheet date, Gap Elektrik is dormant.

#### **Sembol Enerji A.Ş. ("Sembol")**

Sembol was established in 2010 and is engaged in installing of electrical energy production facility, being commenced operations, being rented, production of electrical energy and selling of produced electrical energy and/or electrical capacity to the consumers.

#### **Atayurt İnşaat A.Ş. ("Atayurt")**

Atayurt was established in 2009 for the purpose of building and operating energy power plants and providing operational and maintenance services to power plants.

#### **Adacami Enerji Elektrik Üretim Sanayi Ve Ticaret A.Ş. ("Adacami Enerji")**

Adacami Enerji was established in December 2009, in order to build, rent, operate of electricity facility and selling generated electricity, which is generated by Adacami Enerji.

#### **Akçay Enerji A.Ş. ("Akçay")**

Akçay was established in 2010. Akçay is engaged in installing of electrical energy production facility, being commenced operations, being rented, production of electrical energy and selling of produced electrical energy and/or electrical capacity to the consumers.

#### **Ayas Rafineri ve Petrokimya Sanayi ve Ticaret A.Ş. ("Ayas Rafineri")**

Ayas Rafineri was established in 2010 to install petroleum refinery, petrochemical facilities, additional facilities and every kind of assistant and complementary facilities, to have these installed, buy and sell them, to acquire an interest in these facilities, operate and when necessary, to expand, etc.

**ÇALIK HOLDİNG A.Ş.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

(Currency shown in thousands of US Dollars ("USD") unless otherwise indicated.)

**Petrotrans Enerji A.Ş. (“Petrotrans Enerji”)**

Petrotrans Enerji was established in 2010 to construct every kind of pipeline (warehousing & loading and unloading & others), have these constructed, take over and hand over. In order to service as transportation and warehousing, it can operate in these facilities, have these facilities operated, rent and lease. It has been founded to import, export and merchandise every kind of natural gas, crude oil and products of these, operate by installing necessary facilities, having these facilities installed or taking over existing facilities, to transmit and distribute crude oil, oil products and every kind of gas and regarding these operations to buy and sell every kind of natural gas, crude oil and products of natural gas and oil.

**Yeşilirmak Elektrik Dağıtım A.Ş. (“Yeşilirmak”)**

Yeşilirmak Electricity Distribution Inc., 29.12.2010 While the State Agency on Public Company as a result of privatization to the transfer Çalık Group is made, has been operating in the field of energy distribution.

**Çalık Elektrik Dağıtım A.Ş. (“Çalık Elektrik Dağıtım”)**

Çalık Elektrik Dağıtım A.Ş. was established in 04.11.2010 and is engaged in distribution and sale of electricity and/or capacity as well as incorporating or participating in companies involved and operating within the energy sector according to legislations of Energy Market Regulatory Authority.

**Çalık Energy Construction LLC (“Çalık Enerji Construction”)**

Çalık Energy Construction LLC was founded for trading operations on June 06, 2010 with the decree, numbered 4420 as a limited liability company. Çalık Energy Construction LLC, which is registered with the license numbered 007024, aims basically general trading.

**1.3 Telecommunication group**

<b>Consolidated company</b>	<b>Location</b>
Cetel Çalık Enerji Telekomünikasyon Hizmetleri A.Ş.	Turkey
Cetel Telekom İletişim Sanayi ve Ticaret A.Ş.	Turkey
Albtelecom Sh.a.	Albania
Eagle Mobile Sh.a.	Albania
Telemed Telekom A.Ş.	Turkey

**Cetel Çalık Enerji Telekomünikasyon Hizmetleri A.Ş. (“Cetel Çalık”)**

Cetel Çalık was established in 2004 in Istanbul in order to render various services in the fields of telecommunication, communication, press, and internet.

**Cetel Telekom İletişim Sanayi ve Ticaret A.Ş. (“Cetel Telekom”)**

Cetel Telekom İletişim Sanayi ve Ticaret A.Ş. was established in 2007 in Istanbul. The principal activities are telecommunication, multimedia, internet and data transportation.

**Albtelecom Sh.a. (“Albtelecom”)**

Albtelecom was established in January 16, 1992 as Telekom Shqiptar and transformed into a company limited by shares in 23 February 1999. Up to 28.09.2007, Government of Albania as represented by the Ministry of Economy, Trade and Energy was the sole shareholder of the Company. As of 28.09.2007 CT Telecom Sh.a, a subsidiary of Cetel Telekom İletişim Sanayi ve Ticaret A.Ş. (a Çalık Group Company) acquired 76% of the Albtelecom's share capital. Albtelecom is the unique national operator of fixed telephony.

**Eagle Mobile Sh.a. (“Eagle Mobile”)**

Eagle Mobile was established on 24 October 2003 in Tirana, Albania. The Company provides public, mobile, terrestrial service 900/1800MHz, GSM standard, in compliance with the First Class License No. 253/03/04, dated 01.03.2004.



**ÇALIK HOLDİNG A.Ş.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

(Currency shown in thousands of US Dollars ("USD") unless otherwise indicated.)

**Telemed Telekom A.Ş. ("Telemed")**

Telemed was established in year 2010 to furnish every kind of services in the field of telecommunication, communication, press-information, internet, voice and data communication, etc.

**1.4 Construction group**

<b>Consolidated company</b>	<b>Location</b>
GAP İnşaat Yatırım ve Dış Ticaret A.Ş.	Turkey
GAP İnşaat Dubai FZE	Dubai
GAP İnşaat Ukraine Ltd.	Ukraine
GAP İnşaat Construction and Investment Co. Ltd.	Sudan
Çalık Gayrimenkul Ticaret A.Ş.	Turkey
Soma Yapı Malzemeleri Sanayi ve Ticaret A.Ş.	Turkey
Aina - Gap İnşaat Joint Venture	Sudan

**Gap İnşaat Yatırım ve Dış Ticaret A.Ş. ("Gap İnşaat")**

Gap İnşaat was established in 1996 in Istanbul, Turkey in order to provide construction, contracting and decoration businesses both within Turkey and abroad. It also administers mining of all kinds of minerals, marble, lime, clay, coal and stone quarries both within the country and abroad provided that the necessary permits are received.

Gap İnşaat has three branches in Turkmenistan, Saudi Arabia, Abu Dhabi which were set up to operate several construction projects in Turkmenistan, Saudi Arabia and Abu Dhabi.

**Gap İnşaat Ukraine Ltd, Gap İnşaat Dubai FZE (UAE), Gap İnşaat Construction and Investment Co. Ltd. and Aina - Gap İnşaat Joint Venture**

Gap İnşaat's three subsidiaries and one joint venture namely, Gap İnşaat Ukraine Ltd., Gap İnşaat Dubai FZE and Gap İnşaat Construction and Investment Co. Ltd. and Aina - Gap İnşaat Joint Venture operate construction projects in the countries they were established in.

**Çalık Gayrimenkul Ticaret A.Ş. ("Çalık Gayrimenkul")**

Çalık Gayrimenkul was founded in Merter , Istanbul in 2005 to buy and sell every kind of real estate, to build, divide, rent, have them rented and merchandise every kind of real estate, to found and buy companies and to createa partnership.

**Soma Yapı Malzemeleri Sanayi ve Ticaret A.Ş. ("Soma Yapı")**

Soma Yapı was established in 21 March 2003 in Ankara in order to produce raw materials for construction.

**1.5 Banking group**

<b>Consolidated company</b>	<b>Location</b>
Aktif Yatırım Bankası A.Ş.	Turkey
Çalık Finansal Hizmetler A.Ş.	Turkey
Banka Kombetare Tregtare Sh.a	Albania

**Aktif Yatırım Bankası A.Ş. ("Aktifbank")**

Aktifbank was founded as an investment bank in August 1999. Aktifbank operates as an investment bank and also involves in corporate services such as financial leasing, lending and trade finance. The majority of the transactions of Aktifbank are realized within Çalık Group.

**ÇALIK HOLDİNG A.Ş.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

(Currency shown in thousands of US Dollars ("USD") unless otherwise indicated.)

**Çalık Finansal Hizmetler A.Ş. (“Çalık Finansal”)**

Çalık Finansal was established in 2003 as Aktifbank's cooperation with Şekerbank T.A.Ş. and Çalık Holding for their projects of investing in domestic and foreign oriented banks. In year 2008, Çalık Holding had acquired Şekerbank T.A.Ş.'s shares.

**Banka Kombetare Tregtare Sh.a. (“BKT”)**

BKT was registered in December 1998 with the Bank of Albania to operate as a bank in the Republic of Albania. In December 2005, BKT convened an extraordinary general meeting of shareholders to transfer 60 per cent of the Bank's shares to Çalık Şeker. The transfer was finalized and registered in the Tirana Court in June 2006, following the approvals by the Bank of Albania and the Competition Authority.

**1.6 Marketing group**

<b>Consolidated company</b>	<b>Location</b>
GAP Pazarlama A.Ş.	Turkey
GAPPA Inc.	USA
GAP Pazarlama FZE Jebel Ali Free Zone	UAE – Dubai

**GAP Pazarlama A.Ş. (“GAP Pazarlama”)**

GAP Pazarlama A.Ş., was established in 1994 in Merter, Istanbul. GAP Pazarlama performs the functions of a supply agent for Çalık Group. GAP Pazarlama procures goods needed by the factories managed by the Çalık group and for projects undertaken by the contractor company from Turkey or off international markets.

Gap Pazarlama has one branch in Mersin Free Zone, which was set up to, operate import and export textile products.

**GAPPA Inc.**

GAPPA Inc handles the international sales of the home textiles and ready-to-wear garments manufactured.

**GAP Pazarlama FZE Jebel Ali Free Zone (“GAP Pazarlama FZE”)**

GAP Pazarlama FZE was established by the end of 2004 in the United Arab Emirates (“UAE”) engaged in import and export of trade goods.

**ÇALIK HOLDİNG A.Ş.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

(Currency shown in thousands of US Dollars ("USD") unless otherwise indicated.)

**1.7 Media group**

<b>Consolidated company</b>	<b>Location</b>
Turkuvaz Radyo Televizyon Haberleşme ve Yayıncılık A.Ş.	Turkey
Turkuvaz Kitapçılık Yayıncılık A.Ş.	Turkey
Turkuvaz Gazete Dergi Basım A.Ş.	Turkey
Turkuvaz Haber Ajansı A.Ş.	Turkey
Turkuvaz Dağıtım Pazarlama A.Ş.	Turkey
Turkuvaz Yayın Hizmetleri ve Ticaret A.Ş.	Turkey
Turkuvaz Filmcilik Prodüksiyon Sanayi ve Ticaret A.Ş.	Turkey
Turkuvaz Televizyon ve Radyo İşletmeciliği A.Ş.	Turkey
Turkuvaz Teknik Hizmetler Sanayi ve Ticaret A.Ş.	Turkey
Turkuvaz Mobil Hizmetler A.Ş.	Turkey
Turkuvaz ATV Televizyon Prodüksiyon A.Ş.	Turkey
Turkuvaz Aktif Televizyon Prodüksiyon A.Ş.	Turkey
Turkuvaz Reklam Pazarlama Danışmanlık A.Ş.	Turkey
Turkuvaz Matbaacılık Yayıncılık A.Ş.	Turkey
Turkuvaz İzmir Gazete Dergi Basım Yayın A.Ş.	Turkey
Turkuvaz Yeni Asır Televizyon Prodüksiyon A.Ş.	Turkey
Turkuvaz İzmir Televizyon Prodüksiyon ve Radyoculuk A.Ş.	Turkey
Turkuvaz ATV Sabah GmbH	Germany
Turkuvaz Motor Presse Dergi Yayıncılık Limited Şirketi	Turkey
Turkuvaz Görsel ve İşitsel İletişim A.Ş.	Turkey
Turkuvaz Medya Yayın Hizmetleri A.Ş.	Turkey
Turkuvaz Televizyon Hizmetleri A.Ş.	Turkey

**Turkuvaz Radyo Televizyon Haberleşme ve Yayıncılık A.Ş. (“Turkuvaz Radyo”)**

Turkuvaz Radyo, formerly known as Turkuvaz Radyo Televizyon Gazetecilik ve Yayıncılık A.Ş. was established in 2005 in Merter, Istanbul. Turkuvaz Radyo is mainly engaged in television and radio broadcasting in Turkey and abroad. The sale of ATV-Sabah to Turkuvaz Radyo which was performed under a formal public tender was approved on 21 February 2008 by Turkey’s Savings Deposit Insurance Fund.

**Turkuvaz Kitapçılık Yayıncılık A.Ş. (“Turkuvaz Kitapçılık”)**

Turkuvaz Kitapçılık was founded in January 2008 in Istanbul. The principal activities are selling, editing and producing books.

**Turkuvaz Gazete Dergi Basım A.Ş. (“Turkuvaz Gazete”)**

Turkuvaz Gazete was established in January 2008 in Istanbul. The principal activity of Turkuvaz Gazete is publishing newspapers such as “Sabah”, “Fotomaç”, “Taksim” and magazines such as “Türkiye Forbes”, “Şamdan”, “Bebeğim ve Biz”.

**Turkuvaz Haber Ajansı A.Ş. (“Turkuvaz Haber”)**

Turkuvaz Haber was founded in January 2008 in Istanbul. As of the balance sheet date, it is inactive.

**Turkuvaz Dağıtım Pazarlama A.Ş. (“Turkuvaz Dağıtım”)**

Turkuvaz Dağıtım was established in January 2008 in Istanbul. Turkuvaz Dağıtım distributes newspapers and magazines to retailers, gross markets and publishers.

**Turkuvaz Yayın Hizmetleri ve Ticaret A.Ş. (“Turkuvaz Yayın”)**

Turkuvaz Yayın was founded in January 2008 in Istanbul in order to provide administrative services to the Group.

**Turkuvaz Filmcilik Prodüksiyon Sanayi Ticaret A.Ş. (“Turkuvaz Filmcilik”)**

Turkuvaz Filmcilik was set up in January 2008 in Istanbul. As of the balance sheet date, it is inactive.

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**Turkuvaz Televizyon ve Radyo İşletmeciliği A.Ş. ("Turkuvaz TV")**

It was established in January 2008 in Istanbul. As of the balance sheet date, Turkuvaz TV is inactive.

**Turkuvaz Teknik Hizmetler Sanayi ve Ticaret A.Ş. ("Turkuvaz Teknik")**

Turkuvaz Teknik was established in January 2008 in Istanbul. As of the balance sheet date, it is inactive.

**Turkuvaz Mobil Hizmetler A.Ş. ("Turkuvaz Mobil")**

Turkuvaz Mobil was founded in January 2008 in Istanbul. As of the balance sheet date, it is inactive.

**Turkuvaz ATV Televizyon Prodüksiyon A.Ş. ("Turkuvaz ATV")**

Turkuvaz ATV was brought into existence in Istanbul, in January 2008. As of the balance sheet date, it is inactive.

**Turkuvaz Aktif Televizyon Prodüksiyon A.Ş. ("Turkuvaz Aktif")**

Turkuvaz Aktif was founded in March 2008 in Istanbul. As of the balance sheet date, it is inactive.

**Turkuvaz Reklam Pazarlama Danışmanlık A.Ş. ("Turkuvaz Reklam")**

Turkuvaz Reklam was established in January 2008 in Istanbul. Its main activities are marketing and sales of television and newspaper advertising.

**Turkuvaz Matbaacılık Yayıncılık A.Ş. ("Turkuvaz Matbaacılık")**

Turkuvaz Matbaacılık was founded in Istanbul, in January 2008 to print newspapers and magazines.

**Turkuvaz İzmir Gazete Dergi Basım Yayın A.Ş. ("Turkuvaz İzmir Gazete")**

Turkuvaz İzmir Gazete was established in January 2008 in İzmir. The main activity is publishing of "Yeniasır" newspaper.

**Turkuvaz Yeni Asır Televizyon Prodüksiyon A.Ş. ("Turkuvaz Yeni Asır")**

It was established in March 2008 in İzmir. The company is active since July 2008 and its main activity is broadcasting.

**Turkuvaz İzmir Televizyon Prodüksiyon ve Radyoculuk A.Ş. ("Turkuvaz İzmir TV")**

It was set up in March 2008 in İzmir. As of the balance sheet date, Turkuvaz İzmir TV is inactive.

**Turkuvaz ATV Sabah GmbH ("Turkuvaz Sabah GmbH")**

Turkuvaz Sabah GmbH was established in Germany and 100% of its shares owned by Turkuvaz Gazete. Turkuvaz Sabah GmbH purchased Merkez ATV GmbH's assets on 23 July 2008. The main activity is publishing newspapers and operating TV.

**Turkuvaz Motor Presse Dergi Yayıncılık Limited Şirketi ("Turkuvaz Motor")**

It was established in 2006 in Istanbul and is mainly engaged in publishing magazines in Turkey. Turkuvaz Gazete has been a partner of Turkuvaz Motor with buying 50% share that belongs to Merkez Yayın Holding A.Ş. on 02 December 2008. As of 11.01.2010, Motor Presse International Verlagsgesellschaft Holding GmbH sold its 750.000 (50% of its share capital) Turkuvaz Motor shares to Turkuvaz Gazete Dergi Basım A.Ş. (735.000 shares, 49% of its share capital) and Turkuvaz Matbaacılık Yayıncılık A.Ş. (15.000 shares, 1% of its share capital).

**Turkuvaz Görsel ve İşitsel İletişim A.Ş. ("Turkuvaz Görsel")**

Turkuvaz Görsel was set up in October 2009 in Istanbul. As of the financial position date it is inactive.

**Turkuvaz Medya Yayın Hizmetleri A.Ş. ("Turkuvaz Medya")**

Turkuvaz Medya was founded in October 2009 in Istanbul. As of the financial position date it is inactive.

**Turkuvaz Televizyon Hizmetleri A.Ş. ("Turkuvaz Hizmet")**

Turkuvaz Hizmet was set up in October 2009 in Istanbul. As of the financial position date it is inactive.



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**1.8 Other**

<b>Consolidated company</b>	<b>Location</b>
E-Kent Elektronik Ücret Toplama Sistemleri A.Ş.	Turkey
Çalık Yönetim Sistemleri A.Ş.	Turkey
E-Post Elektronik Perakende Otomasyon Satış ve Ticaret A.Ş.	Turkey
Çalık Maden İşletmeleri A.Ş.	Turkey
Çalık Hava Taşımacılık Turizm Sanayi ve Ticaret A.Ş.	Turkey
Lidya Madencilik A.Ş.	Turkey
Dore Altın ve Madencilik A.Ş.	Turkey

**E-Kent Elektronik Ücret Toplama Sistemleri A.Ş. ("E-Kent")**

E-Kent was established in 2002. The main activity is modernization of public transportation and suggesting new electronic solution about electronic ticket and prosecution system.

**Çalık Yönetim Sistemleri A.Ş. ("Çalık Yönetim")**

Çalık Yönetim was established in 2008 in Istanbul. The main operation is to give consulting services about all kind of project, efficiency, organization, financing, sales and marketing, etc.

**E-Post Elektronik Perakende Otomasyon Satış ve Ticaret A.Ş. ("E-Post")**

E-Post was established in September 2009, Istanbul in order to mine out, rent, operate and selling mine.

**Çalık Maden İşletmeleri A.Ş. ("Çalık Maden")**

Çalık Maden was established in 2006 in Merter, Istanbul. The main operation is to prospect all kind of metal and mineral productions.

**Çalık Hava Taşımacılık Turizm Sanayi ve Ticaret A.Ş. ("Çalık Hava")**

Çalık Hava was established in 2010 in Istanbul to make every kind of air transport instruments, to make scheduled or unscheduled air transport at home or abroad, to make passenger transportation, transportation of freight cargo from one place to another at home and abroad, to operate in every kind of transportation related to aviation, etc.

**Lidya Madencilik A.Ş. ("Lidya")**

Lidya was established in 2010 in Istanbul to mine, operate, buy and rent underground & surface mine and natural resources in accordance with existing codes, to have prospecting licence, to mine, to demand operating right, to have lease and operating concession, to take over mine rights which can be taken over, etc.

**Dore Altın ve Madencilik A.Ş. ("Dore Altın")**

Dore Altın was established in 2010 in Istanbul to mine, operate, sell and rent underground & surface mine and natural resources in accordance with existing codes, to have prospecting licence, to mine, to demand operating right, to have lease and operating concession, to take over mine rights which can be taken over, etc.

**2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS**

**Basis of preparation**

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS"). The consolidated financial statements have been prepared under the historical cost convention, other than financial assets which are stated at fair value.

**Companies established in Turkey**

The Company and its subsidiaries established in Turkey maintain their books of account and prepare their statutory financial statements in Turkish Lira ("TL") in accordance with the Turkish Commercial Code, tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. The TL financial statements prepared from the statutory records (which are

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maintained under the historical cost convention) are modified with certain out-of-book adjustments, reclassifications and restatements (as defined in the following paragraph) to comply with IFRS.

**Companies established outside Turkey**

Overseas subsidiary maintain its books of account and prepare its statutory financial statements in local currencies in accordance with the regulations of the countries in which they operate. The local currency financial statements prepared from the statutory records (which are maintained under the historical cost convention) are modified with certain out-of-book adjustments, reclassifications and translations as defined in the following paragraph to comply with IFRS.

Financial statements of the subsidiaries operating in foreign countries have been presented in US Dollars because their functional currency is US Dollars as the majority of their sales, purchases, property and equipment, debt and trade liabilities are either priced, incurred, payable or otherwise measured in US Dollars. Transactions and balances not already measured in US Dollars have been remeasured in US Dollars in accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates".

Translation of financial statements from functional currency to presentation currency is done as follows:

- Assets and liabilities for each balance sheet presented (including comparatives) are translated at the closing rate at the date of that balance sheet.
- Income and expenses for each income statement (including comparatives) are translated at exchange rates at the dates of the transactions;
- Equity items other than the net profit for the year and share capital are translated at the closing rate existing at the date of balance.

In the accompanying consolidated financial statements, the reported net profit of BKT for the year ended 31 December 2010 was increased by USD 6.212 the retained earnings was decreased by USD 8.547 the balance of translation difference was increased by USD 2.335 in order to comply with IAS 21, as explained above.

- all resulting exchange differences are recognised as a separate component in of equity.

**Presentation currency**

The measurement currency of the Company, which operates in Turkey, is TL. The TL financial statements of the Company were translated to US Dollar at the official TL exchange rate for purchases of USD announced by the Central Bank of the Republic of Turkey on 31 December 2010 of TL 1,5460 (full) = USD 1,00 (full).

Such translations should not be construed as a representation that the TL and foreign subsidiaries measurement currency amounts have been or could be converted into USD at these or any other rates.

**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 realize the asset and settle the liability simultaneously.

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**Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company**

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Group.

**a ) New IFRS standards and IFRIC Interpretations effective in 2010:**

- Annual Amendments to IFRS in 2009
- IFRS 2 “Share Based Payment”
- IAS 39 “Financial Instruments: Recognition and Measurement”
- IFRS 3 “Business Combinations” and IAS 27 “Consolidated and Separate Financial Statements”
- IFRIC 17, “Distributions of Non-cash Assets to Owners”
- IFRIC 18, “Transfers of Assets from Customers”

**b) Standards, amendments and interpretations effective in 2011 but not early adopted by the Company:**

- IAS 24, “Related party disclosure”
- IFRIC Interpretation 19 “Extinguishing Financial Liabilities with Equity Instruments”
- IFRIC Interpretation 14 “IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction”
- IAS 32 “Financial Instruments: Presentation”
- IFRS 9, “Financial Instruments: Measurement and reclassification”
- IFRS 1 “First Time Adoption of International Financial Reporting Standards”
- IFRIC 9 “Reassessments of Embedded Derivatives”
- IAS 12 “Income Taxes”
- Annual Amendments to IFRS in May 2010

Management of the Group anticipates that all of the pronouncements detailed in (a) and (b) above will be adopted in the Group’s accounting policy for the first period beginning after the effective date of the pronouncement. Management of the Group has decided that these new standards and interpretations have been issued but are not expected to have a material impact on the Group’s financial statements.

**Comparable financial information and reclassification of prior period financial statements**

The financial positions with the accompanying notes as of 31.12.2010 and 31.12.2009 and statement of income, cash flow and changes in equity with the accompanying notes for the year ended 31.12.2010 and 31.12.2009 are presented as comparatively.

As of 31.12.2009, bonds recognised as “Investments securities available-for-sale” amounting to USD 68.684 which was accounted under “Non-current Assets” was reclassified to under “Current Assets”.

As of 31.12.2009, bonds recognised as “Investment securities” and borrowings were settled off amounting to USD 45.412.

**Critical accounting estimates, assumptions and judgments**

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the periods in which they become known.

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The key assumption concerning the future and other key sources of estimation uncertainty at the financial position date and the significant judgments are set out below:

- Allowance for doubtful debts reflect the amount set aside for the losses in the future related to receivables which exist the financial position date but which, in the opinion of the management carry the risk of collection due to current economic conditions. When evaluating whether receivables has suffered a loss in value the past performance of the debtors, they are credibility in the market and their performance between the financial position date and report date together with changed circumstances are taken in the considerations. In addition, the collaterals existing as financial position date together with new collaterals obtained between the balance date and report date are also taken in the consideration. The allowance for doubtful receivables as of the financial position dates are explained under note 13.

-When setting aside the provision for legal claims the probability of loosing the related case and the results to expect to be suffered in the event that the legal counsel of the Group and management of the Group make their best estimates to calculate the provision required.

- Property, plant and equipment and intangible assets held for use in the production or supply of goods or services, or for administrative purposes, are stated in the financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The Group estimates that the useful lives of property, plant and equipmen and intangible assets. Depreciation is charged using the straight-line basis over the useful lives, which depend on the best estimation of the management. Useful lives of property, plant and equipment and intangible assets are reviewed at each financial position dates and make changes if necessary.



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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies followed in the preparation of the accompanying consolidated financial statements are summarized below:

**Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Çalık Holding and the enterprises controlled by the Company. Control is achieved where the Çalık Holding has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

Certain companies (as detailed note 17) where Çalık Holding has a controlling interest or significant influence are not consolidated or equity accounted as they are immaterial individually and in aggregate to the results and financial position of the Group.

On acquisition, the assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition. The interest of minority shareholders is stated at the minority's proportion of their fair values of the assets and liabilities recognised.

The balance sheet and income statement of the subsidiary are consolidated on a line by line basis, and the carrying value of the investment held by the Company is eliminated against related equity and reserves accounts.

All significant inter-company transactions and balances between group enterprises are eliminated on consolidation.

The results of subsidiary acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Company.

The financial statements of the subsidiaries included in the consolidation have been prepared as of the date of the consolidated financial statements.

For the purpose of consolidated financial statements, Çalık Holding, its subsidiaries and its joint venture given below are referred to collectively as the "Group".

The Company has always exercised effective control over the management of each of the companies included in the group consolidation. The ownership and economic interest of Çalık Holding in their capital is as follows:

	2010		2009	
	Direct ownership (%)	Economic interest (%)	Direct ownership (%)	Economic interest (%)
<b>Consolidated company</b>				
Gap Güneerdođu Tekstil Sanayi ve Ticaret A.Ş.	99,2	98,99	99,2	98,9
Çalık Korea Inch.	100,0	98,99	100,0	98,9
Çalık USA	100,0	98,99	100,0	98,9
Gap Güneerdođu FZE Jebel Ali Free Zone	100,0	98,99	100,0	98,9
Çalık Enerji Sanayi ve Ticaret A.Ş.	99,9	99,9	99,9	99,9
Çalık Enerji Dubai FZE	100,0	99,9	100,0	99,9
Naturel Gaz Sanayi ve Ticaret A.Ş.	40,0	40,0	40,0	40,0
Aktif Petrolcölük A.Ş.	96,5	96,4	96,0	95,9
Türkmen'in Altın Asrı Elektrik Enerjisi Toptan Satış A.Ş.	97,0	96,8	97,0	96,8

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Consolidated company (continued)	2010		2009	
	Direct ownership (%)	Economic interest (%)	Direct ownership (%)	Economic interest (%)
Çalık Enerji Elektrik Üretim ve Madencilik A.Ş.	100,0	99,9	100,0	99,9
TAPCO Petrol Boru Hattı Sanayi ve Ticaret A.Ş.	50,0	49,9	50,0	49,9
Gap Petrol Gaz İthalat ve İhracat Pazarlama Sanayi ve Ticaret A.Ş.	99,2	99,1	99,0	98,9
Doğu Akdeniz Petrokimya ve Rafineri Sanayi ve Ticaret A.Ş.	99,2	99,1	99,0	98,9
Çalık NTF Elektrik Üretim ve Madencilik A.Ş.	90,0	89,9	90,0	89,9
Ant Enerji Sanayi ve Ticaret Ltd.	50,0	49,9	50,0	49,9
Vadi Elektrik Üretim Sanayi ve Ticaret Ltd.	99,0	98,9	99,0	98,9
Ortur Elektrik Üretim ve Ticaret Ltd.	90,0	89,9	90,0	89,9
Atlas Petrol Gaz İthalat İhracat ve Pazarlama Ticaret A.Ş.	100,0	99,9	100,0	99,9
Başak Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş.	100,0	100,0	100,0	100,0
Çalık Rüzgar Enerjisi Elektrik Üretim Ltd.	95,0	94,9	95,0	94,9
Enel Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş.	100,0	99,9	100,0	99,9
Irmak Enerji Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş.	100,0	100,0	100,0	100,0
Yenikom Telekomünikasyon Hizmetleri A.Ş.	100,0	99,9	50,0	49,9
Yeşilçay Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş.	100,0	99,9	100,0	99,9
Cetel Çalık Enerji Telekomünikasyon Hizmetleri A.Ş.	100,0	99,9	100,0	99,9
Cetel Telekom İletişim Sanayi ve İletişim A.Ş.	80,0	79,9	80,0	79,9
Albtelecom Sh.a.	76,0	60,7	76,0	60,7
Eagle Mobile Sh.a.	100,0	60,7	100,0	60,7
Gap İnşaat Yatırım ve Dış Ticaret A.Ş.	99,3	99,3	99,3	99,3
Gap İnşaat Dubai FZE	100,0	99,3	100,0	99,3
Çalık Gayrimenkul Ticaret A.Ş.	99,0	98,3	99,0	98,3
Gap İnşaat Ukraine Ltd.	100,0	99,3	100,0	99,3
Gap İnşaat Construction and Investment Co. Ltd.	100,0	99,3	100,0	99,3
Soma Yapı Malzemeleri Sanayi ve Ticaret A.Ş.	99,2	99,2	99,2	99,2
Aktif Yatırım Bankası A.Ş.	99,6	99,2	99,6	99,2
Çalık Finansal Hizmetler A.Ş.	100,0	99,8	100,0	99,8
Banka Kombetare Tregtare Sh.a.	100,0	99,8	100,0	99,8
Gap Pazarlama A.Ş.	95,0	95,0	95,0	95,0
GAPPA Inc.	100,0	95,0	100,0	95,0
Gap Pazarlama FZE Jebel Ali Free Zone	100,0	95,0	100,0	95,0
Turkuvaz Radyo Televizyon Haberleşme ve Yayıncılık A.Ş.	58,0	58,0	58,0	58,0
Turkuvaz Kitapçılık Yayıncılık A.Ş.	58,0	58,0	58,0	58,0
Turkuvaz Gazete Dergi Basım A.Ş.	58,0	58,0	58,0	58,0
Turkuvaz Haber Ajansı A.Ş.	58,0	58,0	58,0	58,0
Turkuvaz Dağıtım Pazarlama A.Ş.	58,0	58,0	58,0	58,0
Turkuvaz Yayın Hizmetleri ve Ticaret A.Ş.	58,0	58,0	58,0	58,0
Turkuvaz Filmcilik Prodüksiyon Sanayi ve Ticaret A.Ş.	58,0	58,0	58,0	58,0
Turkuvaz Televizyon ve Radyo İşletmeciliği A.Ş.	58,0	58,0	58,0	58,0
Turkuvaz Teknik Hizmetler Sanayi ve Ticaret A.Ş.	58,0	58,0	58,0	58,0
Turkuvaz Mobil Hizmetler A.Ş.	58,0	58,0	58,0	58,0

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Consolidated company (continued)	2010		2009	
	Direct ownership (%)	Economic interest (%)	Direct ownership (%)	Economic interest (%)
Turkuvaz ATV Televizyon Prodüksiyon A.Ş.	58,0	58,0	58,0	58,0
Turkuvaz Aktif Televizyon Prodüksiyon A.Ş.	58,0	58,0	58,0	58,0
Turkuvaz Reklam Pazarlama Danışmanlık A.Ş.	58,0	58,0	58,0	58,0
Turkuvaz Matbaacılık Yayıncılık A.Ş.	58,0	58,0	58,0	58,0
Turkuvaz İzmir Gazete Dergi Basım Yayın A.Ş.	58,0	58,0	58,0	58,0
Turkuvaz Yeni Asır Televizyon Prodüksiyon A.Ş.	58,0	58,0	58,0	58,0
Turkuvaz İzmir Televizyon Prodüksiyon ve Radyoculuk A.Ş.	58,0	58,0	58,0	58,0
Turkuvaz ATV Sabah GmbH	100,0	81,4	100,0	81,4
Turkuvaz Motor Presse Dergi Yayıncılık Ltd.	100,0	81,4	50,0	40,7
E-Kent Elektronik Ücret Toplama Sistemleri A.Ş.	100,0	74,4	100,0	74,4
Çalık Yönetim Sistemleri A.Ş.	75,0	74,4	75,0	74,4
Gap Elektrik Dağıtım Sanayi ve Ticaret A.Ş.	99,9	99,8	99,9	99,8
Çalık Maden İşletmeleri A.Ş.	99,5	99,5	95,8	95,7
İkideniz Petrol ve Gaz Sanayi ve Ticaret A.Ş.	75,0	74,9	75,0	74,9
Çep Petrol Dağıtım Sanayi ve Ticaret A.Ş.	99,5	99,4	99,3	99,1
Çalık Alexandria For Readymade Garments	100,0	98,9	100,0	98,9
Gap İnşaat Aina Joint Venture	50,0	49,6	50,0	49,6
E-Post Elektronik Perakende Otomasyon Satış ve Ticaret A.Ş.	100,0	100,0	100,0	100,0
Turkuvaz Görsel ve İşitsel İletişim A.Ş.	83,0	83,0	83,0	83,0
Turkuvaz Medya Yayın Hizmetleri A.Ş.	83,0	83,0	83,0	83,0
Turkuvaz Televizyon Hizmetleri A.Ş.	83,0	83,0	83,0	83,0
Atayurt İnşaat A.Ş.	99,8	99,6	99,8	99,8
Adacami Enerji Elektrik Üretim Sanayi Ve Ticaret A.Ş.	99,9	99,9	99,9	99,9
Akçay Enerji A.Ş.	99,9	99,9	--	--
Sembol Enerji A.Ş.	100,0	99,9	--	--
Çalık Hava Taşımacılık Turizm Sanayi ve Ticaret A.Ş.	100,0	100,0	--	--
Ayas Rafineri ve Petrokimya Sanayi ve Ticaret A.Ş.	99,9	99,9	--	--
Dore Altın ve Madencilik A.Ş.	100,0	99,5	--	--
Lidya Madencilik A.Ş.	100,0	99,5	--	--
Petrotrans Enerji A.Ş.	99,9	99,9	--	--
Telemed Telekom A.Ş.	99,9	99,9	--	--
Yeşilirmak Elektrik Dağıtım A. Ş.	100,0	99,9	--	--
Çalık Elektrik Dağıtım A. Ş.	100,0	99,9	--	--
Çalık Energy Construction LLC	100,0	99,9	--	--

As of and up to 31.12.2008, TTK, TJK, Serdar Pamuk and Balkan with group shares of respectively 32,0% 34,5%, 10,0% and 31% are consolidated because they are under the effective control and management of the Group.

As from 01.01.2009, the Group ceased to have the power to govern but continued to have significant influence and therefore applied equity accounting method for these associates in the accompanying consolidated financial statements.

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Naturel Gaz, TAPCO and Ant Enerji with group shares of respectively, 40,0%, 49,9%, 49,9% and are consolidated because they are under the effective control and management of the Group.

Gap İnşaat Aina Joint Venture is the only jointly controlled entity within the Group and the ownership percentage is 50% (note 4). Its financial statements have been incorporated into the interim consolidated financial statements using the proportionate consolidation method.

**Business combinations**

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquire, plus any costs directly attributable to the business combination. The acquirer's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognized at their fair values at the acquisition date.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If, after reassessment, the Group's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in profit or loss.

The interest of minority shareholders in the acquire is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognized.

**Services concession agreement**

Yeşilirmak, a subsidiary acquired by Çalık Elektrik Dağıtım on 30.11.2010 (note 4), signed a contract with Türkiye Elektrik Dağıtım A.Ş. ("TEDAŞ") on 24.07.2006 to identify the principles of allocation of permission to build (or renovation), operate and transfer ("BOT") of movable and immovable assets of the distribution zone 21<sup>st</sup>, Amasya, Çorum, Ordu, Samsun and Sinop.

The agreement term is 30 years starting from 24.07.2006. At the end of this period, operational period may be extended in accordance with the related regulations which will be in force in the same period and approval of TEDAŞ.

Yeşilirmak acts as an electricity distributor and constructs, operates and maintains the facility throughout the period identified above. In the current period, no change has taken place in the status of the agreement.

In accordance with the concession agreement, the Group recognises guaranteed amount of investments as financial assets and the residual balance as intangible assets under the heading "Due from services concession agreements" and "Concession intangible assets", respectively.

The Group recognizes and measures its revenue for the services it provides in accordance with IAS 11 "Construction Contracts" and IAS 18 "Revenue". In the event that the Group provides multiple services in the framework of a single agreement or contract (for instance, construction or renovation services and operational services), the consideration received or to receivable is distributed in the ratio of realistic values of the services provided when amounts can be separately defined. Nature of the consideration identifies how it will later be recognized.

During the application of IFRIC 12, the Group primarily identified the tangible assets in the scope of IFRIC 12. According to IFRIC 12, tangible assets owned by the Group as of the date of concession agreement are excluded from the scope of IFRIC 12. The Group has classified its tangible fixed assets that are considered to be under the scope of IFRIC 12 as intangible fixed assets and adjusted their period of redemption as the period of concession agreement covering the past and started redeeming throughout the concession agreement.



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**Foreign currency transactions**

Transactions in foreign currencies during the periods have been translated at the exchange rates prevailing at the dates of these transactions. Balance sheet items denominated in foreign currencies have been translated at the exchange rates prevailing at the balance sheet dates. Exchange gains or losses arising from settlement and translation of foreign currency items have been included in the financing income or expense accounts as appropriate.

As of the balance sheet dates, the major foreign exchange rates used by the Company and its subsidiaries established in Turkey against Turkish Lira are given below:

	<b>2010</b>	<b>2009</b>
USD	1,5460	1,5057
EUR	2,0491	2,1603

**Property, plant and equipment**

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and any impairment in value.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Property, plant and equipment in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any identified impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line basis over the following years stated below:

	<b>Year</b>
Land improvements	5-50
Buildings	5-50
Plant	9-50
Machinery and equipment	5-20
Furniture and fixtures	3-50
Motor vehicles	4-20
Leasehold improvements	3-10

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated income statement.

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**Leasing**

*The Group as lessee*

Assets held under finance leases are recognised as assets of the Group at their fair value at the date of acquisition. The corresponding liability to the company is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the consolidated income statement over the term of the relevant lease so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

All other leases are treated as operating leases. Payments on operating lease agreements are recognised as an expense on a straight-line basis. Associated costs, such as maintenance and insurance, are expensed as incurred.

Capitalized leased assets are depreciated in accordance with the depreciation policy noted above.

**Goodwill**

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of companies acquired at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Goodwill arising on the acquisition of subsidiaries is presented in intangible assets in the balance sheet:

On disposal of a subsidiary, the attributable amount of unamortised goodwill is included in the determination of the profit or loss on disposal.

**Intangible assets**

Intangible assets are capitalized and amortised on a straight-line basis over their estimated useful life, not exceeding a period of 15 years except payments to acquire hydroelectric power plant licenses, electricity distribution licenses, wind energy plant licences and mineral prospecting and mining licence accounted under rights at 49, 25 and 30 years, respectively.

**Equity investments**

Equity investments are initially recognised at cost and include acquisition charges associated with the investments less any impairment in value, being the fair value of the consideration given.

**Investment in associate**

Associates are those entities over which the Group is able to exert significant influence but which are neither subsidiaries nor interests in a joint venture. Investments in associates are initially recognized at cost and subsequently accounted for using the equity method.

Acquired investments in associates are also subject to purchase accounting. However, any goodwill or fair value adjustment attributable to the share in the associate is included in the amount recognized as investment in associates.

All subsequent changes to the share of interest in the equity of the associate are recognized in the Group's carrying amount of the investment. Changes resulting from the profit or loss generated by the associate are charged against "results from equity investments" in the Group's consolidated statement of income and therefore affect net results of the Group.

**Financial instruments**

**Classification**

*Loans and receivables* are created by the Banking Group providing money to a debtor. Originated loans and receivables comprise loans and advances to customers and credit institutions.

*Held-to-maturity assets* are financial assets with fixed or determinable payments and fixed maturity that the Banking Group has the intent and ability to hold to maturity.

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***Measurement***

Financial instruments are measured initially at cost, including transaction costs. Subsequent to initial recognition all non-trading financial liabilities, loans and receivables and held-to-maturity assets are measured at amortised cost less impairment losses. Amortised cost is calculated on the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised to income through interest income in the income statement based on the effective interest rate of the instrument, when applicable.

***Specific instruments***

***Placements and balances with banks***

Placements and balances with banks include inter-bank placements and current account balances.

***Treasury bills available-for-sale***

Treasury bills available-for-sale after initial recognition is re-measured at fair value. Gains and losses arising from change in the fair value of such available-for-sale investments are recognised directly in equity. The total amount of the available-for-sale portfolio is not exceeding 1% of the total held-to-maturity portfolio of Treasury Bills.

***Treasury bills held-to-maturity***

Treasury bills are considered to be investments held-to-maturity as the Group has the intent and ability to do so.

***Investment securities available-for-sale***

Investment securities available-for-sale after initial recognition is re-measured at fair value. Gains and losses arising from change in the fair value of such available-for-sale investments are recognised directly in equity.

***Investment securities held-to-maturity***

Investment securities held-to-maturity, are debt investments that the Group has the intent and ability to hold to maturity. As a result they are classified as held-to-maturity assets.

***Loans and advances to customers***

Loans and advances originated by the Banking Group are classified as loans and receivables. Loans and advances are reported net of provisions for loan losses to reflect the estimated recoverable amounts.

**Recognition and derecognition of financial instruments**

The Company recognizes a financial asset or financial liability in its balance sheet when and only when it becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial asset or a portion of a financial asset when and only when it loses control of the contractual rights that comprise the financial asset or a portion of a financial asset or when a financial asset or a portion of a financial asset expires. The Company derecognizes a financial liability when and only when a liability is extinguished and that is when the obligation specified in the contract is discharged, cancelled and expires.

**Trade receivables**

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortized cost using the effective interest rate method to set an allowance for unearned interest. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

**Trade payables**

Trade payables are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method to set an allowance for unearned interest.

**Deferred billings**

The parts of construction projects completed by the Group and approved by the customer are billed by the Group to the Turkmenistan Government.

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**Loans and advances to customers**

Loans and advances to customers are reported at amortized cost net of allowances to reflect the estimated recoverable amounts.

An allowance for loan impairment is established if there is objective evidence that the Banking Group will not be able to collect all amounts due according to the original contractual terms. The amount of the allowance is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of loans. Expected cash flows are estimated based on previous experience of customers' repayment history and any late payments of interest or penalties. Changes in the allowance amount are recognised in the income statement.

If in a subsequent period the amount of impairment loss decreases and the decrease can be linked objectively to an event occurring after the write down of the allowance is reversed through the income statement.

**Segment reporting**

The Group operates on seven major business segments, the textile group, the energy group, the telecommunication group, the construction group, the banking group, the marketing group and the media group. The activities undertaken by these groups are described in note 5.

**Revenue and expense**

*Banking group*

Interest income and expense is recognised in the income statement as it accrues, taking into account the effective yield of the asset. Interest income and expense includes the amortisation of any discount or premium or other differences between the initial carrying amount of an interest bearing instrument and its amount at maturity calculated on an effective interest rate basis.

*Construction group*

Revenue from customer-related long-term construction contracts is recognised by reference to the percentage of completion of the contract at the balance sheet date.

*Media group*

Revenues include the invoiced value of sales of goods and services. Revenues are recognized on an accrual basis at the time deliveries or acceptances are made and risk on benefits are transferred, the amount of the revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group, at the fair value of the consideration received or receivable. Net sales represent the invoiced value of goods shipped less sales returns and commission.

When agreement 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 recognized as interest income on a time proportion basis that takes into account the effective yield on the asset.

Revenue from advertisements is recognised in an accrual basis at the time of broadcasting or printing the advertisement in the related media at the invoiced value.

Revenues from newspapers and magazine sales are recognised on an accrual basis at the time of delivery of the newspapers by the distribution company to the dealer at the invoiced values.

*Revenues from printing services*

Income from printing arises from printing services given to third parties other than Group companies by using Group's printing facilities. Related income is recognised on an accrual basis at the time of services given.

*Other*

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. Revenue is shown net of value added and sales taxes, discounts and returns. Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction when the following conditions are met:



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- the amount of revenue can be measured reliably,
- the flow of economic benefits to the entity is probable,
- the stage of completion at the period end can be measured reliably and
- the costs incurred to date can be measured reliably.

Revenue for services provided initially is measured at the fair value of the consideration receivable. Expenses is included in operating expenses at cost unless the expense was permitted or required to be included in the financial statements on another basis. Cost is the fair value of the consideration given for the materials or services used in the production of goods or provision of services. Cost of sales is presented as a separate line item on the face of the income statement for the functional analysis of expenditures is chosen for the format of the income statement.

#### **Repurchase agreements**

Securities purchased from the Central Bank under agreements to resell ('reverse repos') within a short period of time (usually 1 week) are recorded as amounts due from the Central Bank. The difference between the sale and repurchase price is treated as interest and accrued over the life of the repo agreements using the effective yield method.

#### **Taxation**

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of income and expenditures except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### **Borrowing cost**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets. All other borrowing costs are recognised in net profit or loss in the period in which they are incurred.

#### **Bank borrowings**

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

#### **Inventories**

Inventories are stated at the lower of cost and net realizable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition but exclude borrowing cost. Cost is calculated by using the weighted average method. Net realizable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

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**Impairment**

The carrying amounts of the Group's assets are reviewed at each financial position date to determine whether any indication of impairment exists. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognised in the income statement whenever the carrying amount of the asset exceeds its recoverable amount.

**Related parties**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making the financial and operating decisions. For the purpose of these financial statements shareholders are referred to as related parties. Related parties also include individuals that are principle owners, management and members of the Company's Board of Directors and their families (note 36).

**Employee termination benefits**

Under the Turkish Labour Law, the Company and its subsidiaries established in Turkey are 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 retires in accordance with social insurance regulations or is called up for military service or dies. Such payments are calculated on the basis of 30 days' pay limited to a maximum of TL 2.517,01 (2009: TL 2.365,16) per year of employment at the rate of pay applicable at the date of retirement and discounted to present value at the financial position date by using average market yield, expected inflation rates and an appropriate discount rate.

The bank in Albania has created a fully employer-sponsored pension plan during 2002. The amount to be charged to this fund is decided upon at the beginning of the year as 5% of budgeted personnel expenses. During the year, the amount accrued is charged to the income statement and to the fund on a monthly basis. The amount due to employees based on the above plan will be grossed up by the interest that will accrue from the date the employees leave the Bank until their retirement.

The telecommunication company in Albania makes no provision and has no obligation for employee pensions over and above the contributions paid into the State-pension scheme.

The subsidiaries in Turkmenistan contribute to the Turkmenistan state-pension on behalf of its employees. The contributions are expensed as incurred.

**Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

**Commitments and contingencies**

Transactions that may give rise to contingencies and commitments are those where the outcome and the performance of which will be ultimately confirmed only on the occurrence or non-occurrence of certain future events, unless the expected performance is not very likely. Accordingly, contingent losses are recognised in the financial statements if a reasonable estimate of the amount of the resulting loss can be made. Contingent gains are reflected only if it is probable that the gain will be realized.

**Cash and cash equivalents**

For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits with banks with the original maturity of three months or less.

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**4. INTEREST IN JOINT VENTURE**

The aggregate amounts of assets, liabilities and profit / (loss) of Gap İnşaat Aina, a 50% joint venture, are proportionately consolidated in the accompanying financial statements. These summarised as follows:

	<b>2010</b>	<b>2009</b>
Current assets	2.930	3.574
Non-current assets	899	1.048
	<b>3.829</b>	<b>4.622</b>
Current liabilities	599	996
Equity	3.230	3.626
	<b>3.829</b>	<b>4.622</b>
	<b>2010</b>	<b>2009</b>
Total revenue	--	35.000
Operating profit, net	(493)	4.788
Profit for the period, net	(493)	4.788

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**5. BUSINESS COMBINATIONS**

**Acquired subsidiary as of 30.11.2010**

On 30.11.2010, the Group acquired 100% of Yeşilırmak Elektrik Dağıtım A. Ş.

The allocation of the purchase price to the assets and liabilities of Yeşilırmak Elektrik Dağıtım A. Ş. was completed in 2010. The amounts recognised for each class of the acquire's assets, liabilities and contingent liabilities recognised at the acquisition date are as follows:

	<b>As of 30.11.2010</b>
Cash and cash equivalents	23.473
Trade receivables	132.060
Inventories	3.199
Concession financial assets	58.304
Other assets	3.884
Intangible assets	138.485
Deferred tax asset	3.116
Trade payables	(49.854)
Deferred tax liability	(49)
Other liabilities	(75.472)
Employee termination benefits	(7.068)
<b>Total net assets acquired</b>	<b>230.078</b>
Add: Goodwill	209.796
<b>Total purchase price</b>	<b>439.874</b>
Less: Cash and cash equivalents acquired	(23.473)
<b>Cash flow on acquisition net of cash acquired</b>	<b>416.401</b>

**Acquired subsidiary as of 01.11.2010**

According to Turkuvaz Motor's Board of Directors decision dated 11.01.2010, Motor Presse International Verlagsgesellschaft Holding GmbH sold its 750.000 (50% of its share capital) Turkuvaz Motor shares to Turkuvaz Gazete Dergi Basım A.Ş. (735.000 shares, 49% of its share capital) and Turkuvaz Matbaacılık Yayıncılık A.Ş. (15.000 shares, 1% of its share capital).



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**Consolidated subsidiary and a brunch as from 01 January 2010**

In the preceding financial statements for the year ended 31.12.2009, Çalık Hava Taşımacılık Turizm Sanayi ve Ticaret A.Ş. an inactive subsidiary and Gap İnşaat Yatırım ve Dış Ticaret A.Ş. –Abu Dhabi brunch an inactive brunch were not consolidated due to the fact that it was deemed to be immaterial individually and in aggregate to the results and financial position of the Group. In the current year financial statements the Group consolidated Çalık Hava Taşımacılık Turizm Sanayi ve Ticaret A.Ş. and Gap İnşaat Yatırım ve Dış Ticaret A.Ş. –Abu Dhabi brunch on the grounds that they became active and material individually and in aggregate to the results and financial position of Group. As the effect of not consolidating Çalık Hava Taşımacılık Turizm Sanayi ve Ticaret A.Ş. and Gap İnşaat Yatırım ve Dış Ticaret A.Ş. –Abu Dhabi brunch in the comparative financial statements was not material, the Group did not restate prior year financial statements and presented the cumulative effect thousand of USD 181 on the opening general reserve on 01.01.2009 in the statement of equity. The financial position items of Çalık Hava Taşımacılık Turizm Sanayi ve Ticaret A.Ş. and Gap İnşaat Yatırım ve Dış Ticaret A.Ş. –Abu Dhabi brunch as of 31.12.2009 are set out below for further disclosure purposes:

	<b>Çalık Hava</b>	<b>Abu Dhabi</b>	<b>Total</b>
Cash and cash equivalents	--	866	866
Trade receivables	--	425	425
Other assets	84	740	824
Property, plant and equipment, net	20.167	25	20.192
Deferred tax asset	165	--	165
<b>Total assets</b>	<b>20.416</b>	<b>2.056</b>	<b>22.472</b>
Bank borrowings	18.213	--	18.213
Trade payables	2.546	209	2.755
Taxation on income	236	--	236
Other liabilities	65	1.360	1.425
<b>Total liabilities</b>	<b>21.060</b>	<b>1.569</b>	<b>22.629</b>
Paid in capital	24	--	24
Retained earnings	(668)	487	(181)
<b>Total equity</b>	<b>(644)</b>	<b>487</b>	<b>(157)</b>
<b>Total liabilities and equity</b>	<b>20.416</b>	<b>2.056</b>	<b>22.472</b>

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**6. SEGMENT REPORTING**

Group is organised into seven business segments. The basis on which the Group reports its segment information is as follows:

- Textile                      Manufacture and sale of textile goods.
- Energy                      Electricity production, distribution, and power plant construction, oil and natural gas exploration (drilling), extraction and distribution.
- Telecommunication      Provide related infrastructure for GSM mobile phone services in Turkey and in operate fixed telephony and GSM mobile services in Albania.
- Construction              Construction and contracting projects.
- Banking                      Operates a commercial bank in Albania and an investment bank in Turkey.
- Media                        TV broadcasting, newspaper publishing and magazine distribution activities in Turkey
- Marketing                  This segment mainly acts as a supply agent for Çalık Group. The segment procures goods needed by the factories managed by Çalık Group and for projects undertaken by the contractor company from Turkey or off international markets.

Other group operations mainly comprise the sale of services and neither of these constitutes a separately reportable segment and therefore reported in marketing activities.

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**(a) Primary reporting format - business segment**

As of the financial position dates, the segment assets and liabilities are as follows:

<b>Assets</b>	<b>2010</b>	<b>2009</b>
Textile	240.018	261.432
Energy	1.102.237	806.396
Telecommunication	472.036	497.451
Construction	612.597	564.266
Banking	2.467.274	1.639.487
Media	1.258.795	1.192.535
Marketing and other	1.375.510	854.388
	7.528.467	5.815.955
Less : Inter-company eliminations	(1.711.559)	(1.478.425)
<b>Total assets</b>	<b>5.816.908</b>	<b>4.337.530</b>
<b>Liabilities</b>		
Textile	120.951	84.379
Energy	661.190	353.333
Telecommunication	214.905	290.511
Construction	470.441	380.425
Banking	2.253.681	1.520.381
Media	1.020.129	938.468
Marketing and other	785.279	415.135
	5.526.576	3.982.632
Less : Inter-company eliminations	(823.330)	(752.032)
<b>Total liabilities</b>	<b>4.703.246</b>	<b>3.230.600</b>

As of the financial position dates, segmental capital expenditure is as follows:

Textile	3.825	5.274
Energy	11.637	9.138
Telecommunication	20.911	41.006
Construction	77.820	84.192
Banking	8.163	32.722
Media	12.682	13.765
Marketing and other	17.916	9.524
	<b>152.954</b>	<b>195.621</b>

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	2010	Textile	Energy	Telecommunication	Construction	Banking	Media	Marketing and Other	Inter segment eliminations	Total
Revenue		185.486	642.200	138.256	181.162	180.186	656.878	203.307	(130.645)	2.056.830
Cost of sales		(152.120)	(578.959)	(62.492)	(145.613)	(71.834)	(505.529)	(167.305)	101.708	(1.582.144)
<b>Gross profit</b>		<b>33.366</b>	<b>63.241</b>	<b>75.764</b>	<b>35.549</b>	<b>108.352</b>	<b>151.349</b>	<b>36.002</b>	<b>(28.937)</b>	<b>474.686</b>
Operating expenses		(28.222)	(41.140)	(49.288)	(8.614)	(63.704)	(87.126)	(32.212)	17.911	(292.395)
<b>Income from operations</b>		<b>5.144</b>	<b>22.101</b>	<b>26.476</b>	<b>26.935</b>	<b>44.648</b>	<b>64.223</b>	<b>3.790</b>	<b>(11.026)</b>	<b>182.291</b>
Loss from investment in associate		(13.794)	--	--	--	--	--	--	--	(13.794)
Other income (expense), net		(7.435)	(1.724)	(4.917)	(20.562)	(14.939)	(451)	4.971	2.031	(43.026)
Financing income (expense), net		(2.563)	30.715	(9.979)	(3.798)	(2.924)	(79.941)	(38.772)	8.995	(98.267)
<b>Income (loss) before taxation</b>		<b>(18.648)</b>	<b>51.092</b>	<b>11.580</b>	<b>2.575</b>	<b>26.785</b>	<b>(16.169)</b>	<b>(30.011)</b>	<b>--</b>	<b>27.204</b>
Tax provision		(445)	(1.092)	(1.839)	250	(5.464)	1.304	397	--	(6.889)
<b>Net income (loss) for the year</b>		<b>(19.093)</b>	<b>50.000</b>	<b>9.741</b>	<b>2.825</b>	<b>21.321</b>	<b>(14.865)</b>	<b>(29.614)</b>	<b>--</b>	<b>20.315</b>
Minority interest		(39)	(990)	5.492	172	244	22.367	524	--	27.770
<b>Depreciation expense and amortisation charge</b>		<b>12.008</b>	<b>3.456</b>	<b>18.896</b>	<b>4.096</b>	<b>5.793</b>	<b>20.445</b>	<b>9.494</b>	<b>--</b>	<b>74.188</b>

The segment results for the year ended 31 December 2010 are as follows:



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	Textile	Energy	Telecommunication	Construction	Banking	Media	Marketing and Other	Inter segment eliminations	Total
The segment results for the year ended 31 December 2009 are as follows:									
<b>2009</b>									
Revenue	184.362	194.134	158.210	211.527	121.722	620.506	138.026	(157.083)	1.471.404
Cost of sales	(140.051)	(128.000)	(78.435)	(175.419)	(50.629)	(546.635)	(112.001)	136.512	(1.094.658)
<b>Gross profit</b>	<b>44.311</b>	<b>66.134</b>	<b>79.775</b>	<b>36.108</b>	<b>71.093</b>	<b>73.871</b>	<b>26.025</b>	<b>(20.571)</b>	<b>376.746</b>
Operating expenses	(29.384)	(30.985)	(56.854)	(9.392)	(50.002)	(76.100)	(23.265)	21.930	(254.052)
<b>Income from operations</b>	<b>14.927</b>	<b>35.149</b>	<b>22.921</b>	<b>26.716</b>	<b>21.091</b>	<b>(2.229)</b>	<b>2.760</b>	<b>1.359</b>	<b>122.694</b>
Loss from investment in associate	(20.825)	--	--	--	--	--	--	--	(20.825)
Other income (expense), net	(11.034)	1.553	1.196	(5.038)	(5.724)	(355)	5.666	(3.530)	(17.266)
Financing income (expense), net	(2.334)	12.515	(18.946)	(10.774)	7.747	(71.682)	(33.359)	2.171	(114.662)
<b>Income (loss) before taxation</b>	<b>(19.266)</b>	<b>49.217</b>	<b>5.171</b>	<b>10.904</b>	<b>23.114</b>	<b>(74.266)</b>	<b>(24.933)</b>	<b>--</b>	<b>(30.059)</b>
Tax provision	(780)	(1.199)	(1.241)	3.595	(3.021)	26.886	(243)	--	23.997
<b>Net income (loss) for the year</b>	<b>(20.046)</b>	<b>48.018</b>	<b>3.930</b>	<b>14.499</b>	<b>20.093</b>	<b>(47.380)</b>	<b>(25.176)</b>	<b>--</b>	<b>(6.062)</b>
Minority interest	246	54	2.676	487	5.138	(1.723)	(522)	--	6.356
<b>Depreciation expense and amortisation charge</b>	<b>11.992</b>	<b>3.560</b>	<b>20.266</b>	<b>4.621</b>	<b>4.800</b>	<b>18.994</b>	<b>5.295</b>	<b>--</b>	<b>69.528</b>

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**(b) Secondary reporting format - geographical segments**

The Group's seven business segments operate in three main geographical areas through they are managed on a worldwide basis.

Revenue is allocated based on the country in which the customer is located.

	<b>2010</b>	<b>2009</b>
<b>Revenue</b>		
<i>Currency zone</i>		
TL	879.923	652.225
USD	573.376	119.553
LEK	242.487	228.170
Other	361.044	471.456
	<b>2.056.830</b>	<b>1.471.404</b>

Total assets are allocated based on where the assets are located.

<b>Total assets</b>		
<i>Currency zone</i>		
TL	3.244.426	1.946.367
USD	469.639	410.813
LEK	1.878.919	1.647.882
Other	223.924	332.468
	<b>5.816.908</b>	<b>4.337.530</b>

Capital expenditure is allocated based on where the assets are located.

<b>Capital expenditure</b>		
<i>Currency zone</i>		
TL	127.325	138.076
USD	9	69
LEK	23.821	51.965
Other	1.799	5.511
	<b>152.954</b>	<b>195.621</b>

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**7. CASH AND BALANCES WITH CENTRAL BANK**

	<b>2010</b>	<b>2009</b>
Cash in hand	29.631	32.393
Cash at banks		
- Demand deposit	28.896	27.192
- Time deposit	25.338	38.410
- Blocked accounts	14.973	11.246
- Treasury bills	11.647	--
	<b>110.485</b>	<b>109.241</b>
Reserve deposits at central banks		
Turkish Republic	72.642	10.810
Albania	137.359	99.225
	<b>210.001</b>	<b>110.035</b>
Other	19.594	144
	<b>340.080</b>	<b>219.420</b>

As of 31 December 2010, interest rate for time deposit is 0,2% and 5,7% (31.12.2009: 6,5% and 5,20%) per year for foreign currency and between 4,5% and 8,0% (31.12.2009: 1,50% and 9,01%) per year for TL.

TRY denominated treasury bill of Turkish Government equivalent to USD 11.6 million earn interest at rates ranging from 0.50% p.a. to 4.50% p.a. The maturity of treasury bills is March 2011.

In accordance with the Bank of Albania's requirement relating to the deposit reserve, the Bank should maintain a minimum of 10% of customer deposits with the Bank of Albania as a statutory reserve account, which during the month can be decreased up to 60% of its level, provided that the monthly average is obtained.

**8. PLACEMENTS AND BALANCES WITH BANKS**

Placements	227.867	181.097
Cash collaterals held by correspondent banks	1.012	3.381
Current accounts	3.110	3.598
	<b>231.989</b>	<b>188.076</b>

Placements are held with non-resident banks from Organisation for Economic Cooperation and Development ("OECD") countries and have contractual maturities up to 1 year. Current accounts represent balances with correspondent banks in the OECD countries.

Cash collateral represents mostly collateral held by correspondent banks and financial institutions against letters of credit issued to the Bank's clients by the correspondent banks and cash deposits, which secure risks that are related to the credit card activity of the Bank.

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**9. INVESTMENT SECURITIES**

	<b>2010</b>	<b>2009</b>
<b>Current</b>		
Treasury bills held-to-maturity	84.226	118.191
Treasury bills available-for-sale	94.658	113.129
Investment securities held-for trading	--	887
Investment securities available-for-sale	352.217	116.913
Investment securities held-to-maturity	282.813	189.929
	<b>813.914</b>	<b>539.049</b>

Treasury bills denominated in Lek earn interest at rates ranging from 6.70% p.a. to 9.93% p.a. (2009:from 7.21% p.a. to 10.09% p.a.) on a compound basis and are all denominated in Lek, except for two EUR denominated, 9-month Treasury bills of the Albanian Government with a face value equivalent to USD 4.1 million at yields ranging from 5.62% p.a. to 5.71% p.a. As at 31 December 2009, the Group did not hold treasury bills in EUR.

As of the financial position dates, investment securities held-for-trading are presented as follows:

Government bonds & Treasury bills	--	<b>887</b>
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As of the financial position dates, investment securities available-for-sale are presented as follows:

**Current TRY denominated bonds**

Republic of Turkey	<b>352.217</b>	<b>116.913</b>
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As of the financial position dates, treasury bills held-to-maturity are presented as follows:

**Treasury bills held-to-maturity**

6 months	3.464	--
12 months	80.762	118.191
	<b>84.226</b>	<b>118.191</b>

As of the financial position dates, investment securities held-to-maturity are presented as follows:

**Current**

**LEK denominated bonds**

Government of Albania	<b>282.813</b>	<b>189.929</b>
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**10. DUE FROM SERVICES CONCESSION AGREEMENTS**

Short-term due from services concession arrangements	20.700	--
Overdue or invoiced services concession arrangements (*)	--	--
<b>Total short-term due from services concession arrangements</b>	<b>20.700</b>	<b>--</b>
<b>Total long-term due from services concession arrangements</b>	<b>37.604</b>	<b>--</b>
<b>Total due from services concession arrangements</b>	<b>58.304</b>	<b>--</b>
Gross due from services concession arrangements	67.347	--
Unearned financial income (-)	(9.043)	--
<b>Due from services concession arrangements, net</b>	<b>58.304</b>	<b>--</b>

As of 31 December 2010, payment schedule for gross and net due from service arrangements are shown below:

**Due from services concession arrangements, gross**

2011	25.481	--
2012	21.108	--
2013	15.915	--
2014	4.843	--
	<b>67.347</b>	<b>--</b>

**Due from services concession arrangements, net**

2011	20.700	--
2012	18.269	--
2013	14.721	--
2014	4.614	--
	<b>58.304</b>	<b>--</b>

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**11. CAPITAL EQUIVALENCY DEPOSIT**

Capital equivalency deposit represent the amount of USD 12.348 (31.12.2009 :USD 8.105) transferred in favour of the Central Banking Authority of Kosovo, as a minimum required capital necessary to be blocked in order to obtain the license for Kosovo Branch opened in 2007.

**12. CONSTRUCTION CONTRACTS WORK IN PROGRESS**

	<b>Billed contract receivables</b>		<b>Advances received from construction contracts</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Deferred contract cost	3.131	121.248	--	--
Continuing projects	65.649	132.296	5.348	1.828
	<b>68.780</b>	<b>253.544</b>	<b>5.348</b>	<b>1.828</b>

**Deferred contract cost**

For a number of months, Turkmenistan Government Organizations have been authorizing some of the completed parts of the various construction projects much later than the actual time of completion by the Turkmenistan Branch of the Group and therefore the Group has not been able to recognize revenue relating to these projects. The Group's management is confident that they will receive these outstanding receivables that are not yet authorized and therefore they have continued to work according to planned work schedule and as a result, the Group has incurred contract costs of USD 856 as of 31 December 2010 (31.12.2009: USD 121.348). The Group's management expects to have the remaining contract costs to be authorized by the Turkmenistan Government Organizations until 2011.

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	Billed contract receivables		Deferred Billings	
	2010	2009	2010	2009
Building for Ministry of Energy	12.250	11.931	--	--
Residential Building-2 for Municipality of Asghabat	540	8.111	--	--
Residential Building-1 for Ministry of Cotton 1 and 2	2.409	2.421	--	--
The Children Park "World of Turkmen Tales" Project	5.591	10.248	--	--
Residential Building-3 for Ministry of Textile Industry	--	3.252	--	--
Residential Building-1 for Ministry of Chemistry	2.951	2.874	--	--
Yashlik Pulp and Paper Mill	2.632	2.563	--	--
Head and Neck Hospital	--	1.680	--	--
Facility for Ministry of Defense	1.250	1.217	--	--
Building for Ministry of Healthcare and Medical Industry	857	1.478	--	--
Alparslan Youth Theatre Project	850	1.539	--	--
Tedjen Ammonium and Urea Plant	677	1.318	--	--
Residential Building-4 for Ministry of Textile	664	13.442	--	--
Residential Building-2 for Ministry of Economy	--	487	96	--
Turkmenistan Arcabil Presidential Resident Lanscape	489	476	--	--
Maintanance Works				
Upgrading of Wharf Fabyard	61	808	--	--
Presidential Old Palace Renovation Project	328	319	--	--
Residential Building-1 for Ministry of Tourism and Sport	1.179	1.148	--	--
Onshore Gas Terminal	16.247	19.688	--	--
Facility for Ministry of Defense 2	2.125	22.834	--	--
Residential Building-1 for Ministry of Food Industry	--	1.173	--	--
Residential Building-1 for Ministry of Healthcare and Medical Industry	--	--	782	469
Residential Building-1 for Foreign Economic Bank	--	--	301	260
Additional Tankages at OGT	1.035	--	--	--
Asghabat Library Project	3.750	7.611	--	--
Bayramali Transformer Substation	1.473	1.435	--	--
Olympic Swimming Pool	1.250	2.041	--	--
Kelete Cement Factory	1.000	974	--	--
Coton Gin Factory	108	1.011	--	--
Asghabat Trade Centre	589	1.656	--	--
Maternity (Mother and Child Hospital) Project	--	1.461	--	--
Petronas Carigali Turkmenistan Block1 Project Fabrication Yard	--	2.191	--	--
General Works				
Nebitdağ Power Plant - 2	--	197	--	--
Eye Diseases Hospital	--	--	1.935	--
Navoi TTP	3.344	--	--	--
Other	2.000	4.712	2.233	1.099
Deferred contract cost	3.131	121.248	--	--
<b>Total</b>	<b>68.780</b>	<b>253.544</b>	<b>5.347</b>	<b>1.828</b>

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**13. TRADE RECEIVABLES**

	<b>2010</b>	<b>2009</b>
<b>Current</b>		
Current accounts		
- Third parties	784.855	452.532
- Related parties, note 36	2.693	40.214
Notes receivable		
- Third parties	10.375	8.898
- Related parties, note 36	2.888	--
Others	14.288	1.941
	815.099	503.585
Unearned interest on receivables (-)	(2.524)	(1.567)
Allowance for doubtful receivables (-)	(56.508)	(34.144)
	<b>756.067</b>	<b>467.874</b>

**14. LOANS AND ADVANCES TO CUSTOMERS**

	<b>2010</b>	<b>2009</b>
Loans and advances to customers, gross	898.197	598.900
Allowance for impairment on loans and advances (-)	(15.289)	(11.774)
Unearned interest on lease receivables (-)	(76)	(174)
	<b>882.832</b>	<b>586.952</b>
Current	811.559	537.945
Non-current	71.273	49.007
	<b>882.832</b>	<b>586.952</b>

As of the balance sheet dates the breakdown of the loan portfolio is as follows:

**The loans bear interest at the following rates:**

<b>Loans in USD</b>	3.00% to 13.00%	4,30% to 13,00%
<b>Loans in EUR</b>	1.64% to 22.00%	4,70% to 22,00%
<b>Loans in LEK</b>	0.50% to 22.00%	2,00% to 22,00%
<b>Loans in CHF</b>	4.52% to 5.84%	4,60% to 6,11%



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**15. INVENTORIES**

	<b>2010</b>	<b>2009</b>
Raw materials	69.372	63.901
Work in process	48.981	30.509
Finished goods	19.351	17.601
Merchandise	22.582	17.633
Other inventories	10.744	6.384
	171.030	136.028
Allowance for diminution in value (-)	(4.101)	(3.866)
	<b>166.929</b>	<b>132.162</b>

**16. OTHER ASSETS**

<b>Current</b>		
Prepaid expenses	8.034	8.229
Due from related parties, note 36	56.335	39.603
VAT receivable	52.778	47.751
Prepaid taxes	5.516	6.581
Advances received	60.644	49.382
Receivables from tax office	5.655	7.331
Sundry receivables	91.132	18.429
Other	70.552	10.941
	<b>350.646</b>	<b>188.247</b>

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**17.EQUITY INVESTMENTS**

Entity	Country	Share %		Amount	
		2010	2009	2010	2009
<b>Unconsolidated investments</b>					
Trans Anatolia Oil & Pipeline Trading Company	Holland	--	100%	--	26
Çalık İnşaat A.Ş.	Turkey	99%	99%	206	32
Kentsel Dönüşüm A.Ş.	Turkey	99%	99%	31	31
E-TİK Elektronik Transfer Kuponları Ltd.Şti.	Turkey	100%	100%	31	31
Bursagaz Bursa Şehiriçi Doğal Gaz Dağıtım A.Ş.	Turkey	10%	10%	19.678	19.678
Kayserigaz Kayseri Doğalgaz Dağıtım Pazarlama A.Ş.	Turkey	10%	10%	4.101	4.101
Other				77.096	62.589
				101.143	86.488
Capital commitments (-)				--	(41)
				101.143	86.447
<b>Equity investments</b>					
Gap Middle East	Dubai	--	49%	--	37
Dubai International Development	Dubai	49%	49%	37	37
Spectrum Çalık Investment	Dubai	49%	49%	19	19
A/O Gap Turkmen	Turkmenistan	40%	35%	11.648	20.317
Türkmenbaşı Tekstil Kompleksi	Turkmenistan	32%	32%	--	2.699
Serdar Pamyk Egrigi Fabriği ÇJB	Turkmenistan	10%	10%	2.907	3.302
Balkandokma YGPJ	Turkmenistan	31%	31%	10.477	11.508
				25.088	37.919
<b>Other investments</b>					
Ataks Mağazacılık A.Ş.	Turkey	2%	2%	35	35
Ataks Tekstil Dış Ticaret A.Ş.	Turkey	3%	3%	132	131
				167	166
				<b>126.398</b>	<b>124.532</b>

As from 01.01.2009 A/O Gap Turkmen , Türkmenbaşı Tekstil Kompleksi, Serdar Pamyk Egrigi Fabriği ÇJB, Balkandokma YGPJ were not consolidated in the accompanying financial statements. The Group ceased to have the power to govern but continued to have significant influence on these companies. Hence, the Group has applied equity accounting method for these associates as from 01.01.2009.

As of financial position dates, the above noted companies in which the Company has a controlling interest or significant influence are not consolidated or equity accounted as they are immaterial individually and in aggregate to the results and financial position of the Group.



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	2008	Additions	Disposals	Translation differences	Revaluation reserve	Unconsolidated subsidiaries	Consolidated entities	Transfers	2009
<b>Cost</b>									
Land	58.808	333	--	(5)	--	--	1.087	(25.740)	34.483
Land improvements	13.355	--	--	--	--	(11.931)	49	1.974	3.447
Buildings	232.147	1.775	(1)	(7.726)	--	(111.143)	91	23.916	139.059
Leasehold improvements	17.899	2.923	(7)	(33)	--	--	--	197	20.979
Plant and machinery	838.997	19.178	(1.344)	(16.707)	(19)	(302.305)	3.580	8.899	550.279
Motor vehicles	22.112	1.476	(565)	(334)	--	(857)	431	835	23.098
Furniture and fixtures	60.669	14.017	(1.312)	(1.679)	--	(5.534)	867	908	67.936
Construction in progress	40.053	70.630	(2.100)	(2.369)	--	--	6.540	(10.989)	101.765
	<b>1.284.040</b>	<b>110.332</b>	<b>(5.329)</b>	<b>(28.853)</b>	<b>(19)</b>	<b>(431.770)</b>	<b>12.645</b>	<b>--</b>	<b>941.046</b>
<b>Accumulated depreciation</b>									
Land improvements	2.599	78	--	--	--	(1.938)	3	--	742
Buildings	47.521	5.661	--	(494)	--	(32.250)	--	18	20.456
Leasehold improvements	2.991	3.633	(4)	(2)	--	--	--	--	6.618
Plant and machinery	323.538	45.687	(906)	(855)	(13)	(170.875)	205	(958)	195.823
Motor vehicles	15.420	2.506	(430)	(265)	--	(417)	--	495	17.309
Furniture and fixtures	33.579	6.885	(800)	(990)	--	(3.561)	126	445	35.684
	<b>425.648</b>	<b>64.450</b>	<b>(2.140)</b>	<b>(2.606)</b>	<b>(13)</b>	<b>(209.041)</b>	<b>334</b>	<b>--</b>	<b>276.632</b>
<b>Net book value</b>	<b>858.392</b>								<b>664.414</b>

Leased assets included in the table above comprise plant and machinery amounting to USD 36.075 (31.12.2009: USD 20.991) net of accumulated depreciation.

The Group's buildings have been mortgaged to the extent of USD 115.821 (31.12.2009: USD 65.821) collateral against bank loans.

Property, plant and equipment of Media Group, have been mortgaged to the extent of USD 975.000 against bank loans.





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	2008	Additions	Disposals	Translation differences	Unconsolidated subsidiaries	Consolidated subsidiaries	Transfers	2009
<b>Cost</b>								
Rights and software licenses	38.140	5.530	(183)	(75)	--	--	--	43.412
Brand names for media group	619.317	--	--	(3.561)	--	--	--	615.756
Goodwill								
<i>Media group</i>	108.454	--	--	--	--	--	--	108.454
<i>Telecommunication group</i>	37.792	--	--	--	--	--	--	37.792
<i>Banking group</i>	--	20.129	--	--	--	--	--	20.129
Other intangible assets	10.810	2.267	(14)	(288)	(222)	3	--	12.556
	<b>814.513</b>	<b>27.926</b>	<b>(197)</b>	<b>(3.924)</b>	<b>(222)</b>	<b>3</b>	<b>--</b>	<b>838.099</b>
<b>Accumulated amortization</b>								
Rights and software licenses	8.265	3.220	(67)	(36)	--	--	--	11.382
Other intangible assets	5.237	1.169	--	(192)	(83)	1	--	6.132
	<b>13.502</b>	<b>4.389</b>	<b>(67)</b>	<b>(228)</b>	<b>(83)</b>	<b>1</b>	<b>--</b>	<b>17.514</b>
<b>Net book value</b>	<b>801.011</b>							<b>820.585</b>

Additions to goodwill relates to the acquisition of 40% minority share of Bank Kombetare.

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**20. INVESTMENT PROPERTY**

	<b>2008</b>	<b>Additions</b>	<b>2009</b>	<b>Additions</b>	<b>Disposals</b>	<b>2010</b>
Cost	54.409	57.363	111.772	76.650	(57.280)	131.142
Accumulated depreciation	(1.206)	(688)	(1.894)	(809)	--	(2.703)
<b>Net book value</b>	<b>52.233</b>	<b>56.675</b>	<b>109.878</b>	<b>75.841</b>	<b>(57.280)</b>	<b>128.439</b>

**21. BORROWINGS**

	<b>2010</b>	<b>2009</b>
<b>Current</b>		
Turkish lira loans	350.256	61.650
Foreign currency bank loans	378.603	210.655
Finance lease liabilities, net	4.722	2.913
Other	2.516	233
	<b>736.097</b>	<b>275.451</b>
<b>Non-current</b>		
Turkish lira loans	5.199	800
Foreign currency bank loans	985.151	1.091.974
Finance lease liabilities, net	16.493	2.442
Other	--	6
	<b>1.006.843</b>	<b>1.095.222</b>

The maturity schedule of total borrowings is as follows:

Due in one year	736.097	275.451
Due between one to two years	383.920	210.880
Due between two to three years	178.343	323.353
Due between three to four years	152.395	160.483
Over four years	292.185	400.506
	<b>1.742.940</b>	<b>1.370.673</b>

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Bank loans bear interest at the following rates per year:

	<b>2010</b>	<b>2009</b>
Loans in TL	9,9% - 12,50%	8,5% - 15,94%
Loans in USD	3,05% - 7,27%	2,49% - 8,5%
Loans in EUR	4,20% - 5,77%	2,92% - 7,68%

The Group's buildings have been mortgaged to the extent of USD 95.821 (31.12.2009: USD 65.821) collateral against bank loans.

Property, plant and equipment of Turkuvaz the Group's subsidiary have been mortgaged to the extent of USD 975.000 collateral against bank loans.

Albtelecom Sh.a (a subsidiary) borrowed a loan from European Bank for Reconstruction and Development amounting EUR 67,5 million with a maturity of 05.11.2015. Interest charge on the loan will vary between 2,99% to 4,40% plus Euro zone Interbank rate per year. Additionally the Group obtained a loan from Black Sea Trade and Development Bank (BSTDB) amounting to EUR 22,5 million with a maturity of 05.11.2015. Interest charge on the loan will vary between 3,31% to 4,40% plus Euro zone Interbank rate per year.

Gap İnşaat Dubai FZE borrowed USD 200.000 in 5 March 2007. The loan bears interest at a rate of 8,5% per annum. The interest is payable semi-annually in arrears on the interest payment dates falling on 5 March and 5 September of each year, commencing on 5 September 2007. Çalık Holding A.Ş., GAP İnşaat Yatırım ve Dış Ticaret A.Ş., and Çalık Enerji Sanayi ve Ticaret A.Ş each being a joint stock company organized under the laws of the Republic of Turkey, agree to unconditionally and irrevocably guarantee the loan.

The Group's subsidiary Turkuvaz borrowed a loan from Türkiye Vakıflar Bankası T.A.O. amounting to USD 375 million with a maturity of 22.04.2018 and interest rate is  $\text{libor}+4,84\%$  per year.

The Group's subsidiary Turkuvaz borrowed a loan from Türkiye Halk Bankası A.Ş. amounting to USD 375 million with a maturity of 22.04.2018 and interest rate is  $\text{libor}+4,84\%$  per year.

The Group's subsidiary Aktif bank issued debt securities amounting to USD 179.990 with maturities between 1 January 2011 and 19 December 2011. The interest rates for debt securities are between 2.13%-10.50%.

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**22. CUSTOMER DEPOSITS**

	<b>2010</b>	<b>2009</b>
Current customer deposits	1.301.863	1.128.461
Non-current customer deposits	--	--
	<b>1.301.863</b>	<b>1.128.461</b>

The breakdown of customer deposits is as follows:

<b>Current accounts</b>		
Individuals	64.418	57.446
Private enterprises	94.958	93.280
State owned entities	26.906	33.209
	<b>186.282</b>	<b>183.935</b>
<b>Deposits</b>		
Individuals	1.028.570	860.340
Private enterprises	43.498	31.490
State owned entities	27.714	39.918
	<b>1.099.782</b>	<b>931.748</b>
<b>Other customer accounts</b>		
Individuals	5.461	3.019
Private enterprises	9.308	8.892
State owned entities	1.030	867
	<b>15.799</b>	<b>12.778</b>
	<b>1.301.863</b>	<b>1.128.461</b>

The maturity breakdown of customer deposits is as follows:

	<b>2010</b>	<b>2009</b>
<b>Current accounts</b>		
<b>Deposits</b>		
On demand	16.901	8.863
One month	76.931	65.994
Three months	141.284	127.693
Six months	183.514	158.237
Twelve months	581.959	487.116
Two years and over	78.503	64.225
Accrued interest on deposits	20.690	19.620
<b>Total deposits</b>	<b>1.099.782</b>	<b>931.748</b>
<b>Other customer accounts</b>	<b>15.799</b>	<b>12.778</b>
<b>Total customer deposits</b>	<b>1.301.863</b>	<b>1.128.461</b>

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**23. DUE TO BANKS**

	<b>2010</b>	<b>2009</b>
Treasury bills sold under Repo agreements with Central Bank of Albania	21.292	61.558
Deposits received from residents	22.982	59.699
Current accounts of non resident banks	189.474	34.608
Current accounts of resident banks	31.448	22.358
Borrowings from financial institutions	18.757	--
	<b>283.953</b>	<b>178.223</b>

**24. TRADE PAYABLES**

**Current**

Current accounts		
- Third parties	839.763	378.579
- Due to related parties, note 36	2.824	2.568
Notes payable	12.978	11.025
Other	2.478	1.542
	858.043	393.714
Unearned interest on payables (-)	(658)	(328)
	<b>857.385</b>	<b>393.386</b>

**Non-current accounts**

- Third parties	1.246	1.376
Deposits received		
- From electricity customers	21.954	--
- From news agents	5.932	5.523
Other	--	15
	29.132	6.914
Unearned interest on payables (-)	--	--
	<b>29.132</b>	<b>6.914</b>



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**25. PROVISIONS**

	<b>2010</b>	<b>2009</b>
Provision for deposit for insurance premiums	789	456
Provision for holiday salaries and year end bonus	9.826	6.910
Provision for promotion	3.030	2.438
Provision for legal cases	6.324	3.718
Provision for expenses	595	2.994
	<b>20.564</b>	<b>16.516</b>

The movement table of provisions is as follows:

<b>Opening balance as of 01.01, net</b>	<b>16.516</b>	<b>13.533</b>
Additions - provision for deposit for insurance premiums	333	--
Disposals - provision for deposit for insurance premiums	2.916	777
Additions - provision for holiday salaries and year end bonus	3.030	2.394
Additions - provision for promotion	--	2.420
Additions - provision for expenses	2.745	972
Additions - legal cases	(139)	--
Disposals - provision for expenses	(2.399)	(848)
Disposal - provision for promotion	(2.438)	(2.732)
<b>Ending balance as of 31.12, net</b>	<b>20.564</b>	<b>16.516</b>

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**26. OTHER LIABILITIES**

<b>Current</b>		
Income tax and social security premiums payable	35.786	15.232
Due to related parties, note 36	306	261
Advances received	36.090	58.674
Due to personnel	7.364	9.356
Privatization Administration (*)	95.669	--
Other	31.388	17.198
	<b>206.603</b>	<b>100.721</b>
<b>Non - Current</b>		
Deposits received	21.954	--
Privatization Administration (*)	169.231	--
Türkiye Elektrik Dağıtım A.Ş.	23.456	--
Other	11.245	15.824
	<b>225.886</b>	<b>15.824</b>

(\*) On 30.11.2010, the Group acquired Yeşilirmak Elektrik Dağıtım A.Ş. (Note 4) for the allocation of permission to BOT of moveable and im moveable assets of the distribution zone 21st. The amount of USD 264.900 (current portion USD 95.669, long-term portion USD 169.231) was recognised as liability to Privatization Administration under the heading of other liabilities.

**27. TAXATION ON INCOME**

The corporation tax rate in Turkey on the profits for the calendar year 2010 is 20% (2009: 20%). Taxable profits are calculated by modifying accounting income for certain exclusions and allowances for tax purposes from the profit disclosed in the statutory income. No other taxes are paid unless profits are distributed.

In Turkey, no taxes are withheld from undistributed profits, profits added to share capital (bonus shares) and dividends paid to other resident companies. Other than those, profits distributed in dividends to individuals and non-resident companies are subject to withholding at the rate of 15%.

In Turkey, the tax legislation does not permit a parent company and its affiliates to file a consolidated tax return. Therefore, provision for taxation charge, as reflected in the accompanying consolidated financial information, has been calculated on a separate-entity basis.

The exemption period granted on profits from the sale of investment shares and immovable property by Corporation Tax Law transitory articles No. 28 and 29 expired on 31 December 2004. However, this exemption was re-enacted by Law No. 5281 on permanent basis in effect from 1 January 2005 and added to Corporation Tax Law article 8.

Accordingly, profits from the sale of investments and immovable held for a minimum of two years will be tax exempt provided such profits are added to share capital under certain conditions. However, the two year holding period condition will not apply in the transfer or sale of investment and immovable property to creditor banks implemented by debtors and debt guarantors.

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In Turkey companies were allowed to deduct 40% of the value of fixed assets (exceeding TL 6.000) purchased after 24 April 2003 (investment allowances) from their taxable profits as investment incentive. Such investment deduction is also not subject to income tax withholding. The investment deductions not used in any year because of insufficient profits may be carried to future periods. Investment allowances related to fixed assets purchased or to be purchased under Investment Incentive Certificates granted or applied for before 24 April 2003, may be based on up to 100% of the investment value in fixed assets, but these are subject to tax at 19,8%. Investment allowances have been cancelled as from 1 January 2006 but investment allowances earned prior to this date may be used up to 31 December 2009; any balance unused after this date may not be carried forward.

In Turkey, tax losses that are reported in the Corporation Tax return can be carried forward and deducted from the corporation tax base for a maximum of five consecutive years.

The Turkish Tax Procedural Law does not include a procedure for formally agreeing tax assessments. Tax returns must be filed within three and a half months of the year-end and may be subject to investigation, together with their underlying accounting records, by the tax authorities at any stage during the following five years.

The corporation tax rate in Albania on the profits for the calendar year 2010 is 10% (2009: 10%). Taxable profits are calculated by modifying accounting income for certain exclusions and allowances for tax purposes from the profit disclosed in the statutory income. Dividends are subject to 10% withholding tax.

The subsidiaries and the branches of Gap İnşaat and Çalık Enerji in Turkmenistan are exempt from taxes in Turkmenistan. The parent companies of these two branches are also exempt from corporate taxes as its source of income that originates from construction projects outside Turkey is not taxable in Turkey. On the other hand, the revenue that originates from the machinery and equipment exported from Turkey to the countries which are included in the construction costs in those countries, is subject to Corporation Tax in Turkey.

The subsidiaries in Sudan, Ukraine, Saudi Arabia and the USA have not produced taxable income in 31.12.2010 and 31.12.2009.

The subsidiaries in UAE, Dubai are operating in the Free Trade Zone and therefore the tax rate is nil.

Provision for taxes per income statement:

	<b>2010</b>	<b>2009</b>
Deferred tax income (charge)	4.199	31.739
Corporation and income taxes - current	(11.088)	(7.742)
<b>Income tax charge</b>	<b>(6.889)</b>	<b>23.997</b>

The Group's prepaid income and corporation taxes are netted off against the current income tax provision on the balance sheet as stated below:

Corporation and income taxes	6.473	5.487
Prepaid taxes (-)	(4.898)	(4.072)
	1.575	1.415

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**Deferred taxation**

The Group recognizes deferred tax assets and liabilities based upon temporary differences between its financial statements as reported for IAS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for IAS and tax purposes.

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

	Cumulative temporary difference		Deferred tax	
	2010	2009	2010	2009
<b>Deferred tax asset</b>				
Employee termination benefits	25.816	14.499	5.163	2.899
Unearned interest on receivables	4.619	5.528	922	1.105
Provision for doubtful receivables	23.065	22.282	2.677	2.559
Taxable losses carried forward	281.189	200.404	56.238	40.081
Other	13.548	12.573	2.704	2.488
			67.704	49.132
<b>Deferred tax liability</b>				
Temporary differences arising from restating non-monetary assets	183.842	137.143	28.890	18.909
Unearned interest on payables	938	328	188	65
Income accruals for advertisements	16.216	14.804	3.243	2.961
Other	4.888	7.737	2.430	1.785
			34.751	23.720
<b>Deferred tax asset (liability), net</b>			<b>32.953</b>	<b>25.412</b>

Deferred tax has been provided using the expected future tax rates at 20% (31.12.2009: 20%) except 10% tax rate is used for Albtelcom as explained above (31.12.2009: 10%).

The movement of deferred tax account is as follows:

	2010	2009
<b>Opening balance as of 01.01</b>	<b>25.412</b>	<b>(6.229)</b>
Consolidated entities and translation difference	275	(213)
Acquisition of investments (note 5)	3.067	115
Deferred tax charge	4.199	31.739
<b>Ending balance as of 31.12</b>	<b>32.953</b>	<b>25.412</b>

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**28. EMPLOYEE TERMINATION BENEFITS**

In accordance with existing social legislation in Turkey, the Company is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Company, and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such payments are calculated on the basis of 30 days' pay limited to a maximum of TL 2.517,01 (31.12.2009: TL 2.365,16 (historic)) per year of employment at the rate of pay applicable at the date of retirement.

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

The subsidiaries in Turkey have no other obligation for employee termination other than the retirement pay above.

No provision for retirement pay is made for employees working in Dubai FZE, as the amount is insignificant.

The Company's subsidiaries Albtelecom, CT Telecom, Çalık Energy Albania and Eagle Mobile in Albania make no provision and have no obligation for employee pensions over and above the contributions paid into the State-run pension scheme.

The Company's subsidiary BKT in Albania created a specific fund in 2002, which will be paid to staff on their retirement. As of 31.12.2010, the amount was USD 1.567 (31.12.2009: USD 1.754).

The investment in this fund has been stopped by the Bank on 30 September 2010.

The Group's subsidiaries in Turkmenistan, contributes to the Turkmenistan state pension on behalf of its employees. The contributions are expensed as incurred.

**29. SHARE CAPITAL**

As of the balance sheet dates, the issued and paid up share capital of the Company is USD 159.456 (2009: USD 159.456) and comprised 240.852.000 shares of par value USD 0,66205 each.

As of the balance sheet dates, the shareholders of the Company and their percentage shareholdings were as follows:

<b>Shareholders</b>	<b>Percentage (%)</b>	<b>Amount</b>
Ahmet Çalık	99,99	155.792
Others	0,01	1
		155.793
Inflation adjustment of share capital		3.663
		<b>159.456</b>



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**30. COMMITMENTS AND CONTINGENCIES**

- a)** At 31.12.2010, the Group other than the banking sector had contingent liabilities of USD 555.416 (2009: USD 144.190) in respect of letters of guarantee obtained from local banks and submitted to various customs, state authorities for import and financial institutions.
- b)** Gap İnşaat Dubai FZE borrowed USD 200.000 on 5 March 2007. The loan bears interest at a rate of 8.5% per annum. The interest is payable semi-annually in arrears on the interest payment dates falling on 5 March and 5 September of each year, commencing on 5 September 2007. Çalık Holding A.Ş., GAP İnşaat Yatırım ve Dış Ticaret A.Ş., and Çalık Enerji Sanayi ve Ticaret A.Ş. each being a joint stock company organised under the laws of the Republic of Turkey, agree to unconditionally and irrevocably guarantee the loan.
- c)** As of 31.12.2010, the Group had received letters of guarantee from suppliers amounting to USD 46.258 (2009: USD 40.948).
- d)** As of 31.12.2010, 141 lawsuits opened and pending by the Albtelcom amounted USD 2.704, including the receivables from General Directory of Taxes amounted USD 1.051. The remaining balance of these lawsuits is related to agreement obligations not fulfilled by the operators and the private and state-owned companies, which has damaged the infrastructure of the Albtelcom.
- e)** As of 31.12.2009, other 83 court cases opened and pending against the Albtelcom amounted USD 63 and USD 238, respectively, related to the employees whose agreements were cancelled and in the course of conducting its business with other companies on commercial terms.
- f)** The Group mortgaged its land and pledged its operating rights and guarantee for the loan (note 18) obtained from Türkiye Halk Bankası A.Ş. and Türkiye Vakıflar Bankası T.A.O. amounting to USD 975.000, and USD 1.629.566, respectively.
- g)** The Group's subsidiary Gap İnşaat mortgaged its land and buildings to the extent of USD 110.000 (2009: USD 60.000) as collateral against bank loans.
- h)** The Group's subsidiary Gap Güneydoğu mortgaged its land and buildings to the extent of USD 5.821 as collateral against bank loans.
- i)** An operation right (easement) was established on the land of 2.857 m<sup>2</sup> at Bursa, Gürsu village owned by Naturelgaz in favour of Botaş Boru Hatları ile Petrol Taşıma A.Ş.
- j)** An operation right (easement) was established on the land of 978 m<sup>2</sup> at Antalya, Döşemealtı village owned by the Company in favour of Botaş Boru Hatları ile Petrol Taşıma A.Ş.
- k)** Courts cases opened by Albtelcom and pending as of 31.12.2010 related to the results from fixing the price of agreements with the rural operator, H-Communications Sh.P.K. amounted USD 2.200.
- l)** As of 05.06.2008, 76% (11.400.000 shares out of 15.000.000) of the Albtelcom Sh.a's shares owned Cetel Telekom İletişim Sanayi ve Ticaret A.Ş. (59.200.000 shares) was secured by European Bank For Reconstruction and Development ("EBRD") and Black Sea Trade and Development Bank ("BSTDB") under shares agreement.
- m)** As of 31.12.2010, lawsuits opened by the Group amounting to USD 37.648 (2009: USD 5.181)

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**n) Commitments, contingencies and off financial position items of BKT:**

	<b>2010</b>	<b>2009</b>
<b>Guarantees</b>		
Guarantees in favour of customers	21.084	21.634
Guarantees received from credit institutions	2.198	1.592
Letters of credit issued to customers	6.992	4.324

Guarantees and letters of credit issued in favour of customers mostly are counter guaranteed by other financial institutions or fully cash collateralised.

At present, the BKT is operating as an agent for the Government in the administration and implementation of certain loans to state owned entities utilising credit lines received from international donors. These donors have received individual guarantees from the government of Albania to cover the reimbursement of their lines of credit.

<b>Other</b>		
Undrawn credit commitments (credit cards and overdrafts)	30.705	23.745
Outstanding cheques of non-resident banks	394	315
Spot foreign currency contract	11.429	12.146
Collaterals for loan portfolio	1.534.413	1.218.746

**Legal**

In the normal course of business the BKT is presented with legal claims and litigation; the Bank's management is of the opinion that no material losses will be incurred in relation to legal claims outstanding as of 31 December 2010.

**Lease commitments**

Such commitments for the year ended 31 December 2010 and 31 December 2009 are composed as follows:

Not later than 1 year	1.853	1.741
Later than 1 year and not later than 5 years	6.647	6.265
Later than 5 years	3.485	4.162
	<b>11.985</b>	<b>12.168</b>

BKT has entered into lease commitments for all the branches and agencies opened during the years 2003-2010 with a maximum duration of ten years. BKT had 68 rented buildings as of 31 December 2010, in which are included the rented space dedicated to off site disaster recovery and the 15 buildings rented for units of Kosovo Branch. BKT may cancel these leases upon giving three months' notice.

**o) Commitments and contingencies of Aktifbank:**

	<b>2010</b>	<b>2009</b>
Letters of guarantee	732.420	244.434
Letters of credit	116.729	33.909
Other guarantees	23.906	44.153

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**31. REVENUE**

	<b>2010</b>	<b>2009</b>
Domestic	1.033.911	787.214
Export	1.176.907	819.179
	<b>2.210.818</b>	<b>1.606.393</b>
Sales discounts (-)	(153.988)	(134.989)
	<b>2.056.830</b>	<b>1.471.404</b>

As of 31.12.2010 USD 181.162 thousand, (31.12.2009: USD 211.527) out of the total exports represents the revenue from construction projects in accordance with IAS 11 using the percentage of completion method.

**32. NATURE OF EXPENSES**

Nature of expenses consists of cost of sales, research and development, selling, and general and administrative expenses.

Direct materials and merchandise expenses	990.605	561.261
Personnel expenses	240.954	215.136
Depreciation and amortisation expense	71.371	65.705
Cost of construction projects	142.412	172.250
Changes in semi-finished goods and finished goods	(4.398)	2.739
Service expenses	85.364	95.649
Licence expenses	30.443	30.363
Interconnection cost - Albanian Mobile Company	8.675	10.792
Interconnection cost - Vodafone Sh.a	5.515	10.489
Office expenses	20.026	17.409
Freight and freight insurance	26.871	23.389
Outsourcing expenses	6.444	19.716
Consulting expenses	7.369	6.446
Doubtful debt provision expenses	5.221	2.321
Advertising expenses	16.680	15.904
Sales commissions / premiums	7.547	6.937
Exhibition expenses	940	861
International traffic expenditures	12.676	12.777
Motor vehicle expenses	5.043	5.479
Distribution expenses	915	5.502
Broadcast expenses	21.409	21.664
Promotional expenses	12.129	10.821
Other	160.328	35.100
	<b>1.874.539</b>	<b>1.348.710</b>

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**33. OTHER INCOME AND OTHER EXPENSE**

	<b>2010</b>	<b>2009</b>
Commission income	1.617	686
Rent income	197	513
Profit on sale of property, plant and equipment	566	104
Provisions released	253	2.990
Income on insurance claims	288	238
Other	9.134	6.172
<b>Other income</b>	<b>12.055</b>	<b>10.703</b>
Idle capacity expenses	2.255	6.747
Idle capacity depreciation expenses	2.817	3.822
Loss on sale of property, plant and equipment	2.081	73
Loss on insurance claims	23	75
Impairment of property, plant and equipment	--	2.434
Petroleum drilling expenses	1.673	--
Donation expense	22.618	5.277
Other	23.614	9.541
<b>Other expense</b>	<b>55.081</b>	<b>27.969</b>

**34. FINANCING INCOME AND FINANCING EXPENSE**

	<b>2010</b>	<b>2009</b>
Foreign exchange gain	188.327	132.347
Interest income	24.151	17.484
Dividend income	--	2.318
Unearned interest income	2.073	1.440
Other financial income	2.098	11.375
<b>Financing income</b>	<b>216.649</b>	<b>164.964</b>
Foreign exchange loss	199.458	152.059
Interest expense	87.010	98.046
Unearned interest expense	2.488	1.777
Bank commissions and other financial expenses	25.960	27.744
<b>Financing expense</b>	<b>314.916</b>	<b>279.626</b>

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**35. SUPPLEMENTARY CASH FLOW INFORMATION**

	<b>2010</b>	<b>2009</b>
<b>Adjustment to reconcile net income to net cash provided from operating activities:</b>		
Depreciation expense	68.024	65.139
Amortisation charge	6.164	4.389
Provision for employee termination benefits	4.290	1.643
Interest expense	87.010	98.046
Interest income	(24.151)	(17.484)
Profit (loss) on sale of property, plant and equipment, net	1.515	(31)
Provision for expenses	4.048	2.983
Loss from sale of investment	578	--
	<b>147.478</b>	<b>154.685</b>
<b>Changes in operating assets and liabilities:</b>		
Trade receivables	(157.589)	(40.746)
Capital equivalency deposit	(4.243)	(986)
Inventories	(31.568)	51.437
Loans and advances to customers	(295.880)	(146.377)
Construction contracts work in progress	184.764	(12.127)
Placement and balances with banks	(43.913)	32.908
Other assets	(155.226)	(91.855)
Customer deposits	173.402	103.350
Trade payables	433.608	126.157
Due to banks	105.730	157.052
Deferred billings	3.520	(15.566)
Other liabilities	231.909	7.174
	<b>444.514</b>	<b>170.421</b>
<b>Depreciation expense and amortization charge:</b>		
Cost of sales	42.266	37.711
Research and development expenses	424	277
Selling expenses	1.908	1.822
General and administrative expenses	26.773	25.895
Idle capacity expenses	2.817	3.823
	<b>74.188</b>	<b>69.528</b>



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**36. RELATED PARTY DISCLOSURE**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making the financial and operating decisions. For the purpose of these financial statements shareholders are referred to as related parties. Related parties also include individuals that are principle owners, management and members of the Company's Board of Directors and their families.

Related party	2010		2009	
	Trade Receivables	Other Assets	Trade Receivables	Other Assets
Ministry of Textile Industry of Turkmenistan	--	2.691	--	2.621
A/O Gap Türkmen	--	--	32	--
Türkmenbaşı Tekstil Kompleksi	--	--	18.521	--
Serdar Pamyk Eğriği Fabriği	100	--	97	--
Balkan Dokma YGPJ	114	--	111	--
Shareholders	--	52.944	--	36.368
Anateks Anadolu Pazarlama A.Ş.	848	--	739	--
Ortadoğu Tekstil Ticaret ve Sanayi A.Ş.	--	--	14.425	--
Anateks Anadolu Tekstil Fabrikası A.Ş.	4.519	--	5.211	--
Other	--	700	1.078	614
	5.581	56.335	40.214	39.603
Unearned interest on receivables (-)	(19)	--	(18)	--
	<b>5.562</b>	<b>56.335</b>	<b>40.196</b>	<b>39.603</b>

	2010		2009	
	Trade Payables	Other Liabilities	Trade Payables	Other Liabilities
Shareholders	--	38	--	25
Bursagaz Bursa Şhiriçi Doğal Gaz Dağıtım A.Ş.	2.700	126	2.569	230
Kayseriğaz Kayseri Doğalgaz Dağıtım Pazarlama A.Ş.	--	141	--	6
Other	131	1	--	--
	2.831	306	2.569	261
Unearned interest on payables (-)	(7)	--	(1)	--
	<b>2.824</b>	<b>306</b>	<b>2.568</b>	<b>261</b>

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**37. FINANCIAL INSTRUMENTS**

**Financial risk management objectives and policies**

A financial instrument is any contract that gives rise to the right to receive cash or another financial asset from another party or the obligation to deliver cash or another financial asset to another party.

Financial instruments result in certain risks to the Group. The most significant risks facing the Group are discussed below:

**Credit risk**

The Group's exposure to credit risk is limited to the carrying amount of financial assets recognized at the balance sheet date.

Credit risk concerns the risk that a loss will be suffered by a party due to the reason that the other party to the transaction is unable to meet its obligations.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Request for bank loans and advances to customers are reviewed and subjected to a screening procedure by the credit committee of Aktifbank and BKT prior to approval. Credit requests over certain amounts require the approval of the Board of Directors of each bank. There is a continuous focus on the quality of credits extended both at the time of approval and throughout their lives.

Bank Risk Committee is engaged with the grading of the customers and their scoring according to the proper categories. It decides the changes on grading and takes the necessary operations according to the monitoring procedures. The risk committee grades each loan according to these factors:

- Ability to Pay
- Financial Condition
- Management ability
- Collateral and Guarantors
- Loan Structure
- Industry and Economics

Both BKT and Aktifbank hold collateral against bank loans and advances to customers in the form of mortgage interests over property, other registered securities over assets and guarantees.

**Interest rate risk**

Interest rate risk arises because changes in interest rates may affect profitability as disclosed in financial statements.

The Group is subject to interest rate risk as a result of differences in balancing off the dates or timing differences related to assets and liabilities maturing or to be subjected to price revision. The Group manages its interest rate risk by applying risk management strategies whereby its strives to balance off the dates of changes in interest rates related to assets and liabilities.

An increase in the variable interest rates related to the borrowings as of 31 December 2010 is not expected to have any material effect on the financial results because the Management of the Group is able to maintain existing loans on the same terms as before or negotiate new loans on the same terms as existing ones.

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The Treasury departments of the Banks manage the interest rate risk through monitoring the market conditions and taking necessary re-pricing or reallocation decisions with the approval of the Asset and Liability Committee. The sensitivity analysis has been determined based on the exposure to interest rates for both financial assets and financial liabilities assuming that their amounts outstanding at the financial position date were outstanding for the whole year.

**Liquidity risk**

Liquidity risk comprises the risk that the Group becomes unable to find its payment requirements.

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30 day projection. Long term liquidity needs for a 180 day and 360 day lookout period are identified monthly.

Aktifbank and BKT's liquidity position are monitored and managed by the bank's Treasury Department by daily tracking of cash availability at the branches and assuring, based on expected cash inflows and outflows, the availability of adequate liquidity maintained at branches as well as meeting its other obligations.

	Current		Non-current		Total
	Within 6 months	6 to 12 months	1 to 5 years	Over 5 years	
<b>2010</b>					
Borrowings	419.959	316.138	824.074	182.769	1.742.940
Trade payables	852.560	4.825	29.132	--	886.517
Due to banks	283.953	--	--	--	283.953
Deferred billings	--	5.348	--	--	5.348
Customer deposits	1.301.863	--	--	--	1.301.863
Other liabilities	96.999	109.604	225.886	--	432.489
	<b>2.955.334</b>	<b>435.915</b>	<b>1.079.092</b>	<b>182.769</b>	<b>4.653.110</b>
<b>2009</b>					
Borrowings	145.487	129.964	831.008	264.214	1.370.673
Trade payables	379.095	14.291	6.914	--	400.300
Due to banks	178.223	--	--	--	178.223
Deferred billings	--	1.828	--	--	1.828
Customer deposits	1.128.461	--	--	--	1.128.461
Other liabilities	91.884	8.837	15.824	--	116.545
	<b>1.923.150</b>	<b>154.920</b>	<b>853.746</b>	<b>264.214</b>	<b>3.196.030</b>

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**Foreign currency risk**

Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

The Banking sector manages this risk by establishing and monitoring limits on open positions and also ensuring that these positions remain in compliance with the Bank guidelines and/or negotiations in the countries they operate. The Banking sector has in place procedures for the independent checking of open foreign currency positions.

The Group other than the banking sector operates internationally. The majority of the Group's transactions are carried out in Euros and US Dollars. Exposure to currency exchange rates arise from the Group's overseas sales and purchases, trade receivables, bank borrowings and trade payables which are primarily denominated in US Dollars and Euros.

Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

The Group manages its currency exposure risk by organizing a balanced distribution between its foreign currency assets and commitments and by matching off the liabilities and receivables and its net currency position.

If the US Dollar (USD) increased or decreased in value against all other foreign currencies by 10% as of 31 December 2010 and if all other variable factors remained unchanged the results before tax would have been influenced favourably or unfavourably by USD 72.110 (2009 : USD 77.483) respectively for an increase and for a decrease in value of USD.

As of the balance sheet date, currency position of Group is shown below:

	USD	EUR ( '000)	JPY ( '000)	LEK ( '000)	SDR ( '000)	Other ( '000)	USD equivalent
<b>2010</b>							
Cash and balances with Central Bank	34.171	154.643	1.300.164	10.133	--	1.068	256.225
Placement and balances with banks	35.475	56.287	--	1	--	3.611	113.690
Trade receivables	365.255	21.704	--	--	--	274	394.296
Investment securities	138.781	82.023	--	42.449	--	12.509	260.410
Loans and advances to customers	170.292	275.274	--	21.446	--	3.115	538.466
Other assets	258.094	18.743	--	173	--	416	283.354
<b>Total foreign currency assets</b>	<b>1.002.068</b>	<b>608.674</b>	<b>1.300.164</b>	<b>74.202</b>	<b>--</b>	<b>20.993</b>	<b>1.846.441</b>
Borrowings	1.258.348	93.514	--	--	--	2.255	1.384.548
Due to banks	4.499	27.619	--	2.229	--	--	41.127
Customer deposits	83.203	382.653	--	73.589	--	16.404	607.486
Trade payables	146.967	4.419	--	--	--	62	152.885
Other liabilities	73.910	219.869	1.300.005	2.822	--	227	381.504
<b>Total foreign currency liabilities</b>	<b>1.566.927</b>	<b>728.074</b>	<b>1.300.005</b>	<b>78.640</b>	<b>--</b>	<b>18.948</b>	<b>2.567.550</b>
<b>Net foreign currency position</b>	<b>(564.859)</b>	<b>(119.400)</b>	<b>159</b>	<b>(4.438)</b>	<b>--</b>	<b>2.045</b>	<b>(721.109)</b>

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	USD	EUR (‘000)	JPY (‘000)	LEK (‘000)	SDR (‘000)	Other (‘000)	USD equivalent
<b>2009</b>							
Cash and balances with Central Bank	63.017	84.978	3.116	6.208	--	880	176.636
Placement and balances with banks	42.192	55.923	--	--	--	12.872	129.185
Trade receivables	313.177	35.968	--	--	1.999	497	364.405
Investment securities	94.120	19.948	--	36.888	--	5.123	126.089
Loans and advances to customers	117.393	183.618	--	18.090	--	3.592	364.555
Other assets	97.804	4.077	--	282	--	625	103.837
<b>Total foreign currency assets</b>	<b>727.703</b>	<b>384.512</b>	<b>3.116</b>	<b>61.468</b>	<b>1.999</b>	<b>23.589</b>	<b>1.264.707</b>
Borrowings	1.162.597	108.346	--	--	--	--	1.306.201
Due to banks	256	4.192	--	5.582	--	--	5.874
Customer deposits	79.291	301.479	--	58.135	--	16.704	496.224
Trade payables	100.529	28.883	--	--	--	41	138.852
Other liabilities	116.394	(20.474)	--	262	--	3.121	92.381
<b>Total foreign currency liabilities</b>	<b>1.459.067</b>	<b>422.426</b>	<b>--</b>	<b>63.979</b>	<b>--</b>	<b>19.866</b>	<b>2.039.532</b>
<b>Net foreign currency position</b>	<b>(731.364)</b>	<b>(37.914)</b>	<b>3.116</b>	<b>(2.511)</b>	<b>11.435</b>	<b>3.723</b>	<b>(774.825)</b>

**Capital risk management**

The Group’s capital management objectives are:

- ensure the Group’s ability to continue as a going concern; and
- to provide an adequate return to shareholders,

by pricing products and services commensurately with the level of risk

The Group monitors capital on the basis of the carrying amount of equity plus its total of current and non current borrowings (net debt) less cash and cash equivalents as presented on the face of the consolidated balance sheet

The Group sets the amounts of capital in proportion to its overall financing structure i.e. equity and financial liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure the Group may adjust the amount of dividends paid the shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

*Capital Management – Banks*

Aktifbank and BKT policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence whilst at the same time complying with capital requirements and risk and/or capital adequacy ratios established by the Banking Regulator.

Aktifbank and BKT have complied with all internally and externally imposed Capital requirements throughout the period.



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The Group's capital to overall or financing ratio developed as follows:

	<b>2010</b>	<b>2009</b>
Total borrowings (note 20)	1.742.940	1.370.673
Less: Cash and cash equivalents (note7)	(340.080)	(219.420)
Net debt	1.402.860	1.151.253
Total equity	1.113.662	1.106.930
<b>Overall financing</b>	<b>2.516.522</b>	<b>2.258.183</b>
<b>Net debt to overall financing ratio</b>	<b>56%</b>	<b>51%</b>

**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, management's judgment and appropriate valuation methodologies. The following disclosure of the estimated fair value of financial instruments is made in accordance with the requirements of IAS 32. To the extent, relevant and reliable information is available from the financial markets in Turkey the fair value of the financial instruments of the Group is based on such market data. The fair values of the remaining financial instruments of the Group can only be estimated. The estimates presented herein are not necessarily indicative of the amounts the Group could realize in a current market exchange.

The following methods and assumptions were used to estimate the fair value of the Group's financial instruments:

**Financial assets**

Monetary assets for which fair value approximates carrying value:

-Balances denominated in foreign currencies are translated at year-end exchange rates. The fair value of certain financial assets carried at cost, including cash and due from banks plus the respective accrued interest are considered to approximate their respective carrying values.

-The carrying value of the trade receivables net of provisions for uncollectible are considered to approximate their fair values.

**Financial liabilities**

Monetary liabilities for which fair value approximates carrying value:

-The fair values of short-term bank loans and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.

-The fair values of long-term bank borrowings, which are denominated in foreign currencies and translated at year-end exchange rates, are considered to approximate their carrying values.





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