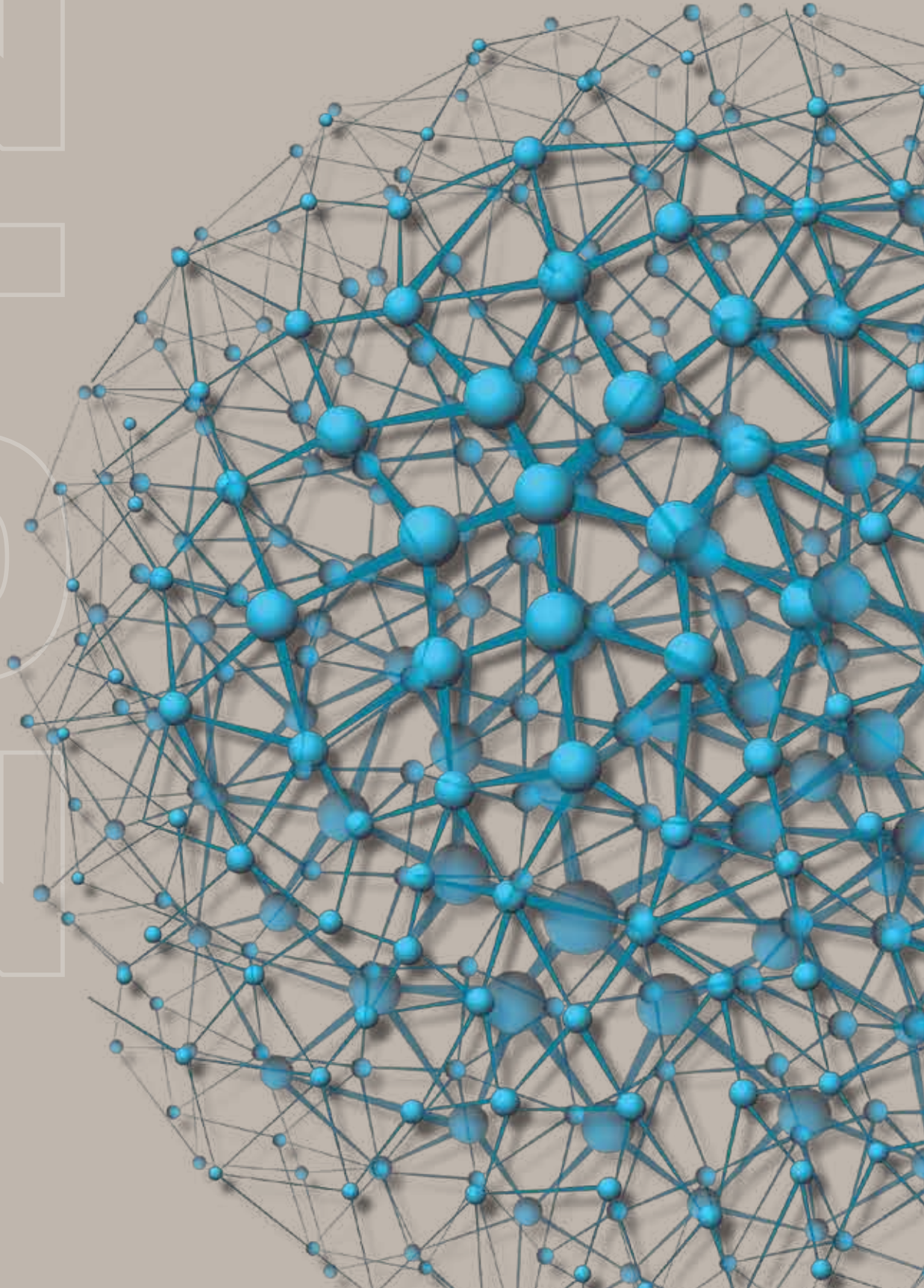


# ANNUAL QUALITY REPORT



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entrepreneurial  
brave  
prudent respected  
fair innovative  
reliable

**a strong company,  
enriching the countries  
where it operates;**





# A professional business sense that is bound to strong values and solid principles...

## Mission

**To enrich all stakeholders in Turkey and in other countries we do business in, through our innovative, courageous and prudent business understanding.**

Çalık Group exists to enrich its stakeholders. The Group undertakes all its operations in line with this goal, with an innovative, courageous and prudent spirit. Çalık is a family internalizing its countries' high values and paying respect to all colours of the geographies it has a presence in.

## Vision

**To be the most valuable Turkish enterprise in three aspects: employees, management practices and business portfolio.**

Our Group derives its strength through its business perception shaped by courage, innovation and prudence.

1. To be the most preferred workplace employing the best.
2. To be an exemplary Group with its management understanding and systems.
3. To own a superior and high return business portfolio.

## Core Values

**Fairness** - We act with a sense of justice and fairness.

**Ethics** - We have high moral standards.

**Reputation** - We keep our reputation above all else.

**Respect** - We see our differences as richness and reject all form of discrimination

**Solidarity** - We always support each other

**Human Focus** - We believe success is possible and meaningful with people.

## Business Principles

**Determination** - We work hard for what we promise.

**Competence** - We work with competent people.

**Courage** - We believe in ourselves and can be assertive

**Consultation** - We value different ideas.

**Customer Focus** - We strive to better understand our customer's need and expectations

**Sense of Responsibility** - We feel responsible to uphold values of humanity, our society and company.

All Çalık Group Members faithfully embrace these core values and business principles.





# STEADY AND SUSTAINABLE GROWTH

## Çalık Holding's Key Financial Indicators

### Key Financial Indicators (USD thousands)

	2012	2011	2010
Total Assets	7,689,524	6,404,566	5,816,908
Total Equity	983,126	944,851	1,113,662
Net Sales*	2,791,490	2,929,166	2,056,830
Gross Profit	630,027	715,265	474,686
EBITDA*	336,807	449,219	256,479
Net Profit	78,733	72,327	20,315

### Basic Ratios

Gross Profit Margin (%)	23%	24%	23%
EBITDA Margin (%)	12%	15%	12%
Return on Equity (%)	8%	7%	2%
Net Debt/EBITDA	5.10	3.15	5.47

\* The amortisation of the investments, arising from Transfer of Operating Rights owned by YEDAŞ, is excluded (IFRIC 12 effect)



# ÇALIK signature in 17 countries and 7 different sectors...

## Çalık Holding

Çalık Holding's foundation was laid by Mr. Ahmet Çalık in 1981, a member of Çalık Family whose commercial activities date back to 1930s. Today, Group employs approximately 20,000 people by virtue of its business enterprises in 17 countries within the sectors of energy, telecom, textile, construction, finance, media, and mining.

As one of the largest industrial companies in Turkey, Çalık Holding continues to be among the leading Turkish Investors in the Middle East and Balkans and has a yearly turnover of 2.8 billion USD. With consolidated assets nearly 8 billion USD, Holding is currently working on project portfolios valued at 20 billion USD.

By showing a consistent growth both in Turkey and the other countries in which it is active since the day it was founded, Çalık Holding has added to its capacity the Albanian land line operator and internet provider ALBtelecom in 2007, one of the two largest media

companies in Turkey, Turkuvaz Media Group in 2008, the Yeşilirmak Elektrik Dağıtım YEDAŞ Company which provides electricity to five important cities in Turkey in 2010 and the Kosovo Electricity Distribution Company in 2012.

Çalık Holding, which has set its goal to create added value and develop projects that are beneficial to the country it operates in, has undertaken a commitment to renew the electrical infrastructure in Turkmenistan's city of Ashgabat in 2012 and has signed a protocol with the Partnership Fund to establish Georgia's first 230 MW natural gas combined cycle power plant. Holding completed a 478 MW Navoi combined cycle power plant in Uzbekistan, in 2012.

Çalık Holding, that has signed off on many firsts in the sectors it operates and that conducts all projects with an innovative approach, carries out its activities in Turkey with the same approach. In this respect, the Company has started to publish China's prestigious magazine, China Today, in Turkey as of 2012.

The first renovation project in Turkey that has been realized collectively by the public and private sectors, 'Tarlabaşı Urban Renovation Project' is being conducted by Çalık Holding. Another project that was inaugurated by Çalık Holding in 2012 is the Metropol Istanbul Project, one of the world's largest mixed projects with an area of 705 thousand meters square and is considered the first and most valuable project in the Istanbul Financial Center- one of the world's select financial centers.

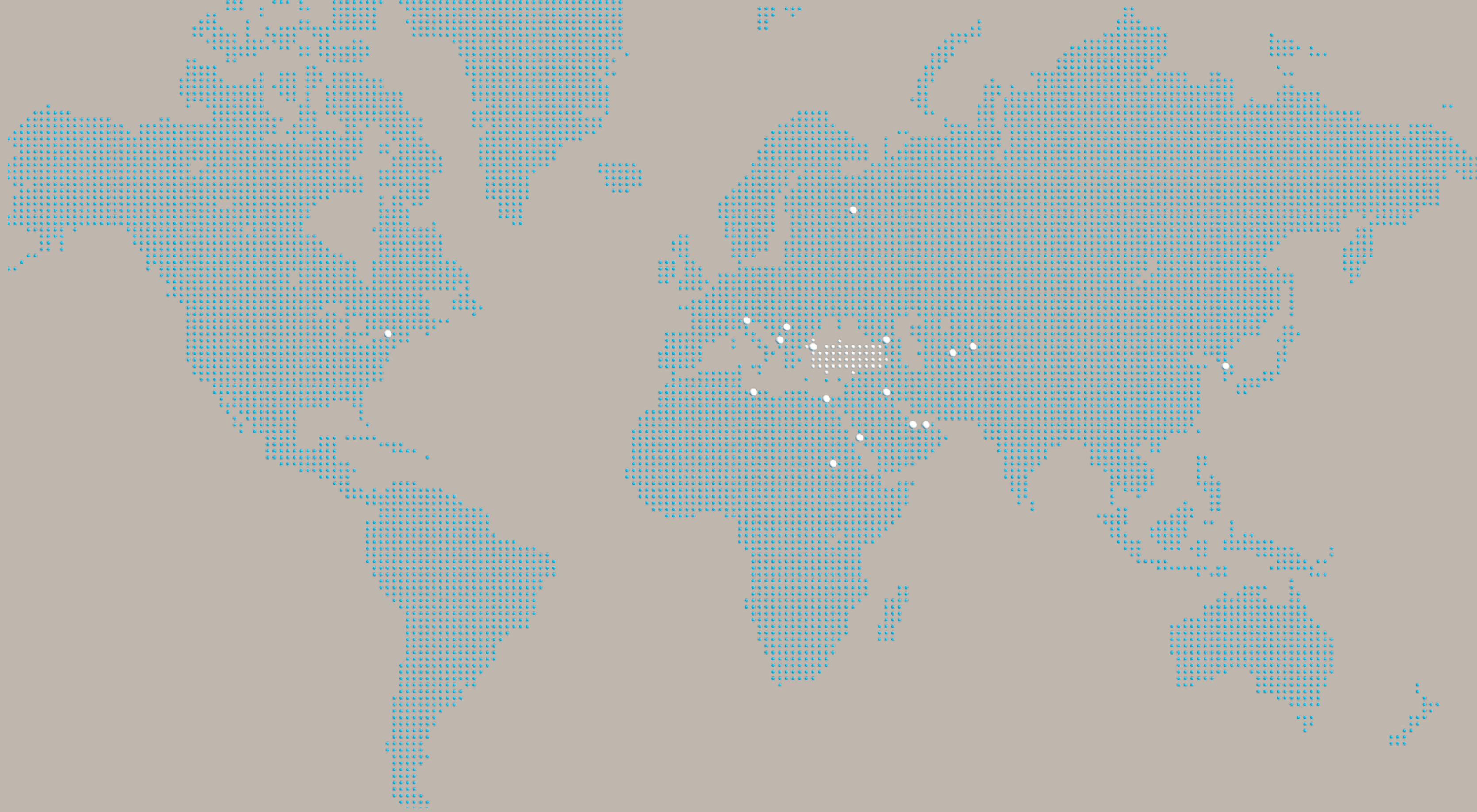
Çalık Holding, which is among the top 10 premium denim producers in the world, continued to be number one denim exporter in metric production, in 2012. Group, has started investments to increase production capacity from 31.3 million to 36 million meters of its factory, currently operating full capacity 365 days a year in Turkey.

In the light of its proven growth strategies, Çalık Holding has raised its shares in Anagold, in which the Group is partnered with Alacer Gold, from 5% to 20% and the gold source in the Çöpler Gold Mine to which the Group is a partner, has reached 10 million ounces and the reserves have reached 6.5 million ounces Çalık Holding known, in the countries and sectors where it operates, for its reputation and strong financial structure is involved in business collaborations with many strong global companies such as Rosneft, Initec Energia, Eni, Mitsubishi, EBRD, EWE, General Electric, Alacer Gold, Qatar Holding and Türk Telekom.

In the business fields it focuses on, Çalık Holding stands out as a leader and a powerful player, thanks to its well-rooted corporate structure, enriched corporate culture, highly qualified human resources, pioneering enterprises, innovative approach and efficient strategies. In this sense, the Group continues to work away on all business fields with the goal of sustainable growth.







values of the past

works of future





# MILESTONES

**Çalık Holding has achieved successful projects and captured a sustainable trend of growth with its rational strategies it has adopted since the day it was established and throughout the past 32 years.**



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

- 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 1980's. In 1987, Gap Güneydoğu Tekstil, regarded as one of 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 Turkmenbashi 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

- Turkmenbashi Textile Complex started its production in Turkmenistan.

## 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 USD.
- 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% 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 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 USD 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 USD 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%, 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 USD 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.

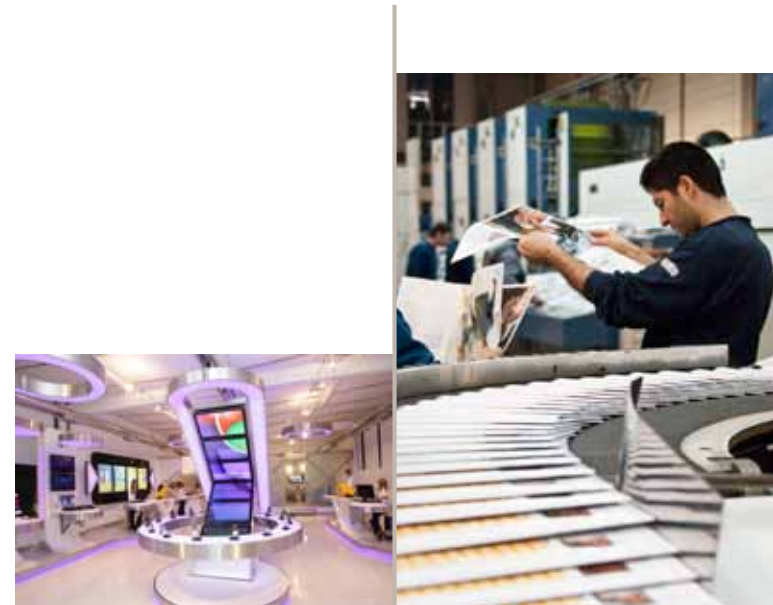
- Turkuvaz Media Group's EBITDA reached 85 Million USD, the highest number ever in its history.

## 2011

- Turkuvaz Media launched two new thematic channels: A Haber and Minika.
- Çalık Enerji, began the construction of a 750-MW power plant in Mosul, Iraq after winning the tender.
- Gap İnşaat completed 5 months ahead of schedule a 120-bed Eye Hospital in Ashgabat, a turnkey project commissioned by the Ministry of Health of Turkmenistan. Two other turnkey projects in Ashgabat; construction of Infusion Solution Plant with an annual capacity of 10 million bottles and construction of Dental Hospital, commissioned both by Turkmenistan Ministry of Health, have started.
- Under the aid campaign for Somalia initiated by Turkuvaz Media in collaboration with TİKA and the Red Crescent of Turkey about 100 million TL has been collected.
- Gap Güneydoğu Tekstil established its own R&D department.
- Lidya Madencilik concluded partnership agreements for 16 new mining areas located in various provinces of Turkey with its associate Alacer Gold, acquiring a 50% share in each of the three companies founded for that purpose.

## 2012

- Lidya Madencilik increased its shares in Anagold Company of which it is a partner, from 5% to 20%.
- Çalık Denim, which is among the top 10 premium denim producers in the world, took 1st place for metric quantity in export.
- Geological works started in June on the sites that are in the portfolio of Polimetal Madencilik.
- Çalık Enerji signed a contract with the Partnership Fund in August to establish Georgia's first 230 MW natural gas combined cycle plant.
- In addition to Gap İnşaat which is in the rankings every year, Çalık Enerji was also on the list of "Top 225 International Contractors" list released in the August edition of the Engineering News Record.
- An agreement was signed in September with the prestigious Chinese magazine China Today, for Turkuvaz Media Group to be published in Turkey.
- The 100th anniversary of ALBtelecom's establishment was celebrated.
- Gap İnşaat started the construction of Metropol Istanbul, one of the largest mixed projects with an entire area of 705 thousand square meters.
- Çalık Enerji won the tender for the project to modernize and renew the electrical distribution system in the Turkmenistan city of Ashgabat.
- Çalık Holding and Limak Holding consortium won the tender organized by the electric distribution company which was privatized in Kosovo with a bid of 26 million 300 thousand Euro and signed the contract in November.
- After many years ATV, one of the leaders in the media sector, ranked first place in the category of 'All day and people' in November of 2012.
- Eagle Mobile obtained a 3G license in December.
- Çalık Enerji completed the 478 MW Navoi combined cycle electricity power plant in Uzbekistan in December.







#### Valued Friends,

For most countries of the world the year 2012 has been a very dynamic year, wherein the economy may be described as being in a 'recession' and politics undergoing a significant 'change'. These developments may have forever changed the conventional economic balance and overturned the status quo in politics which had existed for over a decade.

No doubt we, as a Group that has operations spread throughout 17 countries and provides employment to nearly 20 thousand people, have monitored and will continue to monitor and assess this rapid change very closely. The economic order everyone was accustomed to, was turned upside down in the year 2012 and due to the economic crisis that western countries were going through, especially in Europe, prosperity began to shift from the west to the east. The increasing performance seen in recent years in the economies of Asian countries such as China, India and Indonesia, was not affected by the stagnancy seen throughout the year 2012 in some European countries in particular, and instead showed a great development. Similarly, Turkey not only managed to maintain its stability but also continued to grow and develop. Despite the stagnancy in our largest export market Europe, which was hit hard by the economic crisis, and the adversities taking place at our neighboring country and yet another significant export market, Syria,

Turkey's export total reached a record 152 billion USD at the end of 2012. Turkey embarked on the pursuit of new markets through the guidance and initiative of politics. When we take a general look at 2012, Turkey is one of the rare countries that has completed this year positively.

#### Consistent Growth

When we look specifically at the Çalık Group in the year 2012, I am very pleased and proud to say that we have achieved 'consistent growth' in every field that we operate. While Çalık Holding realised a turnover of 2.8 billion USD in 2012, the size of its consolidated assets grew to approximately 8 billion USD. In 2012 all of the companies within our Group carried out their goals, budgets and investments according to plan and thus achieved a success that I see as a very significant one.

By realising critical and challenging projects in the field of energy, we have successfully carried out our works as a contractor in Uzbekistan, Turkmenistan and Iraq and continue to undertake larger and more comprehensive new projects. We won the tender for the Kosovo Electricity Distribution and Supply company, which is an affiliate of the Kosovo Energy Corporation J.S.C., with our 26 million 300 thousand Euro offer that was submitted as a consortium. We will make a 300 million Euro investment in this project over the next 15 years. We have established a cooperation for the first time in Georgia, one of our

neighbouring countries with whom we will build the country's first natural gas combined cycle power plant in the Gardabani region, about 35 km from Tbilisi with the contract we have signed with the Partnership Fund. This combined cycle plant, which will be built with a 200 million USD investment, will be 230 MW, providing a significant amount of the power needed in that region. Another new 420 million USD project has been started in Turkmenistan, for the rehabilitation of the Ashgabat Electricity infrastructure. The Yeşilirmak Elektrik Dağıtım A.Ş. (YEDAŞ) Company, an affiliate of Çalık Enerji, has successfully completed its transition following its privatization and continues to perform very well in the region. Gap İnşaat and Çalık Gayrimenkul are active in the construction sector, the driving force behind economic growth, where they are successfully signing off on very large projects. In the mining sector, Lidya Madencilik has raised its shares in Anatolia Madencilik and continues to rapidly increase its reserves.

Despite 2012 being a year with many difficulties for the world economy and financial markets, Çalık Group banks closed the year with success. As of 2012 Aktif Bank assets size exceeded 3.5 billion TL and more importantly, it has emerged to be the bank with the lowest credit risk rate among risk prone credits in Turkey. BKT, our bank in Albania, constantly increased its market share and succeeded in taking the first place in profitability nationwide. Furthermore, in the telecom sector of Albania; ALBtelecom and Eagle Mobile continue to provide the services that have gained them distinction both in the internet and mobile communication fields in the country and the region. In the traditional sector of the Çalık Group, textiles, Gap Güneydoğu Tekstil has ranked first in terms of quantity and second in terms of turnover in denim exports from Turkey. Turkuvaz Media, our company operating in the media sector, concluded 2012 as a year of innovations and improvements.

Our Group, which considers social responsibility projects to be the most important indicators of the respect we have for people and the community, continued its efforts within the context of this concept to strive towards enabling people in all geographies to live in peace and prosperity. The most striking example of this endeavor was the aid campaign we started in collaboration with the Turkish Red Crescent and which received support from all communities of the society, for the Muslim people of Arakan who had to flee their country due to the difficult conditions they were facing.

#### 2013 and on; an Innovative Approach that Values People

Our objective for 2013 as the Çalık Group is to develop projects that create added value to the countries where we operate, establish permanent bridges of friendship, develop projects that value and enrich people, and continue our consistent growth. I firmly believe that our ongoing activities in Turkey, Central Asia and Caucasians together with Balkan countries and all of our newly started projects will increasingly assist Çalık Group to reach these goals. Another subject we will firmly emphasize in 2013 will be innovation, while sustaining our enterprises in the seven different sectors and 17 different countries with more profitable and increasing market shares thanks to a more innovative approach and by applying new technologies.

The ability of large companies operating in many different sectors, very wide geographies and large volume activities such as our Group to maintain their position over a number of years is only possible by developing new working models through innovative thinking methods. Productivity and correct working methods will be at the top of the list of matters that we will attach most importance to regarding every sector we operate in the upcoming period.

We have always realized our goals in every sector in each of our companies thanks to the contribution and support of our valuable human resources. Our high quality human resources, our well rooted corporate structure and our rich company culture have formed the foundations of our success. Our customers and solutions focused business culture, integrating with the cultures and values of the countries in which we operate in is another part of this wealth. The most important element of the achievements we will attain next year and in the years to come will again be with the efforts, skills and experience of our employees. I sincerely believe that we will create value in all of the sectors we operate in our country and all the other countries thanks to the devotion and sacrifices of our employees and their families.

Sincerely,

Ahmet Çalık  
Chairman





#### Dear Colleagues,

Year 2012 was a year full of difficulties for some countries' economies. The Euro Zone debt crisis had a negative impact especially on Portugal, Spain, Italy, Southern Cyprus and our neighbor Greece. In addition to the financial fragility and increasing risks, the fluctuating course of goods and energy prices made raw material purchases difficult all over the world. On top of the US economic recession, due to US elections and rapidly weakening Japanese economy, the slowing down of growth in the Chinese economy and the continuing regional conflicts were among the major reasons of economic difficulties in 2012.

In contrast, 2012 was a year in which positive developments continued to be observed in Turkey. Despite the impact of the economic crisis on Europe, our largest export market, Turkey's export figure reached a record 152 billion USD due to market diversification. A step that had been awaited for quite some time from the credit rating agencies was also taken in 2012. Fitch increased Turkey's credit rating up one notch, bringing it to investment grade category, thereby enabling our country to pass a critical threshold. The optimism that continued in the real sector parallel to this development and the reduction in the current deficit, were among the notable positive developments of 2012.

2012 was a year in which Çalık Holding was outstandingly successful, wherein we achieved our goals, continued to invest and maintained consistent

growth. Our Group, which continues its leadership role in sectors it operates with its management approach, entrepreneurship and valuable human resources, realized a turnover of 2.8 billion USD in 2012 and its consolidated asset size rose to approximately 8 billion USD.

#### Spreading Our Energy Throughout the Region

In 2012, our affiliate Çalık Enerji continued to realize projects of strategic importance for the countries wherein it operates. In Georgia, Çalık Enerji we signed a contract with the Georgian public company Partnership Fund to build the country's first 230 MW natural gas combined cycle power plant. This important facility, which will be established in the Gardabani Region, about 35 km from Tbilisi, will be carried out in a period of 790 days with an investment of 200 million USD and will go into operation in September 2014.

In 2012, Çalık Enerji also completed the construction of the 478 MW Navoi Combined Cycle Power Plant in Uzbekistan. In addition, Company started a new comprehensive project in 2012 to rehabilitate the electrical infrastructure of Ashgabat in Turkmenistan.

#### A Huge Breakthrough for Gap İnşaat

Gap İnşaat, operating in many locations around the world and has 4 billion USD portfolio in Turkey, continued its breakthroughs in 2012 with very significant and highly value adding projects. In 2012 Gap İnşaat started to work on Metropol Istanbul, one of the world's largest mixed-use projects with a

massive area of 705 thousand square meters within the boundaries of the International Finance Center in Istanbul's Ataşehir. It also continues to work in Turkey on the Şehrizar Konakları project, which is being built based on a revenue sharing model with the Emlak Konut GYO A.Ş. in Altunizade, Üsküdar and the "Tarlabası Urban Renovation Project", which is the first renovation project realized by the collaboration of the public and private sector.

#### Lidya Madencilik's Gold Reserves have Risen to 1.3 Million Ounces

2012 has also been a year in which Lidya Madencilik realized some important breakthroughs. Lidya Madencilik, which raised its shares in Anagold from 5 percent to 20 percent in January 2012, also started geological surveys on the sites in Polimetall Madencilik's portfolio where they have 50% share. The gold source in the Çöpler Gold Mine to which Lidya Madencilik is a partner, has reached 10 million ounces and the reserves have reached 6.5 million ounces. Thus Lidya Madencilik's share of the gold reserves has reached 1.3 million ounces.

#### Investments that are Being Pointed Out in the Banking Sector

We have closed the year 2012 successfully in the Turkish banking sector with a lower exchange rate risk and with a capital adequacy exceeding twice the and legal limit of the 8 percent.

Continuing its rapid growth in the sector, Aktif Bank has set an example with the services and innovative applications it offers in 2012. BKT, that has continuously increased its market share and became the number one bank, in terms of profitability, in the country, was chosen as Albania's bank of the year by Euromoney Magazine. BKT, which was awarded the AAA rating by JCR Eurasia Rating for the 4th year in a row, also received a AA rating in Corporate Management last year. Furthermore, BKT became the first bank rated in terms of "Corporate Management" and successfully attracted attention of not just the banking sector but also the business world of Albania.

#### Competitive-Oriented Transformation in Telecom

Our Group companies in Albania, ALBtelecom and Eagle Mobile, made a technological investment of 150 million Euro in 4 years to establish one of the most modern infrastructures in Europe. Eagle Mobile also increased its competitiveness by obtaining a 3G license in December of 2012. Thus Eagle Mobile has taken an important step towards increasing variety and profitability in its services. ALBtelecom, one of Albania's most deeply-rooted companies, celebrated its 100 years anniversary with a great event in 2012 and reinforced its solid corporate image in the country. In the meantime, ALBtelecom and Eagle Mobile

completed the transformation program they had started in order to provide a fixed and mobile integrated service to customers and therefore be one step ahead of their competitors.

#### A Year of Investment in Textile

Gap Güneydoğu Tekstil, which is among the top 10 premium denim producers in the world, continued to be number one denim exporter in terms of metric production in 2012. We have started to invest in increasing the production capacity of our Çalık Denim brand from 31.3 million meters to 36 million meters in 2013. Çalık Denim, which has increased its market share in domestic sales, has also entered brand new markets such as the Far East and Colombia, increasing its export destinations to a total of 38 countries.

#### International Collaborations from Turkuvaz Media

Turkuvaz Media Group, our company in the media sector, also continued to develop operations with changing technology and content. ATV, that has become a symbol of innovation and development over recent years, left behind a successful year, taking 1st place in the November ratings. ATV, which has been watched since many years by millions with great interest, reinforced its success by becoming number one in all day and all people ratings in November 2012. Our first thematic channel Minika continued broadcasting after being split up based on age groups to Minika Çocuk and Minika Go. Turkuvaz Media also signed an important cooperation with China's most prestigious magazine China Today, taking over their publication rights in Turkey.

As Çalık Holding we will continue in investing into our strategic areas of activity and we will continue to venture every country and sector where we operate by focusing on our goals and becoming stronger as we continue to maintain our business principles and corporate values. Our success will be carried on, as it has always been, thanks to the knowledge and efforts of our employees, the contributions of our partners and the devotion of our families. I extend my most sincere gratitude to all of our employees, their valued families and our partners who have reinforced our strength and contributed to our success in 2012.

Sincerely,

Berat Albayrak Ph.D.  
CEO

# EXECUTIVE COMMITTEE



**Ahmet Çalık**  
Chairman

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. A.Ş.. 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 1992 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. Same year, he was declared worthy of Turkmenistan Government Badge and Mahdum Guli Award, the Turkish Republic Distinguished Service Medal and Turkmenistan "Gayrat" Medal in 1999, Turkmenistan Golden Era Badge in 2011, 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. Being appointed as the Honorary Consul of the Republic of Kazakhstan for Bursa, Ahmet Çalık is the Chairman of Çalık Holding.



**Serhat Albayrak Ph.D.**  
Vice Chairman

After receiving his BA from Boğaziçi University, Department of Political Science and International Relations, Mr. 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. Mr. 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 Turkuvaz Media Group.



**Mehmet Ertuğrul Gürler**  
Board Member

Mehmet Ertuğrul Gürler was born in 1958. He graduated from Marmara University, School of Business Administration. He has got 36 years experience in business. Mr. Gürler served in several positions 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, Albtelcom and also serves as Vice Chairman of Banka Kombetare Tregtare (BKT) and Çalık Yedaş.



**Berat Albayrak Ph.D.**  
CEO

Berat Albayrak began his professional life in 1996. Following his graduation from İstanbul 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 Mr. Albayrak was appointed as CEO of Çalık Holding. Mr. Albayrak earned his Ph.D. in finance and banking after completing his doctorate thesis in financing renewable energy resources field.



**1. Ahmet Çalık**  
Chairman

**2. Dr. Serhat Albayrak**  
Vice Chairman

**3. Mehmet Ertuğrul Gürler**  
Board Member

**4. Dr. Berat Albayrak**  
CEO

**5. Şafak Karaaslan**  
Foreign Affairs Director

**6. Gaye Somuncu**  
Corporate Communication Manager

**7. Serhat Demir**  
Legal Affairs Director

**8. Tahsin Yazar**  
Energy Legal Affairs Director

**9. İzzetiye Keçeci**  
Human Resources Director

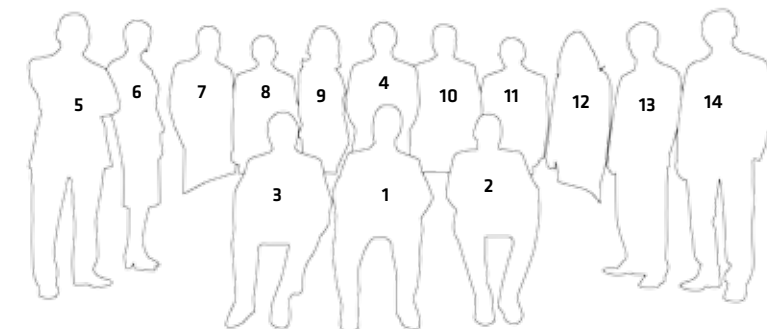
**10. Rıza Ağın**  
Treasury Director

**11. Hilmi Hülür**  
Financial Affairs Director

**12. Özlem Özün**  
Project Finance Director

**13. Ebubekir Şimşek**  
Information Technologies Director

**14. İrfan Başak**  
Strategy Management Director







**ENERGY**



# Energy investments on the march

2012 was a year in which some very significant events took place with respect to the merchandizing and merging of companies. The economic growth observed in Turkey, one of the countries least affected by the economical crisis in global markets, generated important developments, especially in the energy sector. According to the data released in 2012, the rise in both energy production and consumption in Turkey, which serves as a global bridge for energy, has caused national and foreign markets to take a deeper interest in making investments in Turkey. The volume of mergers and acquisitions in the field of energy in Turkey reached 9.5 billion USD in 2012, according to the mergers and acquisitions report prepared by the international consultant company, PwC. As Turkey became a center of focus for countries such as the U.S., China, Germany, Russia and especially Gulf countries, its energy production that was 52,911 MW in 2011 reached 57,071 MW in 2012. The number of power plants increased from 643 to 771. Among these plants, natural gas, hydroelectric (HPP) and wind power plants (WPP) make up the majority.

While the share of 188 natural gas plants has reached 30.1 percent in the production of 17,163 MW of energy, the share of 64 HPPs with a power of 17,744 MW has been 25.8 percent. The 2,260 MW produced by 61 WPP projects comprise 4 percent of the total.

## The Share of the Private Sector is Rising

The share of the private sector in energy production is rising rapidly. The total of the private sector's energy power that was 388.4 MW in 2003 rose to 3,401 MW in 2012. 791.3 MW of this figure is constituted by natural gas and 467.3 MW is produced by WPPs. The installed power of private sector facilities that have started operating in the last decade, has reached 19,052 MW.

While EÜAŞ comprises 36 percent of the installed electrical energy power in Turkey on its own with 20,904 MW, the installed power of independent production companies representing the private companies is 19,823 MW and the rate of their shares amounts to 34.7 percent, which used to be 31.1 percent in 2011.

## Records Will Be Broken in 2013

Energy consumption which was 230 thousand

kilowatts per hour in 2011 increased to 241 billion kilowatts per hour in 2012 and the highest actual consumption occurred in July by 22.8 billion, a record in the history of energy consumption. Estimations for 2013 reveal the fact that consumption will rise by 50 billion kilowatts per hour. According to the Ministry of Energy 292.1 billion kilowatts per hour are expected to be consumed in 2013, notably 25,688 MW and 25,370 MW within the hottest months of July and August respectively. These figures estimated for the year 2013 are expected to break records in the history of the Republic in terms of electricity consumption.

Privatization tenders are expected to continue to shape the operational conditions in 2013 and Istanbul Anatolia Side, Taurus Mountains and the Dicle and Van Lake tenders are expected to be at the forefront. The starts of Başkent Gaz and İGDAŞ privatization tenders, to which foreign companies have also shown an interest, are developments that will leave their marks on 2013. On the other hand, the investment that is going to be made by the Abu Dhabi Company TAQA at the Afşin Elbistan electrical power plant and lignite sites is highly likely to be the most important transactions of 2013. In addition to the Mersin Akkuyu 4,800 MW nuclear power plant, signed in 2011, the negotiations for a second nuclear plant being conducted with 4 companies from Japan, South Korea, China and Canada will be completed in 2013.

## The Race of the Giants for Turkey

The subject of renewable energy is expected to be on the agenda of the energy sector and more companies are expected to join the current German, American and Chinese firms that are located in Anatolia, one of the most renowned regions in the world in this subject. The German Phoneix, Gehrlicher and Soventix, three giant companies that control the global area in solar energy, have announced their decision to enter Turkey as well as China Sunergy and Yingli Solar, which have also maintained their decisions to invest in Turkey. The US Company MidAmerican is also among the companies showing interest in this context.

## Turkey, the Route of the Sun

Due to its unique geographical location, Turkey is not only significant in terms of energy resources like natural gas and oil, but is also important in terms of the transmission of renewable energy sources

to Europe. One of the latest developments in this subject is Turkey's being one of the points of transmission for renewable energy to be produced from solar energy in North Africa. Turkey also has an important position in the projects of the energy companies; Dii and Medgrid. According to the Desert Power 2050 report, a goal has been set to utilize an integrated system between Europe and North Africa with the Middle East (MENA) that will provide up to 20 percent of Europe's electricity needs. This accomplishment is an indicator of a reduction potential of 95 percent for carbon emissions from the European energy sector and Turkey will play an important role in the route. While it is reported that savings of 33 billion Euros will be made with this project, Turkey's position in transmitting the energy produced in North Africa to Europe will be fortified. Turkey is located in a very significant position with respect to the scenarios that have been developed in this context. The energy that will be produced in Saudi Arabia and Egypt is planned to be transmitted to Turkey. The total capacity of the connections in the south of the Mediterranean and the land connections between Syria-Turkey is at the 222 GWNTC (net transmission capacity in terms of Gigawatts) level. Nearly 1,100 terawatt/hour (TWh) annual electricity transmission is planned between MENA and Europe.

## One Fifth of the World Deprived of Electricity

It is estimated that the world population which has exceeded 7 billion will reach 8.6 billion in 2035 and since this development will cause an increase in the production and consumption of power investments made in the sector are also expected to become active. 19 percent, i.e., one fifth of the world still does not use electricity and 39 percent (2.7 billion people) still utilize biomass energy, which is a traditional method to cook food. According to the International Energy Agency data, this situation will continue and it is expected that 12 percent of the population (1 billion people), mainly in Central-South America and India, will continue to live without electricity in 2030.

## China to be the Leader in Energy Consumption

China, whose economy is growing very rapidly, is expected to take first place in the demand for

more energy. According to predictions China will be the country to consume the most energy between the years of 2015-2035. In fact, it is expected to consume 70 percent more than the U.S. in 2035. Again in 2035, India is expected to be the fourth largest energy consumer after China, the U.S. and the European Union. These four big consumers will spend 56.3 percent of the world's total energy supply in 2020 and 55.5 percent in 2035. In order for the increasing demand in energy to be met in sustainable conditions, it is estimated that 37.9 trillion USD must be invested in the energy sector between the years of 2011 and 2035.

## 38 Trillion USD of Investments Required

According to the scenario study (WEO2011) prepared by the International Energy Agency in which the existing policies are anticipated to continue, the average electricity production that was 20.043 TWh in 2009 will increase by 2.6 percent to 28.569 TWh in 2020, to 35.468 TWh in 2030 and to 39.368 TWh in 2035. These figures indicate a 96.4 percent increase in the period between 2009 and 2035. Similarly, in the Reference Scenario Study (IEO2011) prepared by the US Energy Information Agency (EIA) the electricity production that was 19,100 TWh in 2008 is expected to rise to 25,500 TWh in 2020. Between the years of 2008 and 2035 it is expected to increase by a total of 84.3 percent (with yearly increases of 2.3 percent) to 35,200 TWh in 2035. According to the 'New Policies Scenario' prepared by the International Energy Agency, the share of electricity production, distribution and transmission in the 37.9 trillion USD investments that is expected to be made in the 2011-2035 period will be 16.9 trillion USD. 58 percent of this amount is planned for investments in new power plants, 31 percent in distribution and 11 percent in transmission networks. According to calculations, of the remaining 21 trillion USD in investments, 10 trillion will be invested in oil, 9.5 trillion in natural gas and 1.2 in coal. 62.6 percent of these investments is expected to be made in countries outside of the OECD countries where demand and production are increasing the fastest (China on its own 5.8 trillion USD and Russia 2.5 trillion USD).

# Çalık Enerji signing important projects globally

Çalık Enerji, which started its operations in 1987, was restructured in 1998 and has been ranked among the primary constituents of the sector with the investments it has realized. The company which continues operations under two main topics; Power Systems and Oil-Gas, provides turnkey delivery contractor services and does hydroelectric plants, wind power plants, thermal plants, international electricity trade and electricity distribution in the field of 'Power Systems'. In the field of 'Oil-Gas' the company builds pipe lines and refineries, makes explorations and productions, provides site services and does natural gas storage and trade oil and oil products.

Çalık Enerji, which realized an investment of 26.6 million USD in 2012, reserved the largest portion of the budget of 18 million USD for the Adacami HPP Project in this period. A cash flow of around 6.2 million USD is expected from this project whose operations are planned to start in July 2013. Çalık Enerji has realized an investment of 6.3 million USD in exploration-production activities and 2.3 million USD for thermal, wind and other hydroelectric power plants.

Çalık Enerji which has 351 employees as of 2012 has made some changes in its organizational structure by establishing contracting (EPC), purchasing, business development and production project directorships in the 'Power Systems Group'. The fact that Çalık Enerji has an extensive horizontal structure, in which the company can be active in many different sectors such as production, distribution, trade, marketing and establishment facilities, differentiates Çalık Enerji among the other companies in the sector.

## The Company's Position and Strategy in the Sector

While Çalık Enerji continues to grow with its shareholders as a dynamic, influential, reliable, productive and favored company, becoming an international leader in the world energy sector known for its quality, it has adopted the principle to realize its projects in the electricity, natural gas and oil sectors at global standards without compromising on social, environmental and ethical responsibilities. Since Turkey is situated between producer countries (the Middle East and Khazar) that own nearly three quarters of the world's oil and natural gas reserves and the largest consumer countries (Europe) with respect to its

geographical location, Çalık Enerji moves forward with a strategy to develop its activities in line with the large potential of the country holds in the energy sector. Aiming to produce energy by establishing hydroelectric, thermal and wind power plants in Turkey and in terms of the neighboring countries, Çalık Enerji has focused operations in countries that are rich in hydrocarbon and natural gas by determining the Balkans, Eastern Europe, the CIS countries, the Middle East and Northern Africa as part of its expansion map and fields of activity.



## A Powerful Energy Company in the Region

Çalık Enerji aims to contribute to the development of the country in which it operates with the projects it realizes. In August 2012 the Company signed a 200 million USD contract with Partnership Fund, a subsidiary of the Georgian Ministry of Energy to build Georgia's first combined cycle plant. Mobilization studies have started at the 230 MW production capacity Gardabani Combined Cycle Power Plant in Georgia, which has the distinction of being the first Combined Cycle Plant that Çalık Enerji will be building on its own, aiming to build it in accordance with a Turn-Key EPC principle to be completed in 26 months.

Çalık Enerji also continued its work in the Turkmenistan market in 2012 and won the tender for modernizing and renewing the electricity distribution system in the city of Ashgabat. Also a pre-contract has been signed in Turkmenistan in 2012 regarding the establishment of a new 750 MW natural gas cycle plant to meet Turkmenistan's electricity needs. The project is planned to begin in 2013 and embark on business after completion in two years.

In 2012 Çalık Enerji won the tender of Kosovo Electricity Distribution that covers 1.5 million subscribers jointly with Limak Holding. Also the 478 MW installed power Navoi Cycle Plant being built in Uzbekistan was successfully completed in December of 2012.

Çalık Enerji, which continued with the construction of the 'Al Khairat and Nainawa Power Plants' throughout 2012 with 2,000 MW installed power for which a contract had been signed in 2011, has achieved a progress of 80 percent on both projects as of the year end and increased the number of its employees

working within the scope of these projects to over 4,000. When the project starts operating the existing energy production capacity of Iraq which is currently 8,000 MW is targeted to be increased to 10,000 MW. Also steps have been taken in the presence of the Iraq Ministry of Electricity to transform both projects to combined cycle and preparations have been made to submit a proposal.

The Samsun-Adana/Ceyhan crude oil project planned to be constructed in Turkey which will transmit oil from Russia and Kazakhstan to the Mediterranean without passing through the Straits as well as the refinery and petrochemical project that is planned to be developed in Adana/Yumurtalık are some of the important investments that Çalık Enerji will be bringing to life in the area.

Çalık Enerji, which has reinforced its leadership position in the sector with the shale-gas/shale-oil work that it has accomplished in Turkey, also completed the drilling of the Çalıktepe-2 well in 2012 on the Bismil Permit and made certain analyses concerning shale gas and oil. After determining that the scope of the permit is suitable for conducting nontraditional shale gas and oil projects, the work on the project is planned to start in 2013. If this is accomplished, the objective will be to reduce Turkey's foreign oil and gas dependency.

With the consistent progress it has made in the international arena Çalık Enerji has been ranked 129th in the "Top 225 International Contractors" list published by the Engineering News Record with a turnover of 486.3 million USD.





### Planned Projects and Goals

Due to the fact that Çalık Enerji operates in a geographical region in which countries were being affected the least by the economic crisis and are growing fast, the company's investments in energy will continue to increase and the goal is to increase capacity in order to become the largest energy contracting company in the region. Çalık Enerji, which also continues its operations in business development activities, has intensified its efforts especially in Turkmenistan, Uzbekistan and Iraq based on the experience and accumulation of previous years. While a total of 4 new projects are underway in Turkmenistan, the contracts are planned to be signed and the work started in the first half of 2013. Among these projects there are two new simple cycle power plants, one combined cycle transformation project and a transmission line. In the Iraqi market where Çalık Enerji aims to be a permanent constituent, Company pursues oil and gas field surface facility projects in addition to the construction of electricity production facilities. Çalık Enerji has obtained competency from the Ministry of Oil in Iraq in order to reach these goals and has submitted a bid as a consortium with the Italian Techint and GE companies for the Combined Cycle Al Anbar Power Plant (1600 MW) which is planned to be built in Iraq.

The company has also set goals for increasing EPC activities abroad in 2012 and is determined to play an important role in the construction of surface facilities in oil and gas field in addition to the construction of power plants. Invitations have been received from the Petronas, TPC (Turkish Petroleum Corporation) and Chinese based CNOOC companies for surface and power production facilities planned for 2013 and the necessary requirement studies have been started.

Expanding its fields of operation day by day, Çalık Holding has started preparation studies to provide contracting services for the two different fields of oil pipe lines and oil drilling facilities in 2012 and has obtained sufficiency for two different projects that are planned in these areas.

### New Branches and Companies

Çalık Enerji has opened its Georgia office to provide contracting services, launched its Georgia Branch to monitor the Gardabani project and has established an electric distribution company due to the tender won in Kosovo. Çalık Petrol Arama Üretim Sanayi ve Ticaret A.Ş. was established in Turkey to conduct oil and gas exploration and production operations and one enterprise and 16 exploration licenses held by Çalık Enerji have been transferred to this newly established company.





# A quality focused approach in the power distribution sector; Çalık YEDAŞ

Yeşilirmak Elektrik Dağıtım A.Ş. which joined Holding under the name of Çalık YEDAŞ undertaken by Çalık Elektrik Dağıtım A.Ş. on December 29, 2010 within the scope of privatization efforts taking place in Turkey provides power distribution and retail sales services in the region that includes the provinces of Samsun, Ordu, Çorum, Amasya and Sinop.

Çalık YEDAŞ provides all its services without compromising on its 'Business Values and Behavior Principles' and continues to advance decisively towards its goals in an area of 40,344 km<sup>2</sup>. As of 2012 Çalık YEDAŞ employs 801 company employees and 1,549 solution partner employees for a total of 2,350 people.

Çalık YEDAŞ, which plans to make an investment of 500 million Turkish Liras between the years 2011-2015, continues to operate within the framework of the corporate goals that have been established. The corporate goals of the company are as follows;

- To become integrated with the IT applications in the sector like SMART GRID in particular and follow technological developments in order to adapt efficient and productive applications to the system,
- To improve and make investments in the electricity and distribution infrastructure in order to provide quality, uninterrupted electricity energy to consumers,
- To provide quality services from bill collection to consultation in order to establish a long term value relationship with customers,
- To measure customer satisfaction with rational methods,
- To provide training and support the development of employees so that they can undertake more active roles in the course of decision-making for the management of the company and provide better services,
- To become a company that is favoured for its human resources policies that would provide it a distinctive place among power distribution companies.

## A Company that Raises the Quality

Çalık YEDAŞ serves as a leader to the sector by creating awareness in service quality and applications. The company accepted sustainable performance management as part of its culture and was the first and only distribution company in the sector to earn an ISO 27001 Information Security Management System Quality Certificate.

The company which also has an ISO 9001:2008 Quality Management System Certificate, an ISO 14001 Environmental Management Quality Certificate, an OHSAS 18001 Work Health and Safety Quality Management System Certificate, has established a complete integration of quality management systems.

By joining the 'National Quality Movement' in March of 2012 with its solution partners, Çalık YEDAŞ has signed a good-will agreement with KALDER (The Turkish Quality Organization). Also it became a member of the 'United Nations Global Compact' in August of 2012 and committed to adopting the 10 principles of "Global Principles Contract" in the fields of human rights, work force, environment and the fight against corruption to be applied in its policies, operations and corporate culture.

## Customer Focused Approach

Çalık YEDAŞ, which obtained an EFQM Sufficiency in Excellency Certificate in 2012, continues to provide subscribers with fast, quality service in line with the customer focused approach it has adopted.

By providing the 444 55 23 call center available 24/7 within the scope of customer services management, the company has made it possible for subscribers to convey their requests and complaints, electricity outage notifications, warnings of illegal electricity use and subscription requests with a single phone call and in 2012 the number of subscribers increased by 5 percent to 1,697,757.

In 2012 the Company's 'Distribution Services Quality Indicators' have been reduced and positive data have been achieved. Compared to the previous year, in 2012 the 'Breakdown Numbers' have decreased by 4.52 percent, the 'Number of Openings that are Subject to Penalties' have decreased by 80.32 percent and the 'Number of Feeders Opened' have decreased by 43.05 percent.

Since achieving the ISO 10002 Customer Satisfaction Management System Quality Certificate in 2012 the company has had an independent research company do periodic 'customer satisfaction surveys'. The rewards that have been won are clear proof of the company's success in service quality.

## R&D and Innovation

In order to achieve remote intervention –recording of Network Management and Operational Functions and to increase technical-commercial quality in Distribution Services Çalık YEDAŞ started its SCADA/DMS project in September of 2012. In these applications for which the project expenditure was 5,866,305 TL, 44 distribution buildings and the 436 feeders within these buildings were organized by the end of the year, so that they could be monitored remotely and responded to in the event of malfunction.

## Social Responsibility Projects

The Corporate Social Responsibility concept of Çalık YEDAŞ consists of striving to improve the region in which it is located and the community in which it lives and to put the economical, environmental, cultural and social

projects that have been developed for the benefit of the community with its employees and their families into application. Çalık YEDAŞ has accomplished many successful projects in line with this approach.

- The online promotion - sales and marketing site project called, "Women's Effort Market" which sets forth the use of women's work potential to benefit the economy,
- The "Regional Economy Meetings" which concentrate on providing information on sustainable growth and competition in order to increase the productivity and performance of small and medium sized operations in the region,
- The "The Best Work is On You, the Energy is On Us" support project with the purpose to encourage (promote) qualified work force, production and remuneration,
- The "Energy Consultants are Being Raised" educational project that aims to train young people as energy consultants in the Central Black Sea region which has become an energy region holding new job opportunities for young people,
- The "We are Enlightening our Culture" project that strives to draw attention to local arts of the area that are under the threat of vanishing and to support the masters that are trying to carry on these arts,
- The "We are Enlightening our History" project that is being conducted to draw attention to the wealth of historical items in the area and the archeological work that is being done in order to support tourism and all the efforts in this region,
- The "We are Enlightening our Environment" project that is being conducted to draw attention to the environmental wealth in the region in order to support the tourism potential in the region and the protection-development efforts that are being conducted in this field,
- The "We are Protecting the Vertical Tail" project that was started to conserve and develop wild life in the region and draw attention to species at risk of extinction, are among some of the social responsibility projects conducted by Çalık YEDAŞ.

## Rewards

Company awarded the "First Place for Social Responsibility Project of the Year" and the "Sustainable Development Award" in the "Business 2023; Corporate Social Responsibility Marketplace in the 100th Year of the Republic" competition organized by Corporate Responsibility Europe (CRE) which is a corporate responsibility organization. Company also achieved "Golden Voltage" award in the area of Corporate Social Responsibility in the 3rd Energy Summit of Turkey organized by the Gas & Power Publication Group, and lastly the "Most Successful Service" award from the Anadolu Press Union.





ALBtelecom

eagle  
MOBILE

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TELECOM



# The victory of telecom in developing countries

As a result of the developments in the digital field which uses the telecom infrastructure and is growing rapidly, the number of people using social sharing networks like Facebook, Google+, Twitter, FourSquare, Youtube, DailyMotion and Instagram throughout the world has reached 1.5 billion and also the 3 billion mobile telephone subscribers using video, photograph and writing productions have therefore caused a major increase in internet traffic. One of the biggest subjects of exploration at the present, is how new income models can be created from this rapidly increasing traffic.

Today, only 20 homes that use an average amount of internet generate equal amount of the entire data traffic produced by the whole world in 2008. According to Cisco's takes on the developments that were prominent in 2012 and the trends that will emerge in the coming years, it is expected that the mobile data traffic will increase by 18 times over the coming 5 years and the use of video will comprise the majority of internet traffic. As of 2016 it is expected that 90 percent of all internet traffic and two thirds of mobile data traffic will be taken up by video.

Smart phones, tablets, mobile internet transformation and videos have contributed to the acceleration of this traffic. Those who have benefited from aforesaid data traffic in the short term are the telecom companies. While the voice traffic portion of revenue has decreased, the rise in internet revenue has continued to grow. The individual cloud technology market which reached 18 billion USD at the end of 2011 is expected to reach 66 billion USD in 2016.

## Devices to Speak the Language of the Internet

In the research done by Cisco, one of the highlighted subjects as the most important reason for the major increase in the internet traffic that will take place by 2016, will be devices connecting to the internet. In the near future many devices that are used in daily life such as roads, cars, refrigerators, solar panels and medical devices are planned to be operated over the internet according to this study. With the aforesaid increase in data, the internet traffic in the whole world is estimated to increase 6 fold until 2016. Companies like Apple, Google, Facebook and Amazon, which are the best managers of the huge data piles on the internet and at the same time provide the devices and platforms to individuals, are expected to continue to benefit both in the short term and long term.

## Threat and Opportunity are at the Door

Even if profits look good for telecom companies in the short term, this is a temporary effect as long as they are not transformed into correct investments. It appears that telecom companies remain as carriers and are not able to benefit as they should from the explosion of internet traffic. The subject companies are, for the time being, increasing the revenue they earn from daily carrier services and are making investments in homes, offices and data centers for fast internet connection. The telecom companies want to have a share in the advertisement revenue made by companies like Google, Facebook and Microsoft from the internet traffic. Similarly countries are also demanding a share from these companies that collect data and purchase advertisements, in the form of taxes or investments.

## Mobile and Wi-Fi are Popular

Tablets and smart phones that emerge with people oriented designs are the most important sources of data traffic. One of the most important trends that took place in 2012 was the increase in smart mobile devices. This trend expanded the data traffic on mobile networks and increased the usage of these devices in businesses.

According to the Cisco Visual Network Index predictions, smart phones, laptops and other mobile devices are expected to take up 90 percent of the mobile data traffic in 2016. In this context, service providers are searching for ways to load more of the traffic on Wi-Fi networks in order to meet the expected rising demand in mobile internet. Telecom companies are trying to gain customer loyalty and earn profits from this change by offering device campaigns and data rates.

The increase in data traffic directly affects data center investments. In the itemized comparison of 2011 and 2012 for data center investments, Turkey was, by 60 percent, the fastest growing company. According to the latest Cisco Global Cloud Index, the cloud traffic is expected to increase by six fold in the coming 4 years. In the same process the global data center traffic is expected to increase by four times its current state.

## The Classic Telecom Rates are Changing

2012 was a year in which the classic telecom rates in the world and in Turkey have been removed and the changes that were foreseen have started reflecting on the figures. Not just the telecom companies but everyone from the media to electronic trade, from entertainment to public offices is trying to redefine their work over the internet.

## 'Digital Albania' to Wing with 3G

Even though Albania was affected by the crisis in neighboring countries, this effect remained at a minimum on the telecom sector. The biggest support for growth is expected to come from the telecom sector which has increased investments in technology and the goal of this expectation is defined as 'Digital Albania'.

The Albanian Government has taken important steps for the 'Digital Albania' goal and after the 'Electronic Government' and 'Internet for Every School' campaigns that have been organized within this scope and the obtaining of their 3G license, the project has gained even more speed. A reliable internet campaign has been started by the Albanian Ministry of Telecommunications.

While ALBtelecom continues its leadership of the internet in Albania, Eagle Mobile which has got its 3G license, started to provide these services in the beginning of 2013. This development, which will increase mobile internet usage and competition, is expected to also increase the lowered number of mobile subscribers. Despite all companies losing a number of subscribers in mobile communication, the 3G competition is expected to keep these losses in the minimum level.

## Technology for People

In 2012 investments in human resources in Albania gained speed. The Albanian Government opened PROTİK, the first education and conference center with the supports of USAID, Microsoft and ALBtelecom in the field of technology and ICT. Also in 2012, a decision was made to switch from analog broadcasts to digital broadcasts in telecommunications, with new investments and important steps were taken that will emphasize the contributions of technology to people.

# Century old fixed landline operator of the Balkans; ALBtelecom

ALBtelecom, which celebrated its 100th anniversary of establishment in 2012, continues to introduce its customers to the innovations presented by rapidly changing technology in the field of telecom, as the largest fixed landline operator and internet provider in Albania.

ALBtelecom which aims to accelerate and simplify the communication resources it provides to the people of Albania, is not only the first choice of the Albanian people, but is also the company that best meets the demands of customers with a widespread urban network, technological infrastructure and high quality services on the modern and digital platform.

ALBtelecom which has been operating in the scope of Çalik Holding since 2007 made the decision to merge with Eagle Mobile, Çalik Holding's affiliate in the GSM sector in 2012. Over 1,500 people are employed within the capacity of ALBtelecom and Eagle Mobile which add new dimensions to the Albanian Telecom sector day by day.

In order to increase the capacity and coverage of internet services, ALBtelecom has increased its installed ADSL port capacity by 150,000 from 140,000 to 290,000 as of the end of 2012. Also up to 100 Mbps with VDSL over copper networks and up to 1 Gbps with GPON over fiber optic cables are being provided in order to supply fast internet to customers.

ALBtelecom, which aims to increase customer satisfaction as its most important goal, completed 72 percent of the transaction of fixed line subscribers to the New Generation Network System (NGN) that it had started in 2011. Also ALBtelecom increased its fixed line port capacity in 2012 from 150,000 to 430,000 and in parallel to this it has started to transfer its local copper network to the new generation network. The transfer and renewal rate that was 29% as of 2011 rose to 81% as of the end of 2012.

ALBtelecom and Eagle Mobile, affiliates of Çalik Holding, which is a company that considers creating added value for the community in which it is operating as its basic principle behind its corporate social responsibility concept, have collaborated with a number of different organizations in 2012 such as the Autistic Children's Foundation, the Albanian Education Foundation, the Tirana Maternity Hospital, the Fier-Shkoder Home of the Elderly and the Saranda Orphanage.





# The dynamic face of communication: Eagle Mobile

Eagle Mobile, which has added a new dimension for the Albanian GSM sector with its innovative and dynamic structure, obtained a 3G license in 2012 and continued to make investments. Serving the people of Albania since 2008, Eagle Mobile has realized an investment of 150 million Euros with ALBtelecom, which it had merged with in 2012.

Eagle Mobile which has established new stations in order to increase closed area coverage in the mobile network, increased its 2G population coverage rate to 98.46% and geographical coverage to 92.42% as of the end of the year.

Eagle Mobile which is getting prepared to become a leader in the sector with the quality services it provides to customers as well as a variety of solutions has increased its subscriber number to 610,530 in 2012.

With 407 base stations established country wide, Eagle Mobile provides mobile internet services to 98.46 percent of the population. Eagle Mobile has accomplished some joint work with Çalik Holding affiliate BKT within this context and started to provide mobile internet services and solutions to BKT's corporate customers.

The company which has increased its international connection total to 20 GB has reinforced its strong position in the market by providing many innovative services like Bill Control, SMS Health Package, Cellular Broadcasting and Mobile Wallet in the field of added value services.

ALBtelecom and Eagle Mobile which united under the same management roof in 2012, have been awarded with the "Social Responsibility Award", presented by the well-regarded wife of Albanian Prime Minister Sali Berisha, Liri Berisha Ph.D. who is also the President of the "Albanian Children's Foundation" for the importance that Companies especially place on education in the work they have done in the area of social responsibility.







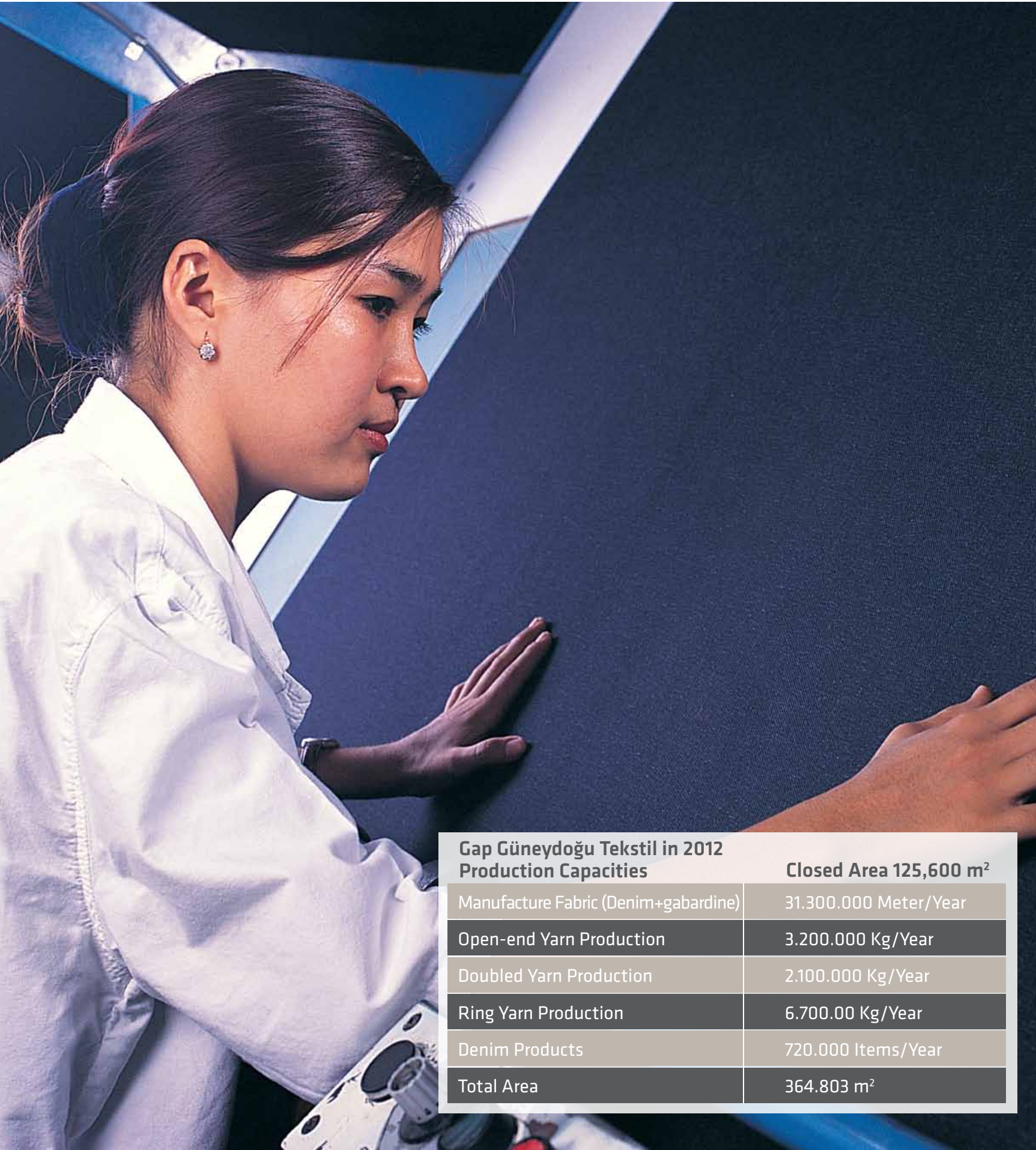
**TEXTILES**







# The choice of prestigious brands; Gap Güneydoğu Tekstil



Gap Güneydoğu Tekstil in 2012 Production Capacities		Closed Area 125,600 m <sup>2</sup>
Manufacture Fabric (Denim+gabardine)	31.300.000 Meter/Year	
Open-end Yarn Production	3.200.000 Kg/Year	
Doubled Yarn Production	2.100.000 Kg/Year	
Ring Yarn Production	6.700.00 Kg/Year	
Denim Products	720.000 Items/Year	
Total Area	364.803 m <sup>2</sup>	

Gap Güneydoğu Tekstil, which was established in 1987, is among the world giants in the textile sector with a work volume that grows day by day. The company which has captured sustainable growth is among the top 10 companies that are able to produce quality products in the world denim sector. While the Company carries its brand recognition in the world to top rates, it is in 1<sup>st</sup> place in Turkey for metric quantity of denim exportation.

In 2012, Gap Güneydoğu Tekstil exported its products to 38 different countries and continued its activities towards increasing their market share in the South American and Far Eastern countries. In this context, the Company has participated in prominent world affairs such as Denim by Premiere Vision Brazil, Denim by Premiere Asia and Fast Fashion London.

The factory which operated at full capacity for 365 days in 2012 to increase quality and productivity also made an investment of 8 million USD, especially in the machine stations, with the objective of increasing the production volume from 31.3 million meters to 36 million meters. Company currently provides employment to 1,517 people and continues production on an area of 364,803 square meters with 284 looms.

Gap Güneydoğu Tekstil works with world famous fashion designers and consultants to prepare collections that follow the latest world trends and continues collaborations with prestigious brands. The company has offices outside of Turkey in Treviso (Italy), Seoul (South Korea) and Hong Kong (China). Gap Güneydoğu Tekstil produces quality, environmentally friendly products in the Malatya premises and reflects this approach on all its areas of business from denim fabric to ready-to-wear apparel, from raw cotton trade to yarn production.

The Çalık Denim brand which emphasized its environmentally friendly production policy with the "Denim is the only saviour" concept developed in 2011, and the "We live in public" concept of 2012 followed finally by "See yourself" concept, which organic cotton was used in the 3 collections to present its recycled products.

As a result of the projects that were undertaken to assess the waste water at Gap Güneydoğu Tekstil and conserve energy, the Eco-save system was developed which reduced the use of water and chemicals by 65 percent and waste by 70 percent. By implementing an electrostatic filter in 2012 to prevent environmental pollution, the company was able to minimize the amount of hazardous waste that is released into the environment.

By closely following technological and nano-technological improvements that develop each passing day, Gap Güneydoğu Tekstil includes these developments in its operations and constantly improves its product quality.

## R&D has the Priority

Gap Güneydoğu Tekstil, a company that has prioritized R&D in 2012, continues its efforts to produce technological information as well as develop innovation and new technologies to be commercialized in the Research and Development Center, which was established in this context.

During its operations in one year, the Research and Development Center has conducted collaborative work with some of Turkey's most prominent state universities (Gaziantep, Hacettepe, Erciyes, Uludağ, Çukurova) and applied suitable projects. Some of the work in the R&D Center's portfolio of 36 projects includes; natural antibiotic fabric design, denim design that features electromagnetic shielding, new generation ring yarn design and the development of denim based coating surfaces with the hot melt technique.



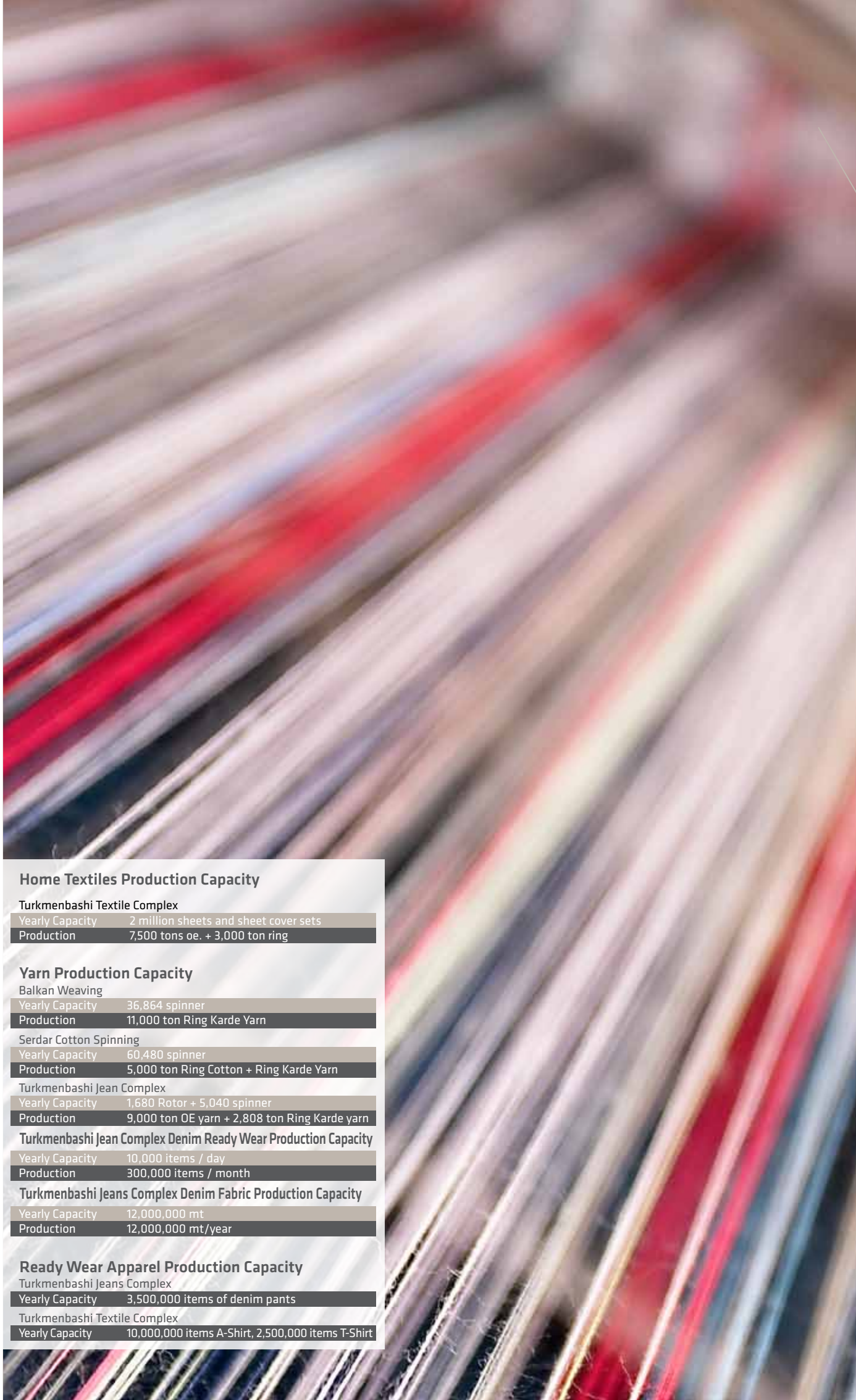
# A Reliable Name in the International Textile Market; Gap Pazarlama

Gap Pazarlama, established in 1994, is currently one of the most powerful companies in the textile sector with 8 thousand employees, an advanced corporate structure and a variety of products. While increasing its share in the international textile trade each passing day, Gap Pazarlama produces and sells yarn, denim fabric, ready wear apparel and home textiles with the Turkmenbashi Textile Complex and Jean Complex in Turkmenistan, Balkan Weaving and Serdar Cotton Spinning factories.

Gap Pazarlama, which has also established an outsource supply network in many different countries, in addition to the home textiles and ready wear apparel products produced in the Turkmenistan facilities, procures various product groups from these countries and provides them to customers.

Gap Pazarlama, which continues to cooperate with the leading brands in the world, has giant brands in its ready wear portfolio such as Bershka, Zara, Pull&Bear, Tesco, River Island, La Redoute, Puma and U.S. Polo and also works in the field of home textiles with prominent retail companies such as J.C. Penney, Costco, BB&B, Sears, Kmart and Bonton.

Gap Pazarlama possesses ISO 9001, ISO 14001, ISO 18001, WRAP, Sedex and 6Sigma certificates.



Home Textiles Production Capacity	
Turkmenbashi Textile Complex	
Yearly Capacity	2 million sheets and sheet cover sets
Production	7,500 tons oe. + 3,000 ton ring
Yarn Production Capacity	
Balkan Weaving	
Yearly Capacity	36,864 spinner
Production	11,000 ton Ring Karde Yarn
Serdar Cotton Spinning	
Yearly Capacity	60,480 spinner
Production	5,000 ton Ring Cotton + Ring Karde Yarn
Turkmenbashi Jean Complex	
Yearly Capacity	1,680 Rotor + 5,040 spinner
Production	9,000 ton OE yarn + 2,808 ton Ring Karde yarn
Turkmenbashi Jean Complex Denim Ready Wear Production Capacity	
Yearly Capacity	10,000 items / day
Production	300,000 items / month
Turkmenbashi Jeans Complex Denim Fabric Production Capacity	
Yearly Capacity	12,000,000 mt
Production	12,000,000 mt/year
Ready Wear Apparel Production Capacity	
Turkmenbashi Jeans Complex	
Yearly Capacity	3,500,000 items of denim pants
Turkmenbashi Textile Complex	
Yearly Capacity	10,000,000 items A-Shirt, 2,500,000 items T-Shirt

# Çalık Cotton with its innovative structure and steady rise;

Çalık Cotton, a company which was established in 2011 to operate in the cotton trade also provides consultation in all of the subjects concerning cotton. The local and international yarn producers, denim producers, companies that purchase cotton and their agents in the cotton sector, which is one of the cornerstones of the Turkish economy, comprise the primary target group of Çalık Cotton. The Company supplies cotton from different origins to these companies, including India, the U.S., Central Asia, Africa, Greece and the Southeastern region of Turkey.

In 2012 Çalık Cotton created the yarn, machinery and technology departments in addition to the cotton department and helped them gain speed by making them functional.

In 2012 Çalık Cotton participated in two very important international cotton conferences in the U.S. and Hong Kong where new agreements were signed to follow a path of steady progress. In 2012 Çalık Cotton signed a distributorship agreement with world leader cotton gin companies Bajaj Steel Industries Limited and Cherokee and brought to life 2 cotton installation facilities. Again in 2012 Çalık Cotton made an agreement with the İzmir Ege Güç Birliği Company for cotton sales and yarn purchases and served as a mediator for Gap Güneydoğu Tekstil on the purchase of affordable yarn and cotton from abroad.

Çalık Cotton, which also installed a system towards yarn purchasing in the U.S., Tajikistan Turkmenistan, Egypt, Indonesia, the Philippines and India, obtained a certificate from the Chinese officials in 2012 to enable cotton sales in China and also created and developed the UROB, UROX, UROS and UROT cotton brands. The cotton storage facility that was established in the Malatya Organized Industry Zone at international standards was completed and taken into operation in 2012.

Çalık Cotton has a dynamic structure that adapts quickly to the developments taking place in the textile sector. While the company makes powerful agreements with sector leaders it also continues to grow as it becomes a well-established brand.





**CONSTRUCTION**



# Rise of construction goes on

Problems continue in the home financing system of developed countries where recovery remained weak in the housing sectors in 2012. While a recovery was underway in the construction activities of the U.S., the construction expenditures of the EU started to shrink again. In developed countries, where a limited recovery was experienced in commercial real estate, the stagnant state continues in investments and financing.

The real estate asset prices in developing countries where controlled and measured growth is being experienced in the construction sectors continue in a controlled and stagnant manner. In 2013, while measured and controlled recovery is expected in the construction, housing and real estate sectors of developed countries, precautions against price bubbles will continue in the markets.

## **The Country with the Least Bubble Risk**

Turkey has become prominent with the political and economic stability it has captured, particularly with its post crisis atmosphere of security and appeal, and provides significant opportunities to investors in the real estate sector with improving economical figures, significant geopolitical location, advantageous

demographic characteristics, an increasingly fast rate of urbanization and the effects of demands for offices and homes.

In contrast to the stagnancy experienced in the markets of developed countries after the economic crisis, especially Europe and the U.S., Turkey brought housing sales up to 96 thousand in the beginning of 2012 to show an increase of five thousand compared to the same period of the previous year. Turkey is a country with the lowest bubble risk in terms of its real estate prices and financial structure. While an increase is being experienced in the number of projects, there is a decrease in terms of the number of homes compared to previous year performances.

The price of existing homes has exceeded inflation while the prices of new homes have increased to the level of inflation. Since demand is dependent on the rising population, the rate of urbanization, the need for restoration in homes and urban transformation factors, 600-700 thousand homes are in demand in Turkey on a yearly basis, independent from economical development.

## **Loan Interest Rates Below 1 Percent**

At the end of 2012, a decline in interest rates was experienced. Although the tendency of banks to issue home loans was recorded to decrease, it gradually increased again towards the end of the last quarter and the manufacturer campaigns directed at consumers continued. In 2013, when a limited rise is expected in the demand for homes, the restrained increase in loans with the falling interest rates and the application of the new procedure to allow sales of homes to foreigners are expected to provide additional sales. The total size of home loans which was 74.6 billion TL at the end of 2011 showed a growth of 13-14 percent and reached 83-84 billion TL at the end of 2012. The interest rates that began to recede in the second half of 2012 fell to under 1 percent and the year end average monthly interest was determined to be 0.80.

## **Urban Transformation will**

### **Increase the Appeal**

The home prices and leases throughout Turkey increased beyond inflation rates in 2012, the new home prices remained parallel to inflation rates and the prices of homes remained at an affordable level throughout the year. It is estimated that within the framework of supply and demand for new housing, the price increases in homes will continue to stay parallel with inflation. The demand for brand name housing projects, which started in previous

years, continued in 2012 and with the completion of projects that were started in past years, expectations have increased that the demand for homes of all types will continue in 2013. Also since 2013 is the year in which urban transformation is on the rise and the new practice of allowing house sales to foreigners will be in full operation, it is expected to be an active period.

## **A High Rate of Employment**

With the cooling policies applied to the economy in 2012, the general economic growth was 3 percent while growth in the construction sector was 1-1.5 percent. It is expected that the growth in the Turkish economy will increase gradually in 2013 and the general economical growth is expected to be around 4 percent with construction being around 5-6 percent. The unemployment rate which receded to 9.8 percent in Turkey during 2011 continued to fall to 9.0 percent in 2012.

In September 2012 the rate of employment in the construction sector rose to a historical high level of 1,896,000 people increasing the share of construction in total employment to 7.4 percent. It is expected that the employment in the construction sector will remain relatively high. The building permits that were 912,000 in 2010 and reached 643,000 in 2011 showed an increase of 15.8 percent in the first nine months of 2012 to reach 515,719 and 700,000 by year end.



# Gap İnşaat distinction in the international arena

Gap İnşaat, which was established to build the factories of Çalık Group in the textile sector, was restructured in 1996 and started business development activities to become one of the fastest growing affiliations of the Holding. The firm, active in 8 different countries since its foundation has signed off on over 110 different projects to achieve a project portfolio worth 4.5 billion USD.

Gap İnşaat aims to undertake projects abroad especially in Turkmenistan, Iraq, Libya, Saudi Arabia and Qatar. The firm, which is also closely monitoring the positive developments in African countries such as Ethiopia, Somalia and Sudan, is conducting project activities in these countries in parallel with Turkey's strategy of general risk distribution and opening up to new countries.

Gap İnşaat, which has industrial, energy and infrastructure projects among its target projects in these regions, also continues with its qualified work force and accumulation of knowledge to contract work in large projects in Turkey.

While providing employment to a total of 10 thousand people together with its projects abroad, Gap İnşaat also continues to operate in many different regions of the world through their offices in Abu Dhabi, Ashgabat, Khartoum, Moscow, Doha, Dubai, Tashkent, Tripoli, Astana, Baghdad and Jeddah in addition to the headquarters in Istanbul.

## Continue to Accomplish Firsts in Turkey through the Accumulation of Knowledge Achieved Abroad

Çalık Holding, participated with two companies in "Top 225 International Contractors" list published annually by the Engineering News Record, in which some of the world's most reputable companies are included, is proud to be the first Turkish company to complete industrial turnkey delivery projects abroad with the Gap İnşaat company.

Gap İnşaat, which contracted a series of hospital projects in Turkmenistan in 2012, is also in the pre-negotiation process of a tender for an industrial facility in the same country. The firm is at the terminal stage of the Baghdad Road Project, realized in Iraq.

Gap İnşaat, operating in various regions around the world, sustains its domestic operations with a project portfolio worth 4 billion USD within the body of Çalık Gayrimenkul. Tarlabası and Fener-Balat-Ayvansaray Urban Renovation Projects, Turkey's first public-private sector collaborative renovation projects, Şehrizar Konakları Project located in Üsküdar-Burhaniye and the Metropol İstanbul Project in Ataşehir are among the projects Gap İnşaat has been carrying out.

## Gap İnşaat's Success in Quality and Work Safety

In addition to its achievements in the regions where it operates, Gap İnşaat also emphasizes the importance of work quality and work safety and maintains its ISO 9001 Quality Management, ISO 14001 Environmental Management and ISO 18001 Work Health and Safety certifications. Gap İnşaat, which has earned a 22 Million Accident-free Work Hours Certificate from MMHE and Technip, has a new goal; to achieve the LEED certificate, a globally known symbol of Leadership in Energy Conservation and Environmentally Friendly Designs, for its projects.





### Life Begins at the Şehrizar Konakları

The Şehrizar Konakları Project that Gap İnşaat has realized through an income partnership model with the TOKİ affiliate Emlak Konut GYO, continues its operations in line with the goal to start taking occupants in 2013. The Şehrizar Konakları, planned to be completed in June of 2013, are comprised of 38 blocks with 208 luxury flats. The area of the Şehrizar Konakları covers a property of 49 thousand 500 square meters with 108 thousand square meters of construction area and the flats vary from 180 square meters to 626 square meters.

The Şehrizar Konakları, which were greeted with demands far exceeding expectations after it became available for sale, provide a peaceful and spacious living environment for large families living together. The landscape designs that have utilized plants unique to the Istanbul area reflect a warm and intimate neighbourhood setting in its architecture. The Şehrizar Project, being built in the Altunizade district of Üsküdar by Gap İnşaat, aims to achieve a perfect synthesis of modern lifestyle and a neighborhood culture.

The Şehrizar Konakları carry the signatures of famous Architect Han Tümertekin, and Architect Nevzat Sayın, Architect İhsan Bilgin and Architect Sinan Kafadar. Trees like magnolia, ornamental cherry, silk, crepe myrtle, ornamental apple, bromme, silver birch, birch, catalpa and judas trees which reflect the natural environment of Istanbul have been used in the common gardens of the neighborhoods. The project is also prominent in terms of its close vicinity to the Bosphorus Bridge and connecting roads. There are a variety of layout options to choose from 3+1 to 9+1 in the Şehrizar Konakları.

### A World Project that will Rise in one of the Important Financial Centres of the World

The Metropol Istanbul Project which will be built in the International Istanbul Finance Centre has the features of a project of international standards with its unique and confident design, its architectural-technical features and its location. The project, being realized through a cooperation between Gap İnşaat, Çalık Holding's locomotive company in the construction sector, and Varyap; will be one of the largest mix use projects in its own class with residence towers, a shopping centre and recreation areas. The Metropol Istanbul, which will be rising on a massive construction area of around 705 thousand meters, is comprised of three tall buildings and approximately 2,000 independent units.

As the excavation work is in progress, the tower of Metropol Istanbul project was launched in 2012. The project promising 24 hour activity in the Financial Centre, aims to host 22 million guests yearly in its shopping street, the Metropol Catwalk. The respective mix use project is designed by the internationally renowned architectural company RMJM and its engineering consultation is been undertaken by the Australian based Hyder Consulting Company, which has been operating for over 150 years.







## The centre of Istanbul is being renewed by Gap İnşaat

### **The Tarlabaşı Urban Renovation Project**

Gap İnşaat is serving as a contractor in the “Tarlabaşı Urban Renovation Project”, which has the distinction of being the first Renovation project that is being done through cooperation between the public and private sector in Turkey. In this project, prepared under the leadership of the Beyoğlu Municipality, the objective is to transform the area into a more livable and safer living centre that befits Istanbul.

One of the most important goals of the Tarlabaşı Renovation Project is to restore structures in the project area that are old and have become unhealthy, dangerous for the inhabitants due to lack of maintenance, and to renew the whole infrastructure. At the same time there is an important objective to preserve the historical city texture while implementing today's requirements and modern standards in these homes and living areas.

Thanks to the protective and modern approach of the expert architects, this Renovation Project will enable the region to attain the value it deserves by protecting the historical features of buildings as well as helping inhabitants have access to green and sunshine, the essential of modern residential areas. The designs for the project, that include underground parking lot for residential area and pedestrian areas that will focus on social activities, have been prepared in workshops attended by experts in the different fields, academicians, prominent architects and the representatives of the private sector and the municipality.

The professional cooperation between the Beyoğlu Municipality and Gap İnşaat which started with a legal process has matured and been enriched by the participation of property owners, residents of the area and civil community organizations. Gap İnşaat considers the Tarlabaşı Renovation Project, the first investment project it has undertaken in Turkey, to be an important social responsibility project. As a solution partner in this long term project which includes a number of different actors, Gap İnşaat is working with devotion to provide its share of the contribution that is needed in connection with the social plan developed for the people living in the area.

### **The Fener-Balat-Ayvansaray Renovation Project**

The second renovation project that is being planned through a collaboration between the public and private sector in Turkey, which is the Fener-Balat-Ayvansaray Renovation Project, covers an area of 79,335 m<sup>2</sup> located between Istanbul's historical peninsula Fener-Ayvansaray and Haliç, above the city walls. The objective of the Fener-Balat-Ayvansaray Renovation Project, developed under the leadership of the Fatih Municipality, is to renovate the physical structures, to improve the environmental conditions, to protect the historical heritages and passed these on to the next generation. While ensuring the integration of the renovation project, undertaken by Gap İnşaat as a contractor, with



# Architect of environment-friendly and sustainable living spaces: Çalık Gayrimenkul

the city in a way that is suitable for the area potential, the Fener-Balat-Ayvansaray region is planned to be rejuvenated as a quality living area without spoiling its characteristic historical essence.

The area included in the scope of the Fener-Balat-Ayvansaray Renovation Project holds many problems from both physical and socio-economical aspects. The historical structure inventory of the area has deteriorated over time due to changing conditions and has become weak against the risk of earthquakes. 19.4 percent of the buildings in the project area have lost their structural features due to excessive wear and large scale repair work has been determined as a requirement in 61.9 percent. Since Istanbul is situated on an earthquake fault, it is vital that these buildings which are 85 percent occupied are dealt with in the shortest possible time. During the design stage of the project, the Fatih Municipality authorities collaborated with academicians of the leading universities in our country as well as companies that are experts in their field.

Within the framework of these collaborations, the problems pertaining to buildings registered in the historical structure inventory were determined, classified and separated into groups according to their structural deficiencies. In later stages of the project, reliefs and restitutions were prepared for the registered inventory based on which application projects will be prepared with consideration for the static reports that will be generated under the consultation of universities. The goal of this urban transformation project is to restore unique structures that contribute to the silhouette of the city which have been able to survive up to today and to make sure these heritages are passed on to the future generations. If sufficient information and documentation about the structures that have been exposed to so much physical wear and incorrect or uninformed handling over time that they have lost the features of a historically registered structure are unable to be accessed these structures will be reinterpreted.

69 percent of the renovation project is planned to be built as homes, while 12 are planned as commercial, 8 percent as office space and 2 percent as cultural structures. One of the main objectives is to reinforce the economical and social structures of the residents in the area. Therefore the new value that is created in this area will first be reflected on the property owners of the area. The continuation of property ownership of the landholders in the new project is the main basis for negotiation. After the negotiation process has been completed and the relief-restitution projects for all of the registered historical structure inventories are approved of, the application of the project will start in blocks.



Çalık Gayrimenkul started operating in 2010 as a property development, investment and marketing company to develop projects in the areas of urban Renovation, offices, residential estates, commercial properties and continues to operate in this capacity. As the company manages the development, investment and marketing processes of domestic real estate projects, it also pays attention for these projects to be environment friendly, in harmony with the urban texture and sustainable.

Çalık Gayrimenkul, beside functioning as a real estate investment and development company for the local projects undertaken by Gap İnşaat, it also works at an extremely fast pace on an A class project and Landmark offices planned in Zincirlikuyu, as well as a combined project on a 14,500 meter squared property in Yenibosna Kuyumcukent.

The potential for growth in the Turkish construction sector as a result of the supply for residential estates being lower than the demand, the increase of expectations for high quality residence in accordance with earthquake regulations and the acceleration of urban transformation projects, have speed up Çalık Gayrimenkul's activities of transition into a Real Estate Investment Trust. Çalık Gayrimenkul which has a 4 billion USD portfolio of Gap İnşaat projects in Turkey uses this collaboration as a competitive edge that brings forward Çalık Holding's brand value and work potential in Turkey.

Thanks to the experience, Çalık Gayrimenkul has gained in large scale projects that are shaped with medium terms and specific income resources and in line with urban transformation and revenue sharing models, the company is able to operate with maximum productivity towards its plan to produce functional environmentally friendly and sustainable real estate projects.







**FINANCE**



# The finance sector gathers speed

The world finance sector is undergoing a process in which most banks have been unable to shake off the effects of the global crisis that started in 2008 and they are expected to start searching for 1 trillion USD in funds in 2013 due to the new capital regulations that have come into effect. On the other hand, the widening money policy applications of central banks especially in developed countries has caused a significant decline in the sense of risk in financial markets as of the second half of 2012.

Similarly, some improvements have been observed in the financial markets of developed countries. Despite the recorded improvement in financial markets, the real sector data indicates that the global economic activity continues to be under pressure. However, more growth in credits has been observed in Western European countries that are developing despite the recession.

The year 2012 was a relatively productive year for Turkish banks and the total deposit volume of the banking sector functioning with a high liquidity asset structure rose by 12 percent compared to 2011 to 816.2 billion TL. In this period, the Turkish Currency rose by 20 percent to 215.6 billion TL and the rising trend in credit volumes continued throughout the recent months. The total credit overrun was 16 percent as of the end of 2012 compared to the end of 2011.

## 4,700 New Employments

While the Turkish banking sector displays a strong structure with financial solidity indicators, 60 percent of the sector assets are comprised of credits that express basic intermediary function. As of the end of 2012, the total number of deposit banks and development and investments banks went up by 400 to 10,234.

The number of branches for public-capital deposit banks at the end of 2011 went up by 170, private capital bank branches went up by 156, foreign capital bank branches went up by 74 and the development and investments banks remained the same.

The number of people working at deposit banks and development and investments banks went up by 4,702 (2.6 percent) to 186,120. When the 2012 figures are compared to the previous year, it is apparent that the number of people working in public capital deposit banks went up by 1,348 people, the number of people working in private capital banks went up by 1,565 and the number of people working in foreign-capital banks went up by 1,746 people.

## New Rate is Expected in 2013

Turkey's rating is expected to be increased by at least one more credit rating agency in 2013. The Turkish markets became one of the top grossing markets among developing countries with 61 percent last year. TL is expected to earn a value increase of around 2 percent yearly in 2013. Turkey's strong performance of last year was not limited to the stock certificate market - with a 16 percent USD type carry, the Turkish Lira finished off the year 2012 in second place in the hot money league.

## Nonbank Segment Grows Rapidly

The total assets of the financial segment outside banking continued to grow in the third quarter of 2012. Compared to the same period of last year, the assets in the financial leasing companies grew by 8 percent, in factoring companies by 71 percent, in consumer financing companies by 32.1 percent and in property management companies by 29.7 percent.

A decrease in the share of financial leasing companies and factoring companies in the nonbanking financial segment was observed in the third quarter of 2012 while consumer financing company and asset management company shares increased in comparison to the previous year.

The widening trend of receivables accounts for the fact that approximately 93 percent accounting share as of the second half of 2010 has been effective in the rapid growth of consumer financing company total assets. The profitability of nonbanking segments for all sub-sectors excluding financial leasing went up in the first quarter of 2012 in comparison to the same period in the previous year.





# Pioneer in new generation banking: Aktif Bank

Çalık Group, which has been active in the finance sector since 1999, restructured Çalıkbank in 2007 and began to serve under the name of Aktif Bank.

Aktif Bank, which has determined its strategies based on the fact that the use of branches will reduce in future, increasing urbanization and Turkey's increasing commercial relations, was established on the three basic approaches of direct banking, city banking and regional banking. Bank is prominent in the fields of investment banking, corporate banking and individual banking.

Turkey's first and only direct bank, Aktif Bank uses digital media and the various workplaces of businesses as distribution channels to achieve widespread and large volume banking services with low costs. Bank brought payment systems and insurance and dealer projects to life, which support the 'Direct Banking' strategy in 2012 and also introduced the channels it has created in its course to become the largest and most widespread service-sales platform of the retail sector. Since Aktif Bank evaluates big cities in Turkey according to their different socio-economic realities with its city banking strategy, it creates a different strategy and products for each city in which it operates. In parallel with this strategy, Bank offers products and services that are compatible with the city's dynamics regarding "city banking".

In 2011 Aktif Bank created the first financing model that is based on the discounting of "credit insured" short, medium and long term export and domestic receivables and this model was shown as an example by the Türk Eximbank. Bank expanded this model in 2012 so that it covered not just export receivables but also the domestic market receivables. Aktif Bank plans to continue this model in 2013 by expanding it within its main 'Direct Banking' strategy.

Bank continued with new affiliation investment work in 2012 and obtained a permit from the 'Banking Regulation and Supervision Agency' to establish a new affiliation in the insurance brokerage field. In scope of this permit, an insurance brokerage company



owned by Aktif Bank will begin operating in the first quarter of 2013.

Aktif Bank is determined to be an active financing group not only in Turkey but in the surrounding geography and therefore develops products and services in line with this perspective. Aktif Bank moves forward with a pioneering and rational approach with the determination to embrace the opportunities and risks in various geographies.

### The Bank that Adds Value to the Sector

Aktif Bank provides the UPT® system (Universal Payment Transfer), established in 2010, which makes it possible to transfer money from PTT branches affordably, quickly, easily and instantly; and has widened the scope of this service in 2012 by making it possible to transfer funds from abroad to the PTT branches in Turkey as well as from Turkey to England, Germany, Saudi Arabia and Azerbaijan. By raising the number of PTT offices in which this service is provided to 4,200 around Turkey, Bank has captured a rapid growth trend reaching 900 thousand transactions in the UPT® and YP UPT® services along with the other transactions in 2012. Also, by making agreements with new banks and international organizations for the payment of UPT®s sent to and from Turkey in 2012, the international service network has reached over 290,000 points.

Also by starting the online application of the UPT® platform, Bank has included all internet users in the online shopping and money transfer applications that had been restricted only to Bank and card customers until then.

Aiming to introduce the right insurance products to consumers at the right time and place, Aktif Bank provided its customers insurance products and services through digital and physical distribution channels to customers under the brand “Sigorta Yeri” in 2012.

In July 2012 Bank completed participation fund export transactions, thus adding another financial product to the “Turkish Capital Markets” by supplying the first TL type debt instrument compatible with Islamic principles to IMKB qualified investors.

In 2012 Aktif Bank has transacted business mainly on revenue sharing models or project/company partnership structuring rather than classic banking and classic credit relationships. The goods financing transactions done by the Islamic Development Bank affiliate ITFC (International Islamic Trade Finance Corporation) within this scope is a first in our country in terms of grain products financed in their warehouses under the supervision of inspection companies. Cotton is intended to be included in this product range in 2013.

The fact that Aktif Bank’s affiliate ICD (Islamic Corporation for the Development of the Private Sector) that finances the private sector investments of IDB, acts as an intermediary in the financing of the Turkish SMEs has been another first in our country. Agreements have also been made to carry out co-operations in the Turkic Republics in the field of leasing. The SEP (Saudi Export Program) started in 2011 is continuing its operations after the protocol signed in 2012.

Important progress has been made throughout the year in the development of the country’s international sales channels in the field of investment banking. Co-operation has been developed especially in sectors of Private Equity and ‘Structured Financing’, and the foundations for foreign investments to be canalized into the country have been made. With the increase in trade with African countries, Aktif Bank has started to follow this market more carefully and made correspondence agreements with organizations that play an important role in trade. In this context, a network of correspondence has been established with nearly 20 African origin financial institutions and vostro account services are provided to a variety of banks.

### Increasing its Success Day by Day

Aktif Bank, which had a relatively productive 2012, became the fastest growing bank in Turkey since it’s restructuring in 2007. Despite the crisis that had an impact worldwide, it has realized a growth of over 50 fold.

Aktif Bank moved from the 41st place to the 26th place in the list of banks based on size in 5 years. While on the 33rd place at the end of 2007 in the list based on profit, Aktif Bank moved to the 20th place in a limited time span of 4-5 years. When the Bank’s profit figure and size are taken into consideration, it can be clearly seen that its success greatly exceeds the sector with a 2.71 percent rate in average return on assets profitability and 22.24 percent profitability in equity capital.

Aktif Bank issued its first bank guaranteed bills in 2009 and continued its prominent presence in the market with issuances in 2012. The issued amount of Aktif Bono® that offered flexible credit and high gain rates reached 6 billion TL at the end of 2012.

Aktif Bank, which was rated as AAA in 2011, the highest credit rating that is possible to achieve in Turkey, continued to issue ABS (Asset Backed Securities) based on individual portfolios in 2012 and has issued 859 million TL in ABSs to date. Aktif Bank provided the financing needs of customers with a widespread credit

network, directly at the sales points with loans suitable to their needs and personal loans issued by the bank that has reached 198 thousand while the credit balance has reached 1,068 million TL. With this successful performance Bank has completed 2012 in 13th place in the sector for retail consumer loans.

Aktif Bank won 23 awards in 2012, 21 of which are international, in the categories of innovation, technology, distribution channels, payment systems, investment products, quality and communication for the business style it names “New Generation Banking”.

In one of the financial world’s most prestigious awards in the international arena, the “Financial World Innovation Awards”, Aktif Bank won first place for its UPT (Universal Payment Transfer) product in the category of “Most Efficient Infrastructure” and the special jury award in the category of the “Prevention of Fraud Platform.”

## Financial and Operational Data of 2012

Indicators	Aktif Bank
Total Assets	3.519.925.000 TL
Credits (Cash Credits)	2.367.930.000 TL
Bank Paper	1.501.596.000 TL
Other Liabilities	1.499.704.000 TL
Shareholder’s Equity	418.269.000 TL
Capital Adequacy Ratio	%12,34
Net Profit	82.209.000 TL
Number of Customers	222.593
Number of Employees	436
Number of Branches	8



# A successful and reliable bank in its region: BKT



Çalik Holding affiliate Banka Kombetare Tregtare (BKT) is one of the two largest banks in Albania, with branches in Albania and Kosovo. The total assets of BKT reached 2.3 billion USD with an increase of 470 million USD and the size of BKT's yearly real increase came in over 23 percent. The total deposits of the bank increased by 300 million USD compared to 2011 and reached 1.9 billion USD.

While BKT's yearly profit was around 31 million USD, the total equity capital increased by 46 million USD to reach 184 million USD and the yearly equity capital profitability was realized at around 33 percent. As of the end of 2012, BKT's active market share rose by 230 base points to 20 percent and deposit share rose by 140 base points to 19.8 percent. BKT became the only bank among the four large banks in the sector to increase its market shares in 2012.

BKT, which has a total credit portfolio in which 70 percent is comprised of corporate credits, achieved a 90 base point rise in its credit portfolios with a 10 percent growth and became one of the first two banks in the market share rating with 15.8 percent. While the ratio of problematic credits total of the Albanian banking sector to the credit balances rate (NPL 90) has reached 23 percent, BKT has established a significant distinction among its peers with 8.2 NPL to become the most successful bank. In terms of personal loans, as of September 2012, BKT has become the leader of the sector with an 18.22 percent market share.

BKT started out the year 2012 with new goals and by obtaining at least one banking license in the region of its location plans to become a leading bank in Albania. BKT, which aims to grow at an average rate of 20 percent with 25 percent equity capital profitability, reach a 25 percent market share in all segments, an active size of 4 billion USD and capital equity of 325 million USD; is focused on providing opportunities for its customers to raise their quality of living and reinforce the feeling of reliability.

## Transaction Volume and Employment

BKT provides services to customers with 1126

employees in 82 branches of which 59 are in Albania and 23 are in Kosovo. The total number of financial transactions realized by Bank in 2012 over the branch network was 7.5 million; over the 127 ATM terminals was 2.5 million and over the 3003 POS terminals 222 thousand. Thus the Bank's market share in the Albanian ATM transaction figures went up from 14 percent to 15 percent and the market share in POS transactions went up from 8 percent to 15 percent. In 2012 Bank completed 27 thousand financial transactions over Individual Internet Banking.

## Firsts and Innovations

With the banking applications and projects developed by BKT, significant benefits are added to the Albanian financial sector. Bank presented new products to the market in 2012 called 'Overdraft' and 'Check Secured Credit'. Also in 2012 Bank established a system with its "E-Insurance Project", which enables payments made to insurance agencies to reach the insurance companies they are affiliated with simultaneously. This system, which is being used by 8 of the 9 insurance companies in Albania, also makes it possible to accomplish cross sales of banking products.

## International Cooperations and Support for SMEs

BKT is also active in working for the development of SMEs that operate in the International Business Cooperations and Support SMEs of Albania and has maintained its feature of being the most active bank among seven banks selected with a 32 percent customer capacity in the 27.5 million Euro program signed between the Albanian Ministry of Trade and Energy and the Italian Development and Cooperation Organization. Also BKT has made a pre-agreement at a value of 22 Million Euros in order to provide financing to SMEs with the German KfW and with the 20 Million Euros obtained from the EFSE (European Fund for Southeast Europe) has provided financing to 358 Albanian SMEs.

BKT signed a 7.5 million USD guarantee contract with the U.S. official agency USAID with the purpose of encouraging agriculture. BKT also made it possible for the Tiriyaki Agro Gida Company, which has been active

in the agricultural goods sector in Turkey for 30 years to utilize a loan of 12,857,143 USD by providing the market with the "BKT Agriculture Loan". BKT made an agreement for subordinated loans in the amount of 15 million Euros with the Green for Growth Fund (GGF) and the first 10 million Euro portion of this was used on December 28, 2012. This credit has the distinction of being the first credit that the Green for Growth Fund (GGF) provided for use by an institution. BKT signed a 10 year agreement with leading bank Citibank N.A. to collect US visa fees throughout Albania through BKT, which was put into application on December 21, 2012. Bank aims to collect over 7,500 visa application fees yearly within the scope of this agreement.

BKT has reached agreements with a variety of financial institutions to establish a leasing company in Albania that functions with principles based on Islam including the ICD (Islamic Corporation for the Development of Private Sector), which is an organ of the Islamic Development Bank that is active in this field, the Al Rajhi Group in Saudi Arabia, the ND Balkan in Macedonia and the Kolon Group in South Korea. This partnership, in which BKT holds a 26.5 percent share, held a shareholder's meeting for the first time on September 21, 2012 in Tirana. BKT, which is the first Albanian bank to be a direct member of the International Chamber of Commerce based in Paris, led the establishment of the 'Albanian National Committee' in June, 2012.

## R&D Studies

In 2012 BKT carried out its operations to prepare the system infrastructure for loan applications, to integrate

the credit card infrastructure with the main banking infrastructure and to add new functions to the mobile banking software, internet banking and ATMs. Also by using the 'Commercial data collection and reporting system', dynamic reports started to be generated for corporate-commercial credits, electronic banking for businesses and e-insurance service channels.

## The Ratings that have Gone Up with Good Quality and Consistent Work

According to the Albanian Ministry of Finance's evaluation of BKT according to management principles, it has been rated as "Positive" with a rating of 80.71 out of 100. BKT was also evaluated by JCR Eurasia Rating on April 11, 2012 in the highest investment suitable category where its long term national score was "AAA (Alb)" and appearance was stated as "Stable". In the evaluation done by the same organization in October of 2012 based on 'Corporate Governance' BKT was given the rating of AA (Alb/Merit).

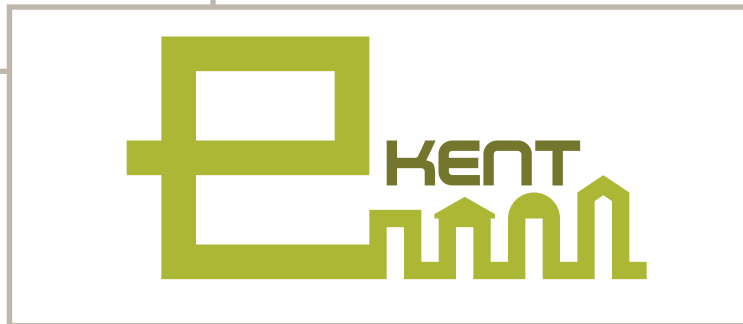
BKT has also achieved a Quality Management System ISO 9001:2008 certificate from 'TÜV AUSTRIA' in June of 2012.

## Prestigious Awards

BKT, a company that was rewarded many times in 2012 for successful works, won the "2011 Straight-Through-Processing Award" in March of 2012 from "Wells Fargo", one of the largest banks in the U.S. Bank was also selected the 'Best Bank in Albania' in April 2012 by the EMEA Finance Magazine and on July 5, 2012 by Euromoney.



# Presenting innovative solutions to the city: E-Kent



E-Kent, which was included in the capacity of Çalık Holding in 2008, functions with the goal to 'Construct city technologies' and provides products and services that are needed by modern cities with high technology. E-Kent, which provides services through Aktif Kart on the subject of 'Electronic Fare Collection Systems' in the inner city mass transportation sector, expanded its service area in 2012 to include payment points such as parks, museums, parking lots and shopping centers in addition to municipality payments to transform the smart card in this scope to a 'City Card'. In addition to payment systems, the company also offers vehicle information systems, bus stop notifications for passenger panels and vehicle security systems.

The installation and operation projects of 'Electronic Fare Collection Systems' have been completed by the company's operations conducted by 350 employees in the Bitlis, Aksaray and Fethiye regions in 2012. The number of cities they provide service in has been extended to 19 with the addition of Bursa, Kayseri, Gaziantep, Sakarya, Tokat, Kütahya, Düzce, Bitlis, Konuralp, Çankırı, Anamur, Edremit, Kahta, Akçakoca and Simav to the regions mentioned above.

E-Kent possesses a total of 3,328 fare collection systems installed in municipality and public buses and toll gates of light rail systems. With a total of 3 million transportation smart cards, 650 of which are in use, E-Kent sold 40 million magnetic paper tickets in 2012 and reached a total number of over 350 million rides. The company successfully completed the "City Card Applications Development" and "Entry-Exit System with HF&UHF Cards" with the NFC Technology that is backed by Technological Renewal Support under the supervision of TÜBİTAK in 2012.

E-Kent has contributed to life in the city by managing ticket office and distributor organization throughout the city and an electronic fare collection service (EÜTS) that is integrated with the city bus and light rail system. Also by being attentive to such issues as operating ticket counters under the security of banks, optimizing transportation lines, offering planning and productivity consultation and making sure that transportation service information is accessed to the passenger instantly, the company has prioritized the satisfaction of the public. E-Kent, which makes it possible to benefit from a number of services with only one card, will continue to create solutions which will become an indispensable part of city living with fast and easy payment facilities.

## E-Kent Projects

As a company that develops, establishes and operates projects, E-Kent is preparing new projects targeted for the near future and continues to be a locomotive company of the sector.

E-Kent has developed a number of different programs that are being practiced in different cities. With the 'Site Monitoring and Management Program' the company has produced software that can monitor all of the devices at a site over the internet.

With the 'E-Kent Get a Report Program', the procurement of all numerical and monetary reports that are included in the authority of users over the internet has been enabled and the program was popularized throughout all the cities in which program operation services were provided.

The 'E-Kent Kiosk' application enabled the production of machine prototypes that sell and fill tickets- cards for paper and metal money.

The 'New Personalization Machine' project, which utilizes a card identification machine that makes internal and external formatting mechanically and separates out defective and functional cards has been put into operation as a solution to the problem of the personalization of cards that have been used as tickets in the system.

## TÜBİTAK-TEYDEB Supported Projects

The HF&UHF Card project has created a platform that enables the monitoring of students in schools due to its implementation of the feature of short distance and long distance cards that can be used simultaneously.

With the NFC Telephone's City Card concept usage project, it is possible to use mobile phones with this feature as tickets in mass transportation and a city card in other cities.





**MEDIA**



# The rapidly rising media sector

## **The Media Sector Will Reach 16 Billion USD in 3 Years**

2012 was a year in which the growth of traditional communication channels in the media slowed down and digital channels increased their share in the sector's investment potential. In the media sector, which has been going through a compelling period since the beginning of the global crisis, digital broadcasts are expected to become the focal point of investments in days to come.

It is estimated that despite crises and difficulties, people will not compromise their need for communication and entertainment and the expenditure of the whole world in this respect will reach 2.1 trillion USD in 2016. According to consultant company PwC's Perspective Report on the 2012-2016 Global Entertainment and Media Sector, Turkey has taken a different route from the global markets in the media field, in parallel with its economic growth. In the report it is stated that the media sector in Turkey reached a size of 11.2 billion USD and is expected to grow by 9.8 percent in the next 3 years to reach 16.1 billion USD.

The volume in the newspaper media, a sector that also continued to grow in Turkey, albeit gradually, reached 1.18 billion USD in 2012 and is expected to reach 1.5 billion USD by 2016.

According to the report, the secret behind the successful performance displayed by Turkey in the media sector has been the increase in mobile services. Particularly the increase to 25.6 percent of mobile internet users has boosted the rise of the media sector. Turkey, one of the countries whose community spends the most time on the internet, is in 4th place in terms of social media.

According to the report, the size of the internet access market is expected to rise to 5.85 billion USD by 2016.

## **Advertising will Continue to Grow in Double Digits**

The growth trend of the media sector and the inclinations it has shown also have an impact on the advertising sector that thrives on it.

The growth and investments in the advertising sector, which was quite active during 2012 due to the Olympics and election campaigns, is expected to be even faster than the mobile market in the term ahead of us.

The sector reached 3.23 billion USD in 2012 and is expected to grow by a yearly average of 13 percent in the next 3 years. The advertisement investments in Turkey, which are estimated to reach a volume of 5.2 billion USD in 2016, grew by 5 percent in the first 6 months of 2012 in comparison to the same period of last year, reaching 2.4 billion TL and having reached 4.7 billion TL by the end of the year. This figure is expected to grow to 10 billion TL in the next decade.

Television maintained its first place among media channels in which the majority of the investments was made on advertising, which was closely followed by the press and digital media. The sectors that affected the advertising market the most were food, publishing, communication, finance, cosmetics, electronic home appliances, construction, automotive, transportation vehicles, entertainment and retail respectively.

Companies in the advertising sector, which continue a steady rise parallel to Turkey's economic growth, expect consolidation. It is estimated that the merging trend among the numerous agencies in the advertising sector will continue. Large advertising companies will continue to purchase digital agencies in 2013.

Those among the largest digital agencies that are not part of a large network will be the focus of purchase demands. In contrast, new specialty agencies will continue to be established especially on the digital side.

Advertisement agencies are also expected to increase their budget funds for mobile marketing in the coming years.



# Turkuvaz Media Group, always in pursuit of innovation

Turkuvaz Media Group, which joined the structure of Çalık Holding in 2008, provides services to a wide range from radio and television to book and journal publishing, from newspaper and magazine printing to the sales of products outside the media and from nationwide newspaper and magazine distribution to the internet media. Turkuvaz Media Group continues to carry out its responsibilities towards its readers and audiences through a variety of communication channels in the visual and printed press, with a reliable, objective and rapid publication approach.

Turkuvaz Media Group, which moves forward with the principle of "becoming a respectable establishment through journalism that Turkey trusts in" aims to be prominent among national and international competitors with its values and also to be a leader of technological innovation in its own field.

Turkuvaz Media Group operates with the principle to always provide true, reliable and responsible publishing and considers giving support to community and cultural development. Also among its primary goals are contributing to the present and future of the country and improving itself constantly as well as the conditions around it. Turkuvaz Media Group, which has enabled Turkish readers to access world famous publications, has added a new accomplishment to its ongoing cooperation with The New York Times and Maeil Business Group, by starting to publish China's prestigious magazine China Today, in 2012.

ATV, which correctly analyzed the habit of watching popular series in Turkey, increased its share in the ratings in 2012 and surpassed all competitors in the rating scores conducted in November to take the first place.

## Increasing Audience with the Expanding Service Network

As one of the two largest media companies in terms of market size and advertisement shares, Turkuvaz Media Group has 22 companies within its capacity. With its wide scope and varieties of media networks in Turkey, the large reading and viewing audience it has in Europe and popular series and programs that are watched with great interest in the Middle Eastern region, Turkuvaz Media Group is able to increase its productivity even further with its 360 degree area of activities, thanks to the synergy existing between the brands.

Turkuvaz Media Group, which reaches out to audiences in a variety of segments on a regional, national and international level through the TV channels; ATV, A Haber, Minika Çocuk, Minika Go, ATV Avrupa, Yeni Asır TV and Izmir TV also gains the appreciation of listeners on a nationwide scale with Radyo Turkuvaz and a local basis with Romantik Radyo. The company also

continues its leadership with the national newspapers Sabah, Takvim and Fotomaç as well as with Turkey's oldest local newspaper Yeni Asır.

In the magazine segment Turkuvaz Media Group has its own brands as well as the publishing rights in Turkey to world famous Hearst and AMS group magazines. The Group also provides the public with a variety of comprehensive content publications in the online segment. Turkuvaz Kitap has presented select works in book publications to achieve a respectable position in this sector. Turkuvaz Media Group, which is positioned in 5 strategic points throughout Turkey in the field of distribution, is thus able to reach any corner of the country to provide services to customers within the group and outside of the group. Turkuvaz Media Group, which follows the technological transformation of the media very closely, continues investments in human resources and the digital field based on the principle of constant development and renewal.





# innovative approach



KARADAYI



# directing media

## Aiming to Become a World Brand

Turkuvaz Media Group, a company which has accomplished many firsts with its principled, objective broadcasting approach, founded its business plans in 2012 on the goal of making Turkuvaz Media Group a world brand and achieving the highest point of international competition and leadership power in the media. Within this goal the company has been working with the consulting firm Booz & Company.

Turkuvaz Media Group has transitioned into a new method, operating models that have never been practiced in Turkey before, which are thought to bring in the best results. The group has combined all the marketing of advertisements in the printed media in one to open the path to valuable package opportunities that have never been seen before by advertisers.

By adopting international competition elements both in television and newspapers and by practicing a completely innovative and productive job distribution and management system, Turkuvaz Media Group has used this comprehensive project to make investments in information technologies and systems to facilitate an organizational structure of the future while at the same time increasing productivity and the quality of the content to become a distinctive brand in the market. Also the interactions of the brands under one roof have increased information exchange to support this synergy.

## Continuous Communication

Turkuvaz Media Group maintains connections with its various offices throughout Turkey over high speed fiber metro Ethernet circuits and also has a low speed copper cabled G.SHDSL system on standby in case of contingencies so that this line of communication never gets interrupted.

The 3G connection is used in the printing houses located in Istanbul, Ankara, Adana, Antalya and Izmir in order to maintain printing even in emergency situations. There are also Gigabyte speed dark fiber and laser connections between the main headquarters in Istanbul and all the other work areas to maintain high speed data flow.

## Thematic Channels are on the Rise

Believing that sustainable growth is only possible through new investments, Turkuvaz Media Group widened its broadcasting range in 2012 to include the Minika themed channels Minika Çocuk and Minika Go according to different age groups. Turkuvaz Media Group also brought the quality of HD broadcasting to its channels and increased its efficiency in the sector with innovations in technology.





# The voices of Turkey and Europe with the principle of impartiality

## TURKUVAZ NEWSPAPERS

### Sabah

Sabah Gazetesi, which started publication in 1985, was put on reader display with a new format and layout in 2012. In addition to being one of the leading newspapers in Turkey, Sabah Gazetesi is also among the best selling Turkish newspapers in Europe. The newspaper constantly makes investments in its printing quality and technology and has spread its glossy paper facade throughout Turkey. Sabah Gazetesi is a pro-European Union, supports free market economy, believes in the superiority of justice, is a representative of diverse views and as an impartial media channel is followed by the most powerful and dynamic section of the public. Since 2009 Sabah has been making The New York Times, one of the world's most prestigious newspapers, available to its readers by including an excerpt in Turkish that presents news and comments from the world according to the New York Times perspective, on a weekly basis.

### Sabah Avrupa

Sabah Avrupa, which is published in 8 European countries, primarily in Germany, has been bringing developments in Turkey and worldwide to its readers in Europe by means of the fastest and most reliable way since 2006. In a different approach from other Turkish newspapers, Sabah Avrupa reaches out to readers in Europe with its Günaydın excerpt, which has become an indispensable part of the newspapers for Turks in Europe.

### Yeni Asır

This newspaper that started its publishing life in 1895 in Thessaloniki under the name "Asır (Century)" remained under this name for 13 years. The paper was the one to publicly announce the 2nd Constitutional Monarchy in 1908, added "Yeni (New)" to its name and became the newspaper that still exists today with the name "Yeni Asır (New Century)". Yeni Asır has a 114 year history full of press revolutions and is not only the largest regional newspaper in Turkey but also has the distinction of being the first Turkish newspaper to be printed with the new Turkish Alphabet. This successful newspaper Yeni Asır, which has provided information in the Aegean region with its quality and distinctive journalism, pursues the problems of the region diligently until a solution is found for each. The newspaper, which has had many achievements to date in the field of journalism, is printed in the Izmir Turkuvaz Media Group facilities. Yeni Asır TV, Izmir TV, Romantik Radyo and Yeni Asır Internet Gazetesi are also within the capacity of Yeni Asır.

### Takvim

Takvim started printing in 1994 and continued to maintain its place among Turkey's highest selling newspapers in 2012. With a young staff and daring journalism approach it has become one of the newspapers that stands by the public, raising both its brand value and its reader profile the most.

### Fotomaç

Fotomaç, Turkey's best selling and most read sports newspaper began publication in the year 2000. The leadership position of Fotomaç regarding transfer news, its special interviews and visual quality have all contributed to its unsurpassed success in sports journalism.

## TURKUVAZ MAGAZINES

Turkuvaz Magazines, which include a variety of current news, economy, hobby, fashion, youth and decoration elements in its range of publication, is also the Turkish publisher of world famous magazines belonging to the Hearst and AMS groups and China Today Magazine in addition to its own brands. Turkuvaz Magazines also prepare the content of these magazines, prints them and distributes them in addition to handling all the import and export transactions, domestic promotions, advertisements and various marketing and commercial activities.

## TURKUVAZ VISUAL MEDIA

### ATV

Established in 1993 as one of Turkey's first private television channels, ATV continues to be one of the most viewed national channels thanks to its cultivated, principled, impartial, respected broadcasting policies addressing all members of the family. ATV has direct access to every location in Turkey through land transmitters, cable tv and digital platforms and with the help of satellite broadcasting and antennae is able to reach Europe, America, North Africa, Australia and the Turkic Countries.

ATV has left a mark on the history of Turkish television with the firsts it has signed off on and with the new trends it has created and has become a leading institution in the sector with a qualified staff, a modern western outlook, quality, consistency, high rate of viewers and advertisement quality.

### ATV Avrupa

ATV Avrupa started broadcasting in 1997 with the goal of becoming a European channel and now receives appreciation from viewers by providing programs in bilingual broadcast in over 40 different countries, including Germany that attaches priority to education and information for Turks living abroad.

### A Haber

A Haber, the news channel of Turkuvaz Media, one of Turkey's most prestigious media groups, was established in 2011 to provide viewers with live, recent news any time of the day. The news channel A Haber started broadcasting under the slogan "The Channel of News" has the distinction of being Turkey's first news channel to broadcast in HD. A Haber has achieved a special place among news channels with its unique 24 hour instant news approach of providing news from any location in Turkey.

### Minika TV

Minika TV, Turkuvaz Media's first thematic channel intended for children began broadcasting on January 28, 2011 after a meticulous and intense preparation process. The channel which is separated into age groups as of January 2012 has become Minika Çocuk for children between the ages of 3-8 and Minika Go for children between 7 and 14.

Minika TV entertains kids with content that is selected according to the preferences of children and what has been approved by pedagogues in order to educate while having fun. Minika, a high quality broadcast for children that parents can rely on, provides a rich broadcast full of the best cartoons, the most exciting series and the most entertaining family movies as well as colorful and educational programs and documentaries for preschool and school children.

## RADIO TURKUVAZ

Radio Turkuvaz started out in 2009 as a radio channel on which all types of the best music are played throughout Turkey. Radio Turkuvaz provides current news as well as music broadcast from 41 centers. As a radio channel that has come into prominence with social responsibility and cultural arts projects since it was first established, Radio Turkuvaz quickly has become one of the most favored radio channels. According to the year 2012 radio ratings, it is among the five top radio stations in terms of constant listeners and the rate it is listened to within the course of a day.





# Professional broadcasting that penetrates every corner in the country

## TURKUVAZ DIGITAL CHANNELS

### **sabah.com.tr**

Sabah.com.tr was established in 1997 and is among the most read news sites in Turkey. As a leader of innovation in Turkey since its establishment, sabah.com.tr has demonstrated that it broadcasts in line with the preferences of the public with 5.5 billion viewings of its page in 2012 and has become the digital media leader of Turkuvaz Media Group.

### **ahaber.com.tr**

Ahaber.com.tr, which started broadcasting in 2011, has shown a very rapid rise in a short time. In 2012 the site received over 70 million page views and was visited by over 6 million users. As a new address for news that has gained the appreciation of Turkish readers, Ahaber.com.tr has become Turkuvaz Media's shining star in the digital platform.

### **takvim.com.tr**

The horizontal expansion that has been achieved by takvim.com.tr, established in 2010, has provided it the means to expand its bounds from being a mere media channel that provides news from the newspapers to become a rich news portal that addresses readers of any age group. The site provides interactive games in its game category, a food category and an automobile category with 4 subcategories within it.

### **Sabah TV**

Sabah WebTV, which broadcasts under Sabah.com.tr, was renewed in 2012 to become Sabah TV.

Striving to become Turkey's best and most followed video platform with significant investments that have been made, Sabah TV has the distinction of being the first in Turkey to provide live broadcasting from abroad. Prominent internet statistics companies in the world estimate that the viewership of Sabah TV, on which 28 million videos had been watched by 9 million viewers in 2012, is to grow three fold in 2013.

## PUBLISHING AND DISTRIBUTION

### **Turkuvaz Distribution and Marketing**

One of two printed publications distribution companies in Turkey, Turkuvaz Distribution, which carries out the distribution functions of Turkuvaz Media Group, serves 38.3 percent of the market. The company distributes 26 national and 5 regional newspapers and 361 magazines to 195 main dealers and 25,420 retail sales points with 1,662 vehicles. The group has 6 distribution centers located in Istanbul, Izmir, Ankara, Adana, Antalya and Trabzon.

### **Turkuvaz Book**

Turkuvaz Book, established in 2005, provides the works of select authors with reputable, qualified and reliable publishing principles to its readers. Turkuvaz Book publishes books on literature, biographies, memoirs, history, views, studies, research, children's books, health, crime, folk stories, classics, modern classics, current and popular books.

### **Turkuvaz Printing**

As the company with the largest printing facilities in Turkey, Turkuvaz Matbaacılık Yayıncılık A.Ş., conducts the printing, publishing and distribution processes for newspapers, magazines and other publications. In order to improve the quality of services provided towards products such as newspapers, inserts, brochures, catalogues, magazines, books, posters and flyers Turkuvaz Matbaacılık Yayıncılık A.Ş., continues its operations with the efforts that were started in 1985 in line with their constant improvement philosophy.

One of the innovations that Turkuvaz Media Group was instrumental in was to establish Turkey's first insert system in the Istanbul printing house in 1996-97. The facilities located in Istanbul, Ankara, Izmir, Antalya and Adana provide newspaper printing services and the Istanbul facilities also print magazines and inserts. The newspaper printing machines have a capacity of 14 billion pages and the magazine printers have a 220 million form capacity with which approximately 135 million form prints were realized in 2012. The newspaper printing facilities in Istanbul have the technology to print 8 glossy pages while the regional printers are able to do 4 pages.

## ADVERTISEMENT MARKETING COUNSELLING AND NEWS AGENCY

Turkuvaz Advertising which handles the printed and visual products and the sales and marketing of digital media advertisements is comprised of a General Directorate, four Regional Directorates and Regional Representatives. This establishment owns a large piece of the pie with its experienced staff and is among a select few companies in the sector.

### **Turkuvaz News Agency**

Turkuvaz News Agency, which was established to provide news services to the printed and visual media brands in the capacity of Turkuvaz Holding serves a variety of broadcasts that are prominent in both Turkey and Europe.

## TURKUVAZ TECHNICAL SERVICES

Turkuvaz Technical Services is a unit that provides technical support to the TV group and has studios equipped with the latest technology set up in the three locations of the Yenibosna Studio Complex, the Yıldız Visual Media Center and the Ankara Bureau.

The Yenibosna Complex is controlled with 3 studios and 1 mixer. Filming is achieved through the use of a mixer with Full HD MVS8000G 3ME picture console and a total of 9 Sony HSC300 HD studio cameras.

In Turkuvaz Visual Media Center located in Yıldız, there are 15 Sony HSC300 and 5 Sony HXC100PK HD cameras for a total of 20 and 6 studios controlled with 2 mixers. News and programs are filmed in Istanbul with a total of 23 Sony XDCAM camcorders.

ATV Technic, which has all of the HD system equipment and infrastructure, is able to broadcast both in HD and SD. The 170 user Cinegy Broadcasting Automation is utilized to make 5 channels SD, 2 channels HD broadcasting possible. Also the Barco videowall system which is Europe's largest visual system solution is being used here. The system is comprised of 32 items of 70" panels (47m2) and has a total resolution of 12800x1200 pixels. In addition to the visual equipment in the system, there are two 103" plasmas one used for ATV and the other for A Haber. Internal production and editing services are provided for news programs in Turkuvaz Visual Media Center with a total of 5 Final Cut and 2 Cinegy sets. The Ankara Bureau broadcasts news and programs with 4 HXC100PK HD studio cameras; 10 PDW700 XDCAM and 2 XDCAM PDW510 camcorders. The light capacity provided by ATV Technic is 1200 KW total (robot, 2500 colored, cold light). There are 30 LED screens and 5 processors to be used in filming. In Istanbul there are 4 uplink vehicles, 1 generator vehicle (200KVA); in Ankara there are 2 uplink vehicles and in Izmir, 1 uplink vehicle for a total of 7 uplink vehicles and 1 generator vehicle and a total of 27 XDCAM PDW700 camcorders for filming. News broadcast connection are made possible through 10 3G camera systems in addition to the existing broadcasting vehicles.

Turkuvaz Media Group, which has completely renewed the infrastructure of ATV's thematic channels, operates with a total of 33 HD studio cameras and 33 XDCAM camcorders.







**MINING**







# Rising values in Turkish mining

## Lidya and Polimetal Madencilik

### LİDYA MADENCİLİK

Çalık Holding affiliate Çalık Maden İşletmeleri A.Ş., established in 2006, has speed up its operations under the name of Lidya Madencilik San. ve Tic. A.Ş. since 2010. Lidya Madencilik, which continues to function in the metal and valuable metals sector in Turkey, has focused on especially gold and copper along with silver, lead, zinc and molybdenum.

Due to the fact that Lidya Madencilik is a partner of the Çöpler Gold Mine, which is a gold site of world standards that possesses very valuable polymetallic sites, the company holds the potential to create distinction in the Turkish mining sector.

Lidya Madencilik, an affiliate of a group with entrepreneurial, international business and cooperation skills, increased its 5 percent share in the Çöpler Gold Mine in 2012 to 20 percent becoming the owner of over 1 million ounces of gold reserves and was able to realize the first big international cooperation in the sector. Lidya Madencilik, which creates new mining projects in the exploration sites, also strives to raise the standards of Turkish mining to increase the production of domestic basic/valuable metals. In line with this goal, it foresees an investment of 300 million USD as the first step to expand the Çöpler Gold Mine.

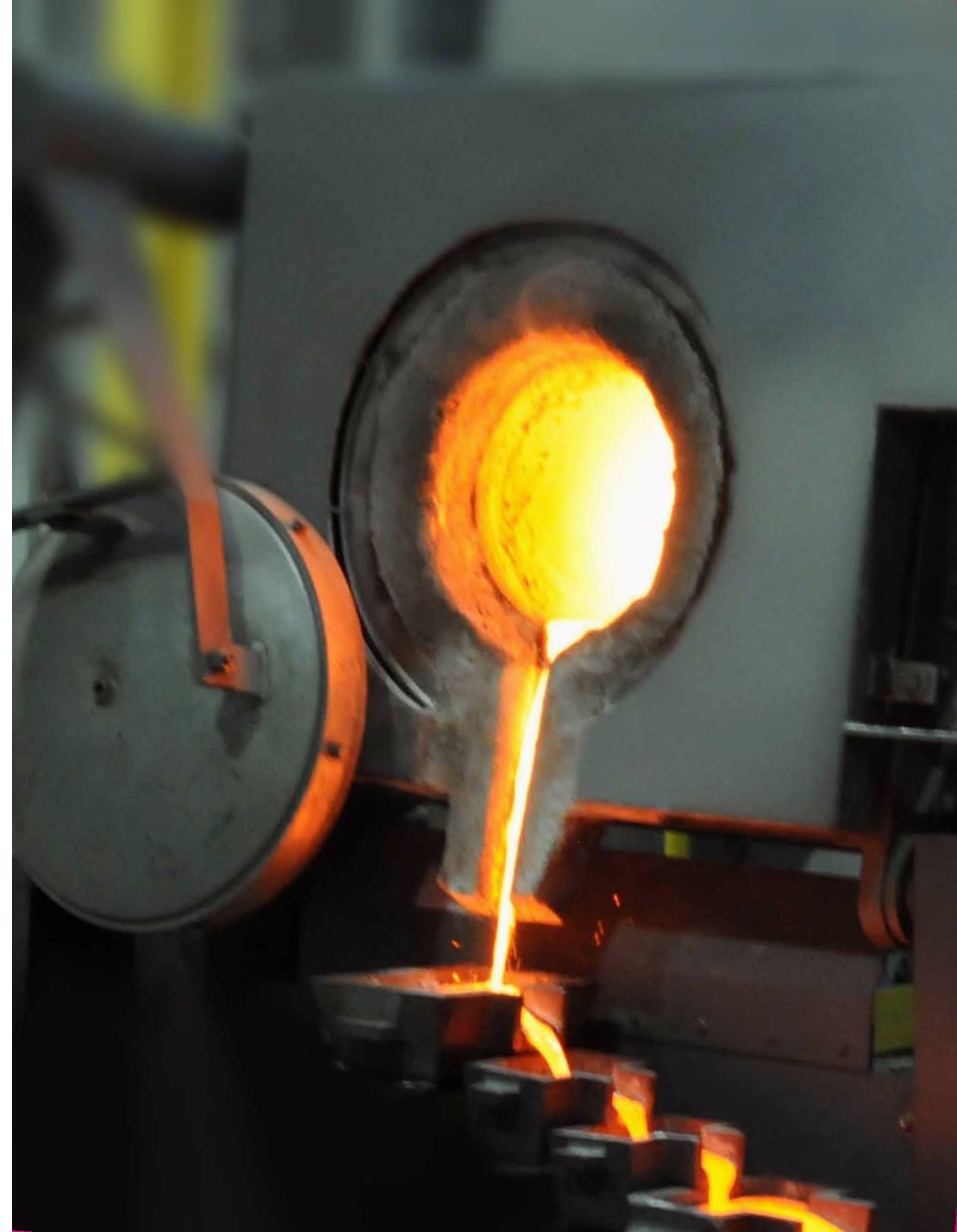
As Turkey's 2nd largest gold mine with 6.5 million ounces of gold reserves, the Çöpler Gold Mine produced 188,756 ounces of gold in 2012, setting their target to 220,000 ounces for 2013.

Lidya Madencilik continues drilling work in the 16 new sites that they have been operating with Alacer Gold based on a 50-50 partnership since 2011.

### POLİMETAL MADENCİLİK

Alacer Gold that owned Kurudere Madencilik, which operated Tunçpınar Madencilik, with its copper mines in Tunceli and Kartaltepe Madencilik, with its copper/gold mines in Erzincan, was handed over to Lidya Madencilik, along with other 12 sites that are subject to an agreement of 50/50 partnership.

Thus, in addition to its investor status in Turkey's mining sector, Lidya Madencilik has also taken a step towards becoming an operator. These sites, which hold various groups of metals in different regions of Turkey, are planned to become an important part of the investment and growth program of Lidya Madencilik.





human focus  
conscious respectful  
right minded  
competent fair  
reliable

“Creating added value for the community” is the founding principle of Çalık Holding’s corporate social responsibility understanding.

## A Group with high social responsibility awareness

As a company that is conscious of its responsibilities towards the environment and the community, Çalık Holding continues all its activities within the framework of sustainable development and social responsibility concepts. In addition to its investments and direct or indirect employment opportunities, the Group constantly produces added value for the countries in which it operates in and contributes to community benefit with social responsibility projects.

Holding carries out various social responsibility projects that reflect the company culture and are based on the company principle of “Creating added value for the community”, directly on its own or through cooperation with civil community organizations. The Group is in the forefront with the support it has given to the arts, education and health and the sensitivity it has shown during community trauma resulting from natural disasters. Çalık Holding and employees consider the social responsibility projects they realize to be the most important indication of the respect they have for the community.

### The “We Break Our Fast in Anatolia” Campaign

The traditional fast breaking dinner that is organized by Çalık Holding for employees in Istanbul was cancelled in 2012 and a decision was made to hold such a dinner for people in need in Anatolia instead. In this context, a fast breaking dinner was organized in cooperation with the Turkish Red Crescent on every evening during the month of Ramadan to provide food to 1000-1500 people of Erciş who were still recovering from the Van earthquake. The Employees of Çalık Holding participated as volunteers in this organization and senior management of Çalık Holding broke their fasts at the dinners in Erciş.



### The “Hand in Hand from Home to Home” Campaign

The employees of Çalık Holding gather aid for families in need in Istanbul and Ankara every spring and fall. Within the scope of the “Hand in Hand From Home to Home” Campaign, started in the fall of 2011, the employee children also participate as volunteers with the support of their teacher to inform their school mates about the campaign and organize amongst themselves to introduce this program to their schools. The aid materials that have been collected through this program are sorted and packaged by the Group’s employees and children. Every item collected is sent to over 100 families in need.

### The Mahmut Çalık Educational Complex

The Anatolian High School section of the Mahmut Çalık Educational Complex, which possesses 32 classrooms in a modern building with technological equipment, opened its doors for the 2012 school year within the scope of the ‘One Hundred Percent Support for Education’ campaign. Located on a 40,000 m<sup>2</sup> area in Malatya, the Mahmut Çalık Educational Complex is a project that will be completed in three stages. The complex which is planned to be comprised of a preschool, a primary school and a high school will also house boys’ and girls’ dormitories, an indoor gym, a cafeteria, teacher’s lodgings, assisting social facilities and a conference center.

### A Festive Circumcision Event for Children from Iraq

One of the most important issues in Iraq, a country that is still recovering from war, is health. Çalık Enerji, a Çalık Holding affiliate, organized a circumcision festival for Iraqi children in its Al Khairat Power Plant construction site located near Kerbela. 80 Iraqi boys were circumcised by Turkish and Iraqi surgeons. Children were presented gifts in the festival organized with the participants of Executives of Çalık Group, Managers from Health, Civil and Passport Registry of Karbala, site employees and local community.





# The Group is making an investment in a better future by creating value in a number of different geographies

## Çalık Holding Provides Support to University Students with Workentertainment

Çalık Holding has started an important social responsibility project that will guide the future of university students. The first of the Workentertainment activities, in which university students learn while having fun, took place in the Career Festival held in Santral Istanbul with a large number of university students' participation. Young people were given the opportunity to meet with the administrators of Çalık Holding, a company that is active in seven different sectors, in order to benefit from their experiences and to introduce themselves with a resume. Within the scope of this program many different university clubs were met with, field trips were organized and student activities were supported throughout the year in order to introduce professional life to university youth and to help them make the right decisions.

The 2012 Platform for Advancement into the World of Entrepreneurship (GirDAP), organized by students of the Marmara University Industrial Engineering Club, hosted by the Group. Also the students of the "2012 job training school" and the Istanbul University English Business Faculty members were welcomed at the Holding under the heading of "Advice from Professional Life".

## The Arakan Campaign

In order to provide support to the Moslems from Arakan who had to flee their country because of the attacks they were subjected to in Myanmar, Çalık Holding started a huge campaign in cooperation with the Turkish Red Crescent with the slogan "The Orphans of Arakan Are Entrusted to Moslems, Come Turkey, Let's Undertake This Responsibility". Çalık Holding, which had previously assisted in disasters like the flood in Pakistan, the Van Earthquake and the Somalia Earthquake contributed to the campaign with its broadcasting organs and cash donations as the Turkish Red Crescent's solution partner for the first time.

## "United for Van!"

Right after the 7.2 magnitude earthquake in Van, 140 tons aid loaded on 7 trucks were sent under a campaign organized by the newspaper Sabah and the Turkish Red Crescent. 61 million TL were collected in the aid campaign to which ATV and A Haber contributed through live coverage.

## Somalia Campaign

The newspaper Sabah brought aid to the people of Somalia, a Country hit by the most serious drought of the last 60 years where 11 million people are facing starvation, under the aid campaign organized together with Turkish Red Crescent and TİKA. In addition to the 100 million TL worth of monetary aid collected, thousands of tons of food and other materials were sent to Somalia by ships and aircraft.

## Çalık Well

Çalık Group employees started a campaign to support the people of Niger, one of the poorest Countries in the world located in north-western Africa that is going through serious difficulties due to drought. The people of the Maradi region of Niger have to walk for 3 to 4 hours to find clean water. The Çalık Well meets a major part of the water requirement of the inhabitants of this area.

## "Çalık Village" Project in Pakistan

Çalık Holding and its employees started a social responsibility project for the Pakistani people who have suffered from floods that affected millions of people and killed thousands. The project consists of the creation of a Çalık Village in order to provide shelter and food and clothes for 175 families. The Çalık Family was the leader of the efforts to create 175 Mevlana Houses in the Akura Khatak Village, Nowshera City, Khyber Pakhtunkhwa province (KPK) under an operation of humanitarian aid organized by the Turkish Red Crescent.

## Support to the Albanian Youth and Society

The FASTIP Banking Program, jointly organized by the Aleksander Moisiu University in the city of Durres and by Banka Kombetare Tregtare (BKT), provides university students with practical business knowledge to complement their theoretical knowledge. In addition to the 70 students benefiting from this program, 15 students who graduated in 2011 were employed by BKT. The Bank gives high importance to education and provides financial support for students in Albania. In this respect; BKT grants scholarships to successful students of the Tirana University. 25 FASTIP students being supported by BKT graduated in September of 2012 and were presented with contracts to work for the bank starting as of October 1, 2012. BKT, which has provided scholarships for a total of 61 students has also selected from among FASTIP students for 17 percent of their hires.

## Education Overcomes Every Hurdle

Turkuvaz Media Group is the media sponsor to the project "Education for all" organized by the Beyazay Derneği (White Crescent Association). The project aims to enable disabled people in Turkey to attend school. Among its objects are to increase the number of schools, to improve the conditions of existing schools, to conduct consciousness-raising activities among educators and parents and to improve the rate of disabled people attending school. The project is implemented with the support and collaboration of the local offices of the Ministry of National Education. Under the project, pre-school and formal education is dispensed to the disabled. Education for adults is also provided. Sabah and ATV supported the project from the very beginning by publicizing it in order to improve its efficiency through media coverage and public information spots. They also collaborate with the White Crescent Association for the improvement of their project strategies.

## Malatya Foundation for Education

Çalık Holding and its affiliates provide scholarships and student grants, for successful university students who are in need, through the Malatya Foundation for Education. All of the Çalık affiliates regularly make donations to the Foundation every year. Applications for scholarship are evaluated by the Foundation.

## Support for Umut Evi (House of Hope)

The Hacettepe Umut Evi (Hacettepe House of Hope), designed by the Oncology Hospital of the Hacettepe University according to a model developed by the Union for International Cancer Control (UICC), is intended to provide clean, safe and proper accommodation for patients and their relatives who are in need during their treatment. Çalık Holding provided financial support for the Hacettepe Umut Evi in 2006 in the form of contribution to the restoration of a demolished house in Ankara into a new one maintaining its original character.

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

Atatürk once had had the Yalova Chalet slid on rails so that it would not damage a plane tree. This Chalet was restored with the support of Çalık Holding and inaugurated on 18 August 2006 with a ceremony held in the garden of the Chalet. Atatürk had said: "No branch to be cut; but the chalet to be moved" and the chalet was moved 4.8 meters and came to be known as the "Walking Chalet". It served Atatürk for many years as a resting and working place. It was restored, including landscaping, with everything it contains, respecting the original character of the building and of its contents.

## Hasan Çalık Hospital

Hasan Çalık Hospital was completed in Malatya in 1992. It consists of 4,000 m<sup>2</sup> of indoor and 8,000 m<sup>2</sup> of outdoor areas, a total of 12,000 m<sup>2</sup>. The 70-bed hospital has services of internal diseases, external diseases, urology, obstetrics, radiology, otolaryngology, pediatrics and infectious diseases. It was transferred to the Ministry of Health in 1994 through a protocol and inaugurated in 1997. All construction expenses were covered by Çalık Holding.





# Strong structure shaped by strong corporate values

## CORPORATE MANAGEMENT

The shared corporate values created by the affiliates united under Çalık Holding roof and the synergies they achieve are the basis of the stable growth of the Group. Çalık Holding aims to create value in a continuous manner for its customers, employees and shareholders and for the community, takes great care to conduct all of its operations in line with the principles of openness, transparency and accountability. The development of the Holding is guided by its awareness of the great importance of the adoption and implementation of corporate management for a sustainable growth.

## Çalık Holding's Corporate Business Principles

The corporate culture of Çalık Holding has always been based on foreseeing the requirements of conditions before the competitors, and thereby bringing change and innovation to life. Çalık Holding is a dynamic company that places importance on customer satisfaction, implements work that will consistently reinforce the company's competitive superiority, always aims for the best quality in products and services and is a leader in its sector.

## Çalık Holding's basic corporate business principles within the scope of these approaches;

**Determination:** We work hard for what we promise;

**Competence:** We work with competent people;

**Courage:** We believe in ourselves and can be assertive;

**Consultation:** We value different ideas;

**Customer Focus:** We strive to better understand our customer's need and expectations;

**Sense of Responsibility:** We feel responsible to uphold values of humanity, our society and company. All Çalık Group Members faithfully embrace these core values and business principles.

## Çalık Holding's Corporate Values

Besides their scrupulous, moral approach, Çalık Holding employees are aware that they are striving for the same goals they embrace their company as well as their group and create result focused innovative solutions. The elements of the work approach practiced by Çalık Holding employees, the key to their success and the guarantee of the Group's success, are as follows:

**Fairness:** We act with a sense of justice and fairness;

**Ethics:** We have high moral standards;

**Reputation:** We keep our reputation above all else;

**Respect:** We see the differences as richness and reject all form of discrimination;

**Solidarity:** We always support each other;

**Human Focus:** We believe success is possible and meaningful with people.

Çalık Holding holds the reputation it has achieved both nationally and internationally above all. Carrying Çalık Holding to even better spot, making it an exemplary company in Turkey and in the World and rather remaining content with what has already been achieved, becoming a company that signs of on new accomplishments from day to day are among the main goals of the company. Çalık Holding does not discriminate its own existence from the existence of its country and therefore always moves forward with the awareness that their successes are also the successes of the country and undertakes the task to heighten the respectability of Turkey in the international arena, as a priority mission.

The "Çalık" brand is a symbol that represents the innovation and entrepreneurship skills that have become integrated with Çalık Holding's stance, its goals and its commitments. The values that are represented by this brand are each individually important elements that are embraced sincerely by all the companies in the Group and are guiding, supportive and have been formed over long years of experience.

Çalık Holding has always shown and will continue to show extreme care in protecting the values that are represented by the "Çalık" brand in all successful work they have and will accomplish in the future.

## STRATEGY MANAGEMENT

Çalık Holding and affiliates are managed with a strategy focus concept and strategy management is handled in two stages; "development" and "application". In the development stage, detailed analyses are done to determine strategies and then these strategies are transformed into operational goals. During this work a three year strategic concept document, strategy map and corporate score card is created for all of the Group companies. In order to make sure that dynamism and management discipline is captured in putting these strategies into practice, quarterly operational and strategic review meetings are held. The course of the strategies is followed closely on the score card and strategic changes are made in a way that they are reflected on the score cards. Also strategic projects that will enable companies to bring their strategies to life are managed with the corporate score card application in integration with the strategy map.

## Strategic Management Standards and Basic Policies

Çalık Holding believes in the importance of the strategic management process to be carried out within a discipline and is also of the opinion that successful application gives good results as much as good formulated company strategies. The SAP Strategy Management Application (SSM) has been started within the structure of the Group in order to make sure the strategies are defined correctly, clearly and are monitored through solid measures. While all group company score cards are managed with this software, the application, supported fully by Çalık Holding senior management, has been adopted as a program to be standardized in all affiliates. Data integration has been established between the ERP system and the strategy management software. As a basic policy the goals on the strategic map and company score card are accepted as the main parameters of the system performance. Çalık Gayrimenkul, Çalık Yedaş, Gap Güneydoğu Tekstil, ALBtelecom, Eagle Mobile, BKT Kosovo and BKT Albania, the Holding affiliates, are actively using the strategic management process and applications. In the short to midterm, the Group's management competence is planned to be improved with an integrated strategy management system.

## ORGANIZATION STRUCTURE

The organizational structuring of Çalık Holding and Group companies, have been formed as a result of the knowledge, experience and qualified human resources possessed by the Group being managed in line with strategic goals and coordination.

Çalık Holding Board of Directors, executive management and committees embrace a dynamic structure that is sensitive to conjectural actions, parallel to environmental and global applications and practice constant improvement as a founding principle.

The Boards and Committees that support the organizational structure and make sure that strategic functions are handled with an up to date, rational methodology that is based on the company culture; and are basic applications that guide corporate governance. The Assets and Liabilities Committee and the Risk Committee which were formed for the purpose of handling of the strategic functions within the scope of the Holding in an integrated and comprehensive manner, make sure that the corporate decisions determined by the Holding are assessed and carried out with a "common rationale".

## HUMAN RESOURCES

The basic objective of the Çalık Holding human resources policy is to invest in a work force that holds corporate and ethical values in the forefront constantly develops their professional skills and is highly devoted to the company in order to capture the maximum success in the sectors that the company is active.

Holding places great importance on human resources which have a strategic significance in corporate success; and strives to possess an employee profile with high added value, current knowledge and is able to use the latest technology efficiently. In this context, the Holding plans to support the professional development of employees and constantly increase motivation and work satisfaction. Another objective is to activate information based decision making processes and benefit from the support of information technologies to increase the organizational awareness of these processes in order to enable timely and current access to the data that is required. In this context, the operation of decision support systems at an executive level in internal reporting processes, achieve optimum solutions in terms of time and cost and increase organizational efficiency. Organizational activities which develop a sense of unity and belonging among employees and make it easier for individuals to share information, ideas and emotions in addition to being colleagues are supported by the Çalık Holding senior management and are taken into application by the Corporate Communications Department.

The Human Resources Directorship enables the corporate culture to be adopted by the company employees, reinforces the loyalty of employees towards the company and works in coordination with all the different



departments in order for the Group to reach its goals. Modern human resources management processes are applied in parallel to the Group's constantly growing and expanding character, in addition to supporting the activation of current organizational structures that are believed to be effective in line with corporate needs. Since the goal is to gain human resources that can develop multidimensional perspectives and that have analytical and positive outlooks for the Holding, the systems that are necessary for the selection of human resources who unite their personal careers on a common ground with the company goals and have the qualities to carry the Group into the future are being implemented. The Human Resources Directorship, based on the management functions of a Classic Human Resources, has been structured on the sub departments of Employment, Performance Assessment and Career Management, Training and Development and Wages and Benefits. With the "Team Members Program" implemented by Çalık Holding to access the qualified potential in the young newly graduated human resources the company aims to gain talented new graduates with high skills and thereby raise the future leaders of the Group in line with the corporate culture. The Career Day Activities, which are organized under the same concept, are held every year in different universities to reach the existing potential work force and gain newly graduated employees within the Group's capacity in a qualified healthy manner and also to increase the recognition of the Holding among graduates.

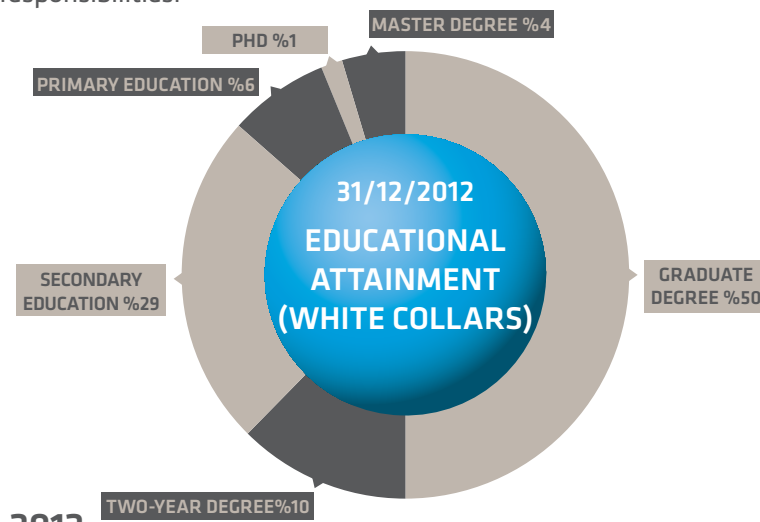
### Training Management

Training needs are determined according to performance assessment and career planning and training programs are planned to develop the corporate skills and professional sufficiency of employees. The Çalık Holding Human Resources Directorship is aware of how educational activities not only develop the individual

knowledge, skills and professional sufficiency of employees, they also create a common attitude among employees, increase motivation and reinforce loyalty towards the company. In this context, the Directorship has prioritized educational functions as of 2012 in order for organizational functions to gain a constant self-improving structure.

The Training System has been structured with an understanding to make sure that the Holding has the feature of being a "learning organization" and that the awareness, productivity and motivation of employees are increased and they reach outstanding performance levels.

The Planning for the training is conducted at the completion of the Training Requirement Analysis study through collaboration between department managers and the Human Resources authorities. Training activities reflect solid long term steps towards the development of employee careers and in supplying back-ups when they are thought of in terms of the company. Our employees with potential qualification who are raised in line with this concept with professional knowledge, skills and personal development are brought to higher level positions and responsibilities.



### NUMBER OF EMPLOYEES AS AT DECEMBER 2012

SECTORS	WHITE COLLAR	BLUE COLLAR	TOTAL
HOLDING TOTAL	144	0	144
TEXTILES TOTAL	642	8,929	9,571
CONSTRUCTION TOTAL	315	1,727	2,042
ENERGY TOTAL	1,156	451	1,607
MINING TOTAL	25	0	25
TELECOM TOTAL	1,579	0	1,579
FINANCE TOTAL	1,802	110	1,912
MEDIA TOTAL	2,570	490	3,060
<b>OVERALL TOTAL</b>	<b>8,233</b>	<b>11,707</b>	<b>19,940</b>

### WORK SAFETY, ENVIRONMENT AND QUALITY POLICY

Çalık Holding observes quality, people and environmental elements in the first degree during all its functions in order to maintain corporate sustainability in economic and community fields. The Holding conducts its activities according to the regulations in force and shows special care to take all the necessary precautions to protect natural resources, to reduce waste and to avoid soil, air and water pollution. Also measures are being taken to reduce risks concerning work health and safety to a minimum and the active participation of all employees in these measures are ensured. The Group companies, which have brought to life efficient policies and applications on the subjects of quality, environment and work health and safety, also show the necessary care to document these systems. Among the Group companies Çalık Enerji and Gap İnşaat have ISO 9001, ISO 14001 and OHSAS 18001 certificates. Gap Güneydoğu Tekstil operates with ISO 9001, ISO 14001 and Oeko-Tex Standard 100, Tests Laboratories Accreditation and Organic Product Manufacturability CU certificates. Gap Pazarlama has ISO 9001, ISO 14001 and ISO 18001 certificates as well as WRAP, Sedex, 6Sigma Certificates.

The Turkuvaz Media Group's affiliate Turkuvaz Printing has an ISO 9001:2008 quality certificate and the services provided by Turkuvaz Distribution Marketing with an ISO 9001:2008 certificate at the Central and 5 Regional Directorates are being conducted in accordance with internationally accepted standards. Banka Kombetare Tregtare obtained the ISO 9001:2008 Quality Management System certificate that is valid for banking services from "TÜV AUSTRIA" in June 2012.

Çalık YEDAŞ, obtained an EFQM Outstanding Competence Certificate in line with its goal to become an "EFQM European Quality Awarded Distribution Company", also possesses the ISO 18001 Work Health and Safety Management System Quality Certificate, the ISO 14001 Environmental Quality Management System Certificate, the ISO 27001 Information Security Quality Management System Certificate, the ISO 10002 Customer Satisfaction Quality Management System Certificate and the ISO 9001:2008 Quality Management System Certificate.

### 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.



correct information  
sharing communication  
objectivity understanding  
reflections  
**IN THE  
WORLD OF  
PRESS 2012**

### **The Metropol Istanbul Tower Became the Center of Attention Even Before Opening for Sales**

The Metropol Istanbul comprised of a tower, one of the tallest in Europe, residence blocks, a two story shopping center and a 400 meter shopping street, continues to draw great attention in the international arena. World famous singer, Jennifer Lopez joined the ranks of residents at the Metropol Istanbul within the Istanbul International Finance Center borders. As one of the world's largest projects, the Metropol Istanbul consists of a 700 thousand square meter massive construction area with three tall buildings and 2000 independent units. In the soon to be launched project with a Metropol Tower that reaches a height of 250 meters without an antenna, 75 percent of the residences that have been presented for sale have been sold. Metropol Istanbul is preparing to become a new center of finance, business and fashion.

### **Çalık Holding's First Strategic Managers Meeting has Taken Place**

Çalık Holding organized an activity with working shareholders on the subject of strategic management, within the scope of the strategic management efforts being conducted with the vision to "be the most valued representative of Turkish entrepreneurialism with its employees, management and business portfolio". The meeting that was organized by the Çalık Holding Strategic Management Directorship at the Beylerbeyi Bosphorus Hotel on Friday September 28th was attended by the Strategic Management Teams of Holding and affiliates working on strategic management and the Çalık IT SSM team.

### **They Joined Hands and Banded Together as One**

The 'Hand in Hand from Home to Home' aid campaign that was started by Çalık Holding to help families in need continues to grow. Third campaign that was organized this fall went beyond Istanbul for the first time to reach as far as Ankara. Over 100 families benefited from the surplus clean furniture, books, clothing and toys that were given out in the campaign. The children of employees also showed the 'Hand in Hand from Home to Home' aide campaign great interest. The young Çalık members gave information to their friends, their neighbors and their teachers about the campaign. The aide that was collected by the young volunteers at school and from their apartments was distributed from centers in Istanbul and Ankara to where they were needed.

### **The Prestigious Chinese Magazine China Today, Will Be Published by Turkuvaz Media in Turkey**

Çalık Holding affiliate Turkuvaz Media has signed off on an important cooperation to present China Today, China's most read magazine, to the readers. A protocol agreement was signed between Çalık Holding and CIPG (Chinese National Publications Group) for the publication of China Today in Turkey within the capacity of Turkuvaz Media. On September 27, 2012, a signing ceremony was organized at the Çalık Holding headquarters with the attendance of Chinese Ambassador Gong Xiaosheng and Çalık Holding Chairman Ahmet Çalık. In the signing ceremony where the protocol agreement was signed by Turkuvaz Magazine Group General Manager Levent Tayla and China Today President Hu Baomin, China Today Assistant General Publication Director Fu Zhibin and representatives from the Chinese Embassy were also in attendance. The pre-protocol for this cooperation that has brought together two powerful media groups in China and Turkey, was signed last April by CIPG President Zhou Mingwei and Çalık Holding Chairman in China.

### **A New Energy Project in Turkmenistan**

Çalık Enerji is starting a huge electrical power project in Turkmenistan. Turkmenistan President Berdimuhamedov, who accepted a visit from Ahmet Çalık, emphasized the trust they feel in continuing the cooperation between the two countries in the future. Çalık, who thanked President Berdimuhamedov during the visit for providing the opportunity to discuss the issues involved in the long term cooperation said, "The opportunities that have been provided for Turkish companies and foreign entrepreneurs have helped them improve their position even more in the Turkmen market and even to rise to a higher level". Turkmenistan President Berdimuhamedov said that they always actualize active relations that have been developed based on mutual interests and that they place importance in the development of long term relations with foreign companies that are based on equal rights.

### **Çalık Holding Employees Support the Red Crescent Blood Drive**

Çalık Holding employees donated blood at the organization held on September 13 by the Turkish Red Crescent, within the scope of the "National Safe Blood Supply Program".

The employees of the Çalık Holding Zincirlikuyu, Balmumcu and Yıldız offices participated in the blood drive that was organized on Thursday September 13. The blood drive in which Çalık Holding CEO Berat Albayrak, Çalık Gayrimenkul General Manager Feyzullah Yetgin, Turkuvaz Media Reklam Group Chairman Ümit Önal and Çalık Holding senior managers also gave blood, received great interest.

### **2 Çalık Companies in the Giants League of Construction**

Çalık Group companies Çalık Energy and Gap İnşaat are included among the top 225 international construction giants. Turkey, which had 33 companies on the list, became second in the world.

The Engineering News Record magazine of the international construction sector published the list for 2012 that it prepares every year based on the work volumes that are realized by companies outside of their own country. According to the study that was conducted to determine the top 225 contracting companies of the world, the number of Turkish companies that got into the list this year went up from 31 to 33. This total brought Turkey up to second place after China. Gap İnşaat and Çalık Enerji from the Çalık Group succeeded in placing on this list and becoming one of the giant construction companies in the world. The report also includes the information that Gap İnşaat earned a total turnover of 328.6 million USD in 2011 and Çalık Enerji earned 486,3 million USD .

### **Çalık Holding was Awarded with a Gold Medal on the 144th Anniversary of the Turkish Red Crescent's Establishment**

Prime Minister Recep Tayyip Erdoğan, attended the fast breaking dinner organized in honor of the Turkish Red Crescent's 144th Anniversary of Establishment, presented awards to 170 donors. The BKT Chairman and Aktif Bank Board Member Mehmet Usta received the award on behalf of Çalık Holding.

The evening organized at the Istanbul Haliç Conference Center was attended by Prime Minister Erdoğan, EU Minister and Chief Negotiator Egemen Bağış, Istanbul Governor Hüseyin Avni Mutlu, The Red Crescent General Director Ahmet Lütfi Akar, Prof. Dr. Ahmet Mete Işıkara and a large number of other guests.



### Feed One Arakanese with Only a 5 Lira Donation

An aid campaign for Arakan was initiated by the Turkish Red Crescent and Çalık Holding. This aid campaign was started by the Turkish Red Crescent and Çalık Holding to help the Arakanese Muslims who had to flee Myanmar because of attacks with the slogan "The Orphans of Arakan Are Entrusted to Muslims, Come Turkey, Let's Undertake This Responsibility" The Red Crescent General Director Ahmet Lütfi Akar emphasized that this is a first for Red Crescent to start a campaign in collaboration with a Holding.

### Aktif Bank, Top in the World

Aktif Bank reinforced its international achievements by becoming the only Turkish bank to receive an award at the Financial World Innovation Awards, one of the world's most prestigious awards. Aktif Bank which won the "Most Efficient Infrastructure Award" with its UPT (Affordable Money Transfer) product was also given a special jury prize for "The Platform to Prevent Fraud".

### "StajOkulu" Students Met with Çalık Holding Administrators

Çalık Holding continued to provide training to university students to help them plan careers, make educated choices and prepare for professional life within the scope of human resources applications in the form of "StajOkulu".

Within the scope of Workentainment, an important social responsibility project by Çalık Holding that will guide the future of university students, 60 university students from the StajOkulu were given training from Çalık Holding administrators. In the meeting where students from different provinces throughout Turkey participated, Çalık Holding's Strategic Management, Finance, Corporate Communication, Human Resources, Media and Information Technologies department managers shared their experiences.

### Çalık Enerji Signed Off On The First Natural Gas Combined Cycle Power Plant in Georgia

Çalık Holding affiliate Çalık Enerji has added yet another important cooperation and investment to its achievements abroad. Çalık Enerji signed a contract to build the first natural gas combined cycle power plant in Georgia.

Çalık Enerji signed this contract with Partnership Fund to built Georgia's first natural gas combined cycle power plant in the Gardabani region, 35 km from Tiflis. A signing ceremony was organized on Thursday August 2nd for this project that will be brought to life with a nearly 200 million USD investment. The ceremony was attended by Georgian Minister of Energy Alexander Khetaguri, Former Prime Minister of Georgia and Partnership Fund Chairman Nika Gilauri, Çalık Holding Chairman Ahmet Çalık and Çalık Enerji General Manager Osman Saim Dinç.

### We are Breaking Our Fast in Van During Ramadan

Çalık Holding lead Turkey in an exemplary act of sensitivity with it's "We are Breaking Fast in Van" campaign this Ramadan. Instead of the traditional fast breaking dinner that is organized by Çalık Holding every year in Istanbul, dinners were organized in Erciş with the cooperation of the Red Crescent. The iftar organization that started in the Kızılay Umutkent Complex on July 20th continued throughout the month of Ramadan. All supplies used in preparation the feast were purchased from local businesses in an effort to contribute to the region's economy. Çalık Holding Chairman Ahmet Çalık, Çalık Holding CEO Dr. Berat Albayrak and The Red Crescent

General Director Ahmet Lütfi Akar also broke their fast among the earthquake victims of Erciş. Ahmet Çalık who expressed his feelings at the dinner said: "We used to get together as a group to break our fast during these holy days of ramadan in Istanbul.

This year we decided to join our brothers in Van. We are very happy to be here". Minister of Health Recep Akdağ, who visited the Çalık Holding iftar tent also commented that the gesture by Çalık Holding was propitious.

### "The Bank of the Year in Albania" Award from Euromoney to BKT

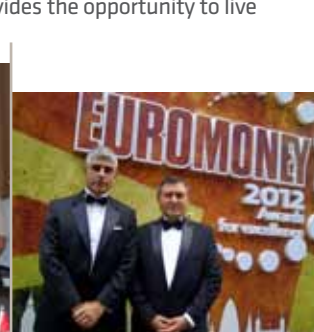
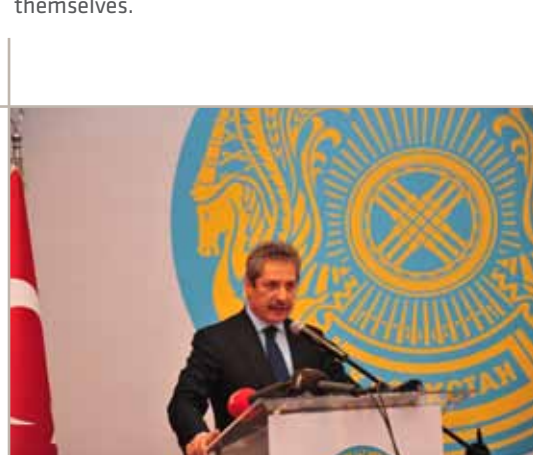
Banka Kombetere Tregtare-BKT, Çalık Group's affiliate operating in Albania, was chosen as the Best Bank in Albania in 2012 by Euromoney Magazine. BKT, which introduced modern banking services to Albanian people, had received the "Albania's Bank of the Year" numerous times before. The reward was presented on July 5th at the ceremony organized at the Brewery in London by Euromoney officials to BKT Chairman and Aktif Bank Board of Directors Member Mehmet Usta and BKT General Manager and Board of Directors Member Seyhan Pencaplıgil.

### The Çalık - Limak Consortium won Kosovo's Electricity Distribution Tender

The Çalık -Limak Turkish Consortium won the tender with a bid of 26 million 300 thousand euro for electricity distribution that was organized within the scope of privatization efforts concerning the Kosovo Electricity Distribution and Supply that is planned to be privatized this year. Çalık - Limak Consortium representative İsmail Ergüneş said the tender process was extremely transparent and fair, that the electrical power fee wasn't as important as the investments that need to be made in the network. Ergüneş, who pointed out that investment is necessary for good quality service, said that they distribute electrical power to 5 million consumers in Turkey, so they know their responsibility in this field in Kosovo. Minister of Economic Development and Privatization Committee Chairman Besim Beçay said that during this process they and secured the provision of electricity and fees that can be afforded by consumers.

### Çalık Opened the Doors to Careers

Çalık Holding organized a Career Festival for university students. The Holding's senior level administrators conveyed important information to university students about professional life. Çalık Holding implemented an important social responsibility project that guides the futures of university students. At the Career Festival in Santral Istanbul, which was participated by a large number of university students, the young people received various good tips regarding the professional life they will be entering after they graduate. University students met with the administrators of Çalık Holding, a company that is active in seven different sectors, and not only benefitted from their experiences but were also able to present a resume to introduce themselves.



### BKT, Was Chosen by the EMEA Finance Magazine as Albania's Best Bank

Banka Kombetere Tregtare-BKT, Çalık Group's bank which operates in Kosovo was chosen as the Best Local Bank in Albania for the second time by the finance sector's respectable magazine EMEA Finance. Exporta EMEA Finance Ltd. Editor and General Manager, who spoke at the ceremony held at the London Law Society's Hall said that the outstanding performance shown by BKT in recent years, its accelerated growth and the innovation brought by it to the sector are very impressive.

### Çalık Holding Celebrated the 19th of May by Making a Donation

The furniture, appliances, clothing, books and toys that were collected by employees in the "Hand in Hand from House to House" campaign started by Çalık Holding were sent to families in need. The Çalık Holding employees and children worked together at the Holding building in Zincirlikuyu to handle everything from folding to packaging. Human Resources Manager Betül Yılmaz's children Melike Hande Yılmaz (12) and Bahadır Hikmet Yılmaz (10) were chosen in the campaign as goodwill ambassadors who drew attention to the aid campaign and the situation that children and young people in need were experiencing in their school, Devran Koleji.

### The Business World and Entrepreneur Candidates Met at GirDAP

The Marmara University Industrial Engineering Club (Mies), brought together the important names that have an impact on the business world at the Entrepreneurship World Progress Platform 2012. The Entrepreneurship World Progress Platform 2012 (GirDAP) which was organized by the Marmara University Industrial Engineering Club within the capacity of Çalık Holding, showed the world of business and entrepreneurship to young people through a different window. GirDAP, which has a primary goal of creating a vision about the world of entrepreneurship and also strives to help participants shape their future plans and take solid steps in line with these plans, has succeeded in creating a distinction in the business world and brought together many names who are leaders in their own sectors.

### Şehrizar Konakları Present an Elite Life Style...

The rough construction at the Çalık Holding affiliate Gap İnşaat's Şehrizar Konakları project being built in Üsküdar, have been completed. The Şehrizar Konakları located directly next to the Bosphorus are preparing to greet occupants who dream of living in the same neighborhood in peace and safety, with striking architecture, green surroundings and a secure setting. Construction work is continuing at a fast pace in the Şehrizar Konakları, a project of Emlak Konut GYO and Gap İnşaat that will add value to Istanbul. The Şehrizar Konakları in Üsküdar's Altunizade, neighboring the Çamlıca Hill which gets its air and view from the Bosphorus, is also in the forefront with its closeness to the Bosphorus Bridge and connection roads. The project, which is located in the center of the city also provides the opportunity to live intermingled with nature.

### A Golden Award for Çalık Holding from SAP

Çalık Holding, as it continues to implement business solutions in the area of technology, has added a new achievement to its information technologies successes. With the IS-Media solution, the first and only application in its own field in Turkey, Çalık Holding was the winner of the 'Golden Award' at the SAP EMEA 2011 Quality Awards. SAP rewards companies every year that have successfully applied projects and programs throughout the year to make important achievements. The SAP EMEA 2011 Quality Awards which are applied for from companies in Europe, the Middle East and Africa awarded Çalık Holding with the 'Golden Award'.

### Ahmet Çalık Became the Honorary Consul of the Republic of Kazakhstan in Bursa

Çalık Holding Chairman Ahmet Çalık will be carrying out the duties of Honorary Consul for the Republic of Kazakhstan in Bursa. The reception that was held at the Bursa Hotel Çelik Palas on February 25, 2012, for the presentation of the Bursa Honorary Consul assignment to Çalık Holding Chairman Ahmet Çalık by the Republic of Kazakhstan, was attended by Deputy Prime Minister Bülent Arınç, Bursa Governor Şahabettin Harput, Republic of Kazakhstan Ambassador Zhanseit Tuimebayev and many other guests.

### An R & D Prize for Çalık Denim

Çalık Holding affiliate Çalık Denim won the "R & D" and "R&D Leaders" award at the IV. International R&D Project Market Summit in the Turkish Textile and Apparel Sector that has been organized every year by the UTİB (Uludağ Textile Exporters Union) since 2009, for its emphasis on innovation and the R&D it has established. Çalık Denim, a company that has achieved a place among leading manufacturing companies in world markets for the high quality denim material it produces, also introduced the "WE LIVE IN PUBLIC" themed 2013 Fall and Winter collection and "SEE YOURSELF" themed 2014 Spring and Summer Collection that was prepared under the consultation of famous stylist Ümit Ünal in 2012.

### A New "Metropol" in the Heart of Finance

One of Turkey's largest projects, is being built in East Ataşehir by TOKİ affiliate Emlak Konut GYO and Gap İnşaat - Varyap Joint Venture. All the functions of the project, built in line with world standards, will be completed in the beginning of 2015. First stage of the project, the residence block with 308 flat located in East Ataşehir, was presented with 5,000 TL per square meter price. The residence block that has been put out, which includes choices of flat layouts from studio to 4+1, between 40 m² and 250 m² is comprised of 27 floors and is 140 meters high.





## INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors of  
Çalık Holding Anonim Şirketi  
Istanbul –Turkey

We have audited accompanying statement of consolidated financial position of Çalık Holding A.Ş (the “Company”) and its subsidiaries listed under note 1 (the “Group”), as at 31 December 2012, and the statements of consolidated 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 2012, 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, 05.04.2013

# independent auditor's report ÇALIK HOLDING A.Ş.

Consolidated  
Financial Statements  
At 01.01.2012 - 31.12.2012  
Together With Auditor's Report



**ÇALIK HOLDİNG A.Ş.**  
**STATEMENTS OF CONSOLIDATED FINANCIAL POSITION**  
**AT 31 DECEMBER 2012 AND 2011**

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

Assets	Note	2012	2011
<b>Current assets</b>			
Cash and cash equivalents	7	517.425	455.039
Placements and balances with banks	8	158.503	125.065
Investments securities	9	1.271.781	1.128.296
Due from services concession agreements	10	33.780	30.203
Trade receivables	13	857.461	821.240
Loans and advances to customers	14	1.587.717	1.302.852
Construction contracts work in progress	12	7.734	124.814
Inventories	15	373.894	283.303
Other assets	16	445.666	299.908
<b>Total current assets</b>		<b>5.253.961</b>	<b>4.570.720</b>
<b>Non-current assets</b>			
Capital equivalency deposit	11	46.799	11.759
Trade receivables		19.178	5.159
Loans and advances to customers	14	26.512	15.390
Investments securities	9	168.171	--
Due from services concession agreements	10	155.646	88.343
Equity investments	17	51.971	44.703
Property, plant and equipment	18	610.247	593.334
Investment property	20	378.547	184.636
Intangible assets	19	929.976	885.345
Other assets		8.740	5.177
Deferred tax assets	27	39.776	4.984
<b>Total non-current assets</b>		<b>2.435.563</b>	<b>1.838.830</b>
<b>Total assets</b>		<b>7.689.524</b>	<b>6.409.550</b>

**ÇALIK HOLDİNG A.Ş.**  
**STATEMENTS OF CONSOLIDATED FINANCIAL POSITION**  
**AT 31 DECEMBER 2012 AND 2011**

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

Liabilities and equity	Note	2012	2011
<b>Current liabilities</b>			
Borrowings	21	1.401.166	1.118.043
Customer deposits	22	1.775.143	1.481.994
Due to banks	23	769.859	544.539
Trade payables	24	1.185.207	839.646
Deferred billings	12	35.001	29.978
Taxation on income	27	14.741	7.070
Provisions	25	34.777	25.991
Other liabilities	26	227.904	213.536
<b>Total current liabilities</b>		<b>5.443.798</b>	<b>4.260.797</b>
<b>Non-current liabilities</b>			
Borrowings	21	834.993	750.629
Customer deposits	22	105.718	98.383
Trade payables	24	--	1.011
Employee termination benefits	28	28.899	23.056
Provisions	25	14.024	22.612
Other liabilities	26	278.966	290.954
<b>Total non-current liabilities</b>		<b>1.262.600</b>	<b>1.186.645</b>
<b>Equity</b>			
Share capital	29	138.292	130.509
Translation reserve		8.337	22.597
Fair value reserve		11.283	(11.090)
Revaluation reserve		--	166.204
General reserves		608.149	485.426
<b>Equity attributable to owners of the parent</b>		<b>766.061</b>	<b>793.646</b>
<b>Non-controlling interests</b>		<b>217.065</b>	<b>168.462</b>
<b>Total equity</b>		<b>983.126</b>	<b>962.108</b>
<b>Commitments and contingencies</b>	30	--	--
<b>Total liabilities and equity</b>		<b>7.689.524</b>	<b>6.409.550</b>



**ÇALIK HOLDİNG A.Ş.**  
**STATEMENTS OF CONSOLIDATED INCOME**  
**FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011**

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

	Note	2012	2011
Revenue	31	2.772.896	2.857.671
Cost of sales		(2.142.869)	(2.139.979)
<b>Gross profit</b>		<b>630.027</b>	<b>717.692</b>
Research and development expenses		(7.336)	(6.510)
Selling expenses		(167.861)	(165.307)
General and administrative expenses		(222.489)	(216.381)
<b>Operating profit</b>		<b>232.341</b>	<b>329.494</b>
Loss from investment in associate		(4.326)	(5.454)
Other income	33	12.383	12.039
Other expense	33	(12.346)	(18.165)
Profit on sale of financial assets available for sale		--	5.975
Fair value gain on financial assets	9	(8.759)	251.457
Financing income	34	146.903	28.868
Financing expense	34	(232.401)	(465.856)
<b>Profit for the year from continuing operations before taxation</b>		<b>133.795</b>	<b>138.358</b>
Taxation on income	27	(48.012)	(55.322)
<b>Profit for the year from continuing operations</b>		<b>85.783</b>	<b>83.036</b>
<b>Discontinued operations</b>			
Loss for the period from discontinued operations	37	(7.050)	(4.694)
<b>Net profit for the year</b>		<b>78.733</b>	<b>78.342</b>
<b>Net profit (loss) attributable to:</b>			
Owners of the parent		50.685	154.022
Non-controlling interests		28.048	(75.680)

**ÇALIK HOLDİNG A.Ş.**  
**STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011**

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

	2012	2011
<b>Profit for the year</b>	<b>78.733</b>	<b>78.342</b>
Fair value reserve for available-for-sale securities	20.405	(11.241)
Translation differences	35.322	(166.711)
Revaluation of investment properties	(117.447)	96.247
<b>Other comprehensive income (loss)</b>	<b>(61.720)</b>	<b>(81.705)</b>
<b>Total comprehensive income for the year</b>	<b>17.013</b>	<b>(3.363)</b>
<b>Attributable to:</b>		
Owners of the parent	(27.570)	116.372
Non-controlling interests	44.583	(119.735)



**ÇALIK HOLDİNG A.Ş.**  
**STATEMENTS OF CONSOLIDATED CHANGES IN EQUITY**  
**FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011**

(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	Non-controlling interests	Total equity
Balance at 01.01.2012	130.509	22.597	(11.090)	166.204	485.426	793.646	168.462	962.108
Dividends paid	--	--	--	--	--	--	(175)	(175)
Cash increase in subsidiaries share capital	--	--	--	--	--	--	4.206	4.206
Consolidated subsidiaries as from 01 January 2012	--	--	--	--	(15)	(15)	(11)	(26)
Transaction with owners	130.509	22.597	(11.090)	166.204	485.411	793.631	172.482	966.113
Net profit for the year	--	--	--	--	50.685	50.685	28.048	78.733
Other comprehensive income (loss):								
Fair value gain for available-for-sale securities	--	--	22.373	--	(1.968)	20.405	--	20.405
Translation differences	7.783	(7.098)	--	--	18.102	18.787	16.535	35.322
Revaluation of investment properties	--	(7.162)	--	(166.204)	55.919	(117.447)	--	(117.447)
Total comprehensive income (loss) for the year	7.783	(14.260)	22.373	(166.204)	122.738	(27.570)	44.583	17.013
Balance at 31.12.2012	138.292	8.337	11.283	--	608.149	766.061	217.065	983.126

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 2012 AND 2011**

(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	Non-controlling interests	Total equity
Balance at 01.01.2011	159.456	(17.859)	185	85.473	553.215	780.470	333.192	1.113.662
Equity adjustments (note 2)	--	--	--	--	12.275	12.275	--	12.275
Unconsolidated subsidiary	--	--	--	--	--	--	(2.387)	(2.387)
Dividends paid	--	--	--	--	(44.476)	(44.476)	(632)	(45.108)
Cash increase in subsidiaries share capital	--	--	--	--	--	--	8.591	8.591
Consolidated subsidiaries as from 01 January 2011	--	--	--	--	(34.150)	(34.150)	(87.412)	(121.562)
Changes in non-controlling interests	--	--	--	--	(36.845)	(36.845)	36.845	--
Transaction with owners	159.456	(17.859)	185	85.473	450.019	677.274	288.197	965.471
Net profit (loss) for the year	--	--	--	--	154.022	154.022	(75.680)	78.342
Other comprehensive income (loss):								
Fair value gain for available-for-sale securities	--	--	(11.241)	--	--	(11.241)	--	(11.241)
Translation differences	(28.947)	40.456	(34)	(15.516)	(118.615)	(122.656)	(44.055)	(166.711)
Revaluation of investment properties	--	--	--	96.247	--	96.247	--	96.247
Total comprehensive income (loss) for the year	(28.947)	40.456	(11.275)	80.731	35.407	116.372	(119.735)	(3.363)
Balance at 31.12.2011	130.509	22.597	(11.090)	166.204	485.426	793.646	168.462	962.108

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 2012 AND 2011**

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

	Note	2012	2011
Profit before taxation from continuing operations		133.795	138.358
Profit before taxation from discontinued operations	37	(7.050)	(4.702)
Adjustment to reconcile profit before taxation to net cash provided from operating activities:	35	171.658	176.705
<b>Operating profit before changes in working capital</b>		<b>298.403</b>	<b>310.361</b>
Changes in operating assets and liabilities	35	167.226	127.802
Taxes paid		(45.970)	(33.445)
<b>Net cash provided by operating activities</b>		<b>419.659</b>	<b>404.718</b>
<b>Cash flows from investing activities</b>			
Investments securities		(304.873)	(74.166)
Concession financial assets		(70.880)	25.124
Proceeds (purchases) of equity investments		(11.594)	24.887
Proceeds from sale of subsidiaries, net of cash		--	7.478
Purchases of property, plant and equipment	18	(108.830)	(113.530)
Purchases of intangible assets	19	(15.723)	(16.573)
Purchases of investment properties	20	(1.163)	(8.635)
Proceeds from sale of property, plant and equipments		15.327	2.924
Proceeds from sale of intangible assets		12.032	8.135
Proceeds from sale of investment properties		220	19.468
<b>Net cash used in investing activities</b>		<b>(485.484)</b>	<b>(124.888)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		1.164.816	355.599
Repayments of borrowings		(804.498)	(267.330)
Unrealized foreign exchange loss on borrowings		63.972	(223.388)
Interest paid		(177.944)	(116.876)
Interest received		48.328	16.577
Dividends paid		(175)	(45.108)
Cash increase in subsidiaries share capital		4.206	8.591
<b>Net cash provided by financing activities</b>		<b>298.705</b>	<b>(271.935)</b>
Translation differences		(170.494)	107.064
<b>Net increase in cash and cash equivalents</b>		<b>62.386</b>	<b>114.959</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>455.039</b>	<b>340.080</b>
<b>Cash and cash equivalents at end of year</b>	7	<b>517.425</b>	<b>455.039</b>

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**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 2012, the average number of personnel employed was 10.799 (2011: 8.901)

As of 31 December 2012, Çalık Holding, its subsidiaries (the “Group”) are made up of Çalık Holding, its 87 subsidiaries and a joint venture (2011: 85 subsidiaries) listed below:

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

**1.1 Textile group**

Consolidated company	Location
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
Çalık Pamuk Doğal ve Sentetik Elyaf Ticaret A.Ş.	Turkey

**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. One branch of Gap Güneydoğu, namely, Gap Güneydoğu Mersin Free Zone is 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 Güneydoğu FZE Jebel Ali Free Zone**

Çalık USA and Gap Güneydoğu FZE are engaged in the trade of textile products in the USA and Dubai respectively.

**Çalık Alexandria For Readymade Garments “Çalık Aleksandria”**

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.

**Çalık Pamuk Doğal ve Sentetik Elyaf Ticaret A.Ş. (“Çalık Pamuk”)**

Çalık Cotton was founded in 2011 with the object of conducting international cotton trade activities. In addition to cotton and yarn trade, it started to render counseling services in all matters related to cotton



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**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
Aktif Doğalgaz Ticaret 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
Momentum 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
Japan International Enerji Network A.Ş.	Turkey
Çalık Petrol Arama Üretim Sanayi ve Ticaret A.Ş.	Turkey
Çalık Diamond Solar Enerji A.Ş.	Turkey

**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 four branches namely Çalık Enerji Turkmenistan, Çalık Gürcistan, Çalık Enerji Uzbekistan and Çalık Enerji Iraq.

**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

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Licence no.5517 issued by the Jebel Ali Free Zone Authority is General Trading. Çalık Enerji FZE has a branch in Turkmenistan.

**Aktif Doğalgaz Ticaret A.Ş. (“Aktif Doğalgaz”)**

Aktif Doğalgaz was established in 1999 in Istanbul in order to operate in gas distribution and trade. As of the financial position date, Aktif Doğalgaz 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 financial position 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.



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**Momentum Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş. (“Momentum Enerji”)**

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

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**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.

**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.

**Japan International Energy Network A. Ş. (“Japan International”)**

Japan International was established in 2010 for exploring and operating of solar power, wind power, geothermal power and other renewable energy resources selling and marketing of electricity. Japan International also possesses another principal activity about engaging in exploration and selling of mineral ore.

**Çalık Petrol Arama Üretim San. Tic. A.Ş. (“Çalık Petrol”)**

Çalık Petrol Arama Üretim San. Tic. A.Ş. was established in 11.01.2012 for natural gas and oil exploration, production, distribution, sale, transport and trade.

**Çalık Diamond Solar Enerji A.Ş. (“Çalık Solar Enerji”)**

Çalık Diamond Solar Enerji A.Ş. was established in 14.05.2012 for any solar power station projects and Energy Market Regulatory Authority decisions by the legislation, in accordance with required documentation and allow for development and construction of the set up.

**1.3 Telecommunication group**

**Consolidated company** **Location**

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.



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**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 Firs Class License No. 253/03/04, dated 01.03.2004.

**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**

Consolidated company	Location
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 four branches in Turkmenistan, Saudi Arabia, Abu Dhabi, Iraq which were set up to operate several construction projects in Turkmenistan, Saudi Arabia, Abu Dhabi and Iraq.

**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 create a 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.

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**1.5 Banking group**

Consolidated company	Location
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.

**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**

Consolidated company	Location
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.



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**1.7 Media group**

<u>Consolidated company</u>	<u>Location</u>
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”, “Takvim” 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 financial position 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. As of the balance sheet date Turkuvaz Yayın is inactive.

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

Turkuvaz Filmcilik was set up in January 2008 in Istanbul. As of the financial position 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. The company is active since June 2008 and its main activity is broadcasting.

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

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

**Turkuvaz Mobil Hizmetler A.Ş. (“Turkuvaz Mobil”)**

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

**Turkuvaz Aktif Televizyon Prodüksiyon A.Ş. (“Turkuvaz Aktif”)**

Turkuvaz Aktif was founded in March 2008 in Istanbul. As of the financial position 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. The company is active since July 2008 and its main activity is broadcasting.

**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. The company is active since July 2010 and its main activity is broadcasting.

**Turkuvaz Medya Yayın Hizmetleri A.Ş. (“Turkuvaz Medya”)**

Turkuvaz Medya was founded in October 2009, in Istanbul. The company is active since July 2010 and its main activity is broadcasting.

**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

Consolidated company	Location
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
Lidya Madencilik Sanayi ve Ticaret A.Ş.	Turkey
Çalık Hava Taşımacılık Turizm Sanayi ve Ticaret A.Ş.	Turkey
Tura Madencilik A.Ş.	Turkey
Dore Altın ve Madencilik A.Ş.	Turkey
Çalık Turizm Kültür İnşaat Sanayi ve Ticaret 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.

**Lidya Madencilik Sanayi ve Ticaret A.Ş. (“Lidya Maden”)**

Lidya 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.

**Tura Madencilik A.Ş. (“Tura”)**

Tura 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.

**Çalık Turizm Kültür İnşaat Sanayi ve Ticaret A.Ş. (“Çalık Turizm”)**

Çalık Turizm was established in December 2004 in Istanbul in order to regard efficient utilization of immovable assets relation to establishment of mega-cities. Çalık Turizm is involved with the construction, establishment, operation and renting out of contemporary residential areas, trade and tourism centers, international and local press centers, mass housing, metres, bridges, and highways.

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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.

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 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.

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”.

**Presentation currency and functional currency**

These consolidated financial statements are presented in USD. Turkish Lira (“TL”) is the Company’ s functional currency.

**Translation of financial statements from functional currency to presentation currency**

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

- Assets and liabilities for each financial position presented are translated at the closing rate at the date of that reporting date (2011 TL 1,7826 (full) = USD 1,00 (full)), (2011 TL 1,8889 (full) = USD 1,00 (full)).
- Income and expenses for each income statement are translated at exchange rates at the dates of the transactions; 2012 TL 1,7925 (full) = USD 1,00 (full)), (2011 TL 1,67 (full) = USD 1,00 (full)).
- Equity items other than the net profit for the year and share capital and other comprehensive income are translated at the closing rate existing at the reporting date (2011 TL 1,7826 (full) = USD 1,00 (full)) , (2010 TL 1,8889 (full) = USD 1,00 (full)).
- all resulting exchange differences are recognised as a separate component in of equity in the “Translation reserve” account.

**Offsetting**

Financial assets and liabilities are offset and the net amount is reported in the consolidated financial position 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) Standards, amendments and interpretations effective in 2012:

- IAS 12 (Amendment) “Income Taxes: Recovery of Underlying Assets”
- IFRS 7 (Amendment) “Financial Instruments-Disclosures –Transfer of Financial Assets”

b) Standards, amendments and interpretations effective after 31 December 2012 but not early adopted by the Company:

- IAS 1 (Amendment) “Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income”
- IAS 19 (Amendment) “Employee Benefits”
- IAS 27 (Amendment) “Separate Financial Statements”
- IAS 28 (Amendment) “Investments in Associates and Joint Ventures”
- IAS 32 (Amendment) “Financial Instruments: Presentation- Offsetting of Financial Assets and Financial Liabilities”
- IFRS 7 (Amendment) “Financial Instruments-Disclosures-Offsetting of Financial Assets and Financial Liabilities”
- IFRS 9 “Financial Instruments- Classification and measurement”
- IFRS 10 “Consolidated Financial Statements”
- IFRS 11 “Joint Arrangements”
- IFRS 12 “Disclosure of Interests in Other Entities”
- IFRS 13 “Fair Value Measurement”
- IFRIC 20 “Stripping Costs in the Production Phase of a Surface Mine”

Management of the Group anticipates that all of the pronouncements detailed in (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 31.12.2012 and 31.12.2011 and statement of income with the accompanying notes for the year ended 31.12.2012 and 31.12.2011 and cash flow and changes in equity with the accompanying notes for the period 01.01-31.12.2012 and 01.01-31.12.2011 are presented as comparatively.

For the comparability of the current financial statements, these financial statements are reclassified if necessary.

As of 31.12.2011, “Installation inspection fee” and “Income from contract consideration of subscribers” amounting to USD 659, which were accounted under other incomes, were reclassified to revenue.

As of 31.12.2011, “Price equalization expenses” amounting to USD 22.737, which were accounted under cost of sales, were netted-off to revenue.

As of 31.12.2011, “Foreign exchange gains and losses” amounting to USD 429.429 which were accounted under financing income and financing expenses, were netted-off.

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**Changes in accounting policy**

The effects arising from changes in the Company’s subsidiary Turkuvaz Radyo Televizyon Haberleşme ve Yayıncılık A.Ş. accounting estimates on deferred tax have been reflected in the accompanying statements in equity as from 01 January 2010 and 01 January 2011 in accordance with IAS – 8 “Accounting Policies, Changes in Accounting Estimates and Errors”. To the extent that those changes had an impact on the results reported for 2011 and 2010 are shown below:

	2011	2010
<b>Effect on equity:</b>		
- Deferred tax effect of changes in accounting estimates	18.286	12.275
		01.01.- 31.12.2011
<b>Effect on income statement:</b>		
- Deferred tax effect of change in accounting estimates		6.011

**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.

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 losing 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 equipment 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 non-controlling shareholders is stated at the non-controlling's proportion of their fair values of the assets and liabilities recognised.

The financial position 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:

	2012		2011	
	Direct ownership (%)	Economic interest (%)	Direct ownership (%)	Economic interest (%)
<b>Consolidated company</b>				
Gap Güneydoğu Tekstil Sanayi ve Ticaret A.Ş.	99,2	98,9	99,2	98,9
Çalık Korea Inc.	100,0	98,9	100,0	98,9
Çalık USA	100,0	98,9	100,0	98,9
Gap Güneydoğu FZE Jebel Ali Free Zone	100,0	98,9	100,0	98,9
Çalık Pamuk Doğal ve Sentetik Elyaf Ticaret A.Ş.	100,0	100,0	--	--
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
Aktif Doğalgaz Ticaret A.Ş.	96,5	96,4	96,5	96,4
Türkmen'in Altın Asrı Elektrik Enerjisi Toptan Satış A.Ş.	97,0	96,8	97,0	96,8

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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
Kızılırmak Enerji Elektrik A.Ş.	99,2	99,1	99,2	99,1
Doğu Akdeniz Petrokimya ve Rafineri Sanayi ve Ticaret A.Ş.	84,2	84,1	84,2	84,1
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
Momentum 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	100,0	99,9
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
Çalık Petrol Arama Üretim Sanayi ve Ticaret A.Ş.	100,0	100,0	--	--
Çalık Diamond Solar Enerji A.Ş.	50,0	50,0	--	--
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.	99,7	99,2	99,7	99,2
Çalık Finansal Hizmetler A.Ş.	100,0	100,0	100,0	100,0
Banka Kombetare Tregtare Sh.a.	100,0	100,0	100,0	100,0
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	57,3	58,0	57,3
Turkuvaz Kitapçılık Yayıncılık A.Ş.	83,0	82,3	83,0	82,3
Turkuvaz Gazete Dergi Basım A.Ş.	83,0	82,3	83,0	82,3
Turkuvaz Haber Ajansı A.Ş.	83,0	82,3	83,0	82,3
Turkuvaz Dağıtım Pazarlama A.Ş.	83,0	82,3	83,0	82,3
Turkuvaz Yayın Hizmetleri ve Ticaret A.Ş.	83,0	82,3	83,0	82,3
Turkuvaz Filmcilik Prodüksiyon Sanayi ve Ticaret A.Ş.	83,0	82,3	83,0	82,3
Turkuvaz Televizyon ve Radyo İşletmeciliği A.Ş.	83,0	82,3	83,0	82,3
Turkuvaz Teknik Hizmetler Sanayi ve Ticaret A.Ş.	83,0	82,3	83,0	82,3
Turkuvaz Mobil Hizmetler A.Ş.	83,0	82,3	83,0	82,3
Turkuvaz ATV Televizyon Prodüksiyon A.Ş.	83,0	82,3	83,0	82,3
Turkuvaz Aktif Televizyon Prodüksiyon A.Ş.	83,0	82,3	83,0	82,3
Turkuvaz Reklam Pazarlama Danışmanlık A.Ş.	83,0	82,3	83,0	82,3



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Consolidated company (continued)	2012		2011	
	Direct ownership (%)	Economic interest (%)	Direct ownership (%)	Economic interest (%)
Turkuvaz Matbaacılık Yayıncılık A.Ş.	83,0	82,3	83,0	82,3
Turkuvaz İzmir Gazete Dergi Basım Yayın A.Ş.	83,0	82,3	83,0	82,3
Turkuvaz Yeni Asır Televizyon Prodüksiyon A.Ş.	83,0	82,3	83,0	82,3
Turkuvaz İzmir Televizyon Prodüksiyon ve Radyoculuk A.Ş.	83,0	82,3	83,0	82,3
Turkuvaz ATV Sabah GmbH	100,0	81,4	100,0	81,4
Turkuvaz Motor Presse Dergi Yayıncılık Ltd.	100,0	81,4	100,0	81,4
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
Lidya Madencilik Sanayi ve Ticaret A.Ş.	99,5	99,5	99,5	99,5
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	99,5	99,4
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	82,3	83,0	82,3
Turkuvaz Medya Yayın Hizmetleri A.Ş.	83,0	82,3	83,0	82,3
Turkuvaz Televizyon Hizmetleri A.Ş.	83,0	82,3	83,0	82,3
Atayurt İnşaat A.Ş.	99,8	99,6	99,8	99,6
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	99,9	99,9
Sembol Enerji A.Ş.	100,0	99,9	100,0	99,9
Çalık Hava Taşımacılık Turizm Sanayi ve Ticaret A.Ş.	100,0	100,0	100,0	100,0
Ayas Rafineri ve Petrokimya Sanayi ve Ticaret A.Ş.	99,9	99,9	99,9	99,9
Dore Altın ve Madencilik A.Ş.	100,0	99,5	100,0	99,5
Tura Madencilik A.Ş.	100,0	99,5	100,0	99,5
Petrotrans Enerji A.Ş.	99,9	99,9	99,9	99,9
Telemed Telekom A.Ş.	99,9	99,9	99,9	99,9
Yeşilirmak Elektrik Dağıtım A. Ş.	100,0	99,9	100,0	99,9
Çalık Elektrik Dağıtım A. Ş.	100,0	99,9	100,0	99,9
Japan International Energy Network A. Ş.	24,9	24,9	24,9	24,9
Çalık Turizm Kültür İnşaat Sanayi ve Ticaret A.Ş.	83,1	97,3	83,1	97,3

As of and up to 31.12.2008, TTK, TJK, Serdar Pamuk and Balkan with group shares of respectively 32,0% 40,2%, 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.

TAPCO, Ant Enerji and Japan International with group shares of respectively, 49,9%, 49,9%, and 24,9% are consolidated because they are under the effective control and management of the Group.

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Gap İnşaat Aina Joint Venture is the only jointly controlled entity within the Group and the ownership percentage is 50%. 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 non-controlling shareholders in the acquire is initially measured at the non-controlling's proportion of the net fair value of the assets, liabilities and contingent liabilities recognized.

**Discontinued operations and non current assets held for sale**

Discontinued operation is a major line of business or geographical area of operations that is part of a single co-ordinated plan to dispose of or is held for sale.

Net assets related to the discontinued operations are measured at fair value less cost to sell. A single amount on the face of the income statements comprising the total of the post-tax profit or loss of discontinued operations and post-tax gain or loss recognised on the disposal of the assets constituting the discontinued operation is disclosed. Also, the net cash flows of the discontinued operations associated with the operating, investment and financing activities are disclosed in note 37.

Group of assets and liabilities are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. Liabilities directly associated with those assets are also classified similarly. Disposal group assets are measured at the lower of its carrying amount after deduction of the liabilities directly associated with those assets and its fair value less costs to sell.

**Services concession agreement**

Yeşilirmak, a subsidiary acquired by Çalık Elektrik Dağıtım on 29.12.2010 based on 30.11.2010 financial position, signed a contract with Türkiye Elektrik Dağıtım A.Ş. ("TEDAŞ") on 24.07.2006 to identify the principles of allocation of transfer of operating rights ("TOOR") 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 under the heading "Due from services concession agreements".

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



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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.

**Foreign currency transactions**

Transactions in foreign currencies during the periods have been translated at the exchange rates prevailing at the dates of these transactions. Financial position items denominated in foreign currencies have been translated at the exchange rates prevailing at the financial position 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 financial position dates, the major foreign exchange rates used by the Company and its subsidiaries established in Turkey against Turkish Lira are given below:

	2012	2011
USD	1,7826	1,8889
EUR	2,3517	2,4438

**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 financial position 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:

	Year
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	3-25

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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.

**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 financial position 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 financial position:

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.



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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.

*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 financial position 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

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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.

**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 6.

**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<sup>6</sup>

*Construction group*

Revenue from customer-related long-term construction contracts is recognised by reference to the percentage of completion of the contract at the financial position date.



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*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:

- 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 financial position date, and any adjustment to tax payable in respect of previous years.

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Deferred tax is provided using the financial position 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 financial position 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.

**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.

**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 TL3.033,98 (2011: TL 2.731,85) 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.



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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.

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

**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:

	2012	2011
Current assets	1.368	2.492
Non-current assets	303	698
	<b>1.671</b>	<b>3.190</b>
Current liabilities	99	180
Equity	1.572	3.010
	<b>1.671</b>	<b>3.190</b>
	<b>2012</b>	<b>2011</b>
Total revenue	--	--
Operating profit, net	(207)	(249)
Profit for the year, net	(207)	(249)



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**5. BUSINESS COMBINATIONS**

**Consolidated subsidiary as from 01.01.2012**

In the preceding financial statements for the year ended 31.12.2011, Çalık Pamuk Doğal ve Sentetik Elyaf Ticaret A.Ş. an inactive subsidiaries was not consolidated due to the fact that they were 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 Pamuk Doğal ve Sentetik Elyaf Ticaret A.Ş. 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 Pamuk Doğal ve Sentetik Elyaf Ticaret A.Ş. 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 25 on the opening general reserve on 01.01.2012 in the statement of equity. The financial position items of Çalık Pamuk Doğal ve Sentetik Elyaf Ticaret A.Ş. as at 31.12.2011 are set out below for further disclosure purposes:

Assets	Amount
<b>Current assets</b>	
Cash and cash equivalents	13
Trade receivables	38
Inventories	43
Other assets	46
Property, plant and equipment	102
Intangible assets	13
<b>Total assets</b>	<b>255</b>
<b>Liabilities and equity</b>	
<b>Current liabilities</b>	
Trade payables	232
Other liabilities	20
Deferred tax liability	2
	<b>254</b>
<b>Equity</b>	
Share capital	28
General reserve	(27)
	<b>1</b>
<b>Liabilities and equity</b>	<b>255</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:

Assets	2012	2011
Textile	252.753	202.175
Energy	1.265.405	899.586
Telecommunication	336.650	430.292
Construction	927.893	825.267
Banking	4.304.072	3.223.234
Media	1.130.144	1.085.803
Marketing and other	2.244.189	1.899.829
	<b>10.461.106</b>	<b>8.566.186</b>
Less : Inter-company eliminations	(2.771.582)	(2.156.636)
<b>Total assets</b>	<b>7.689.524</b>	<b>6.409.550</b>
<b>Liabilities</b>		
Textile	147.620	103.895
Energy	766.945	591.518
Telecommunication	190.021	194.131
Construction	636.920	574.105
Banking	3.846.179	2.944.495
Media	1.152.500	1.042.490
Marketing and other	1.446.727	1.144.685
	<b>8.186.912</b>	<b>6.595.319</b>
Less : Inter-company eliminations	(1.480.514)	(1.147.877)
<b>Total liabilities</b>	<b>6.706.398</b>	<b>5.447.442</b>

As of the financial position dates, segmental capital expenditure is as follows:

Textile	11.067	2.105
Energy	34.688	24.774
Telecommunication	27.862	29.653
Construction	2.534	14.610
Banking	22.626	11.928
Media	9.322	18.141
Marketing and other	17.617	37.527
	<b>125.716</b>	<b>138.738</b>

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	Textile	Energy	Telecommunication	Construction	Banking	Media	Marketing and other	Inter-company eliminations	Total
Revenue	176.262	1.387.894	125.106	146.141	387.868	490.520	176.085	(116.980)	2.772.896
Cost of sales	(129.744)	(1.159.076)	(60.347)	(86.140)	(181.592)	(455.114)	(155.688)	84.832	(2.142.869)
<b>Gross profit</b>	<b>46.518</b>	<b>228.818</b>	<b>64.759</b>	<b>60.001</b>	<b>206.276</b>	<b>35.406</b>	<b>20.397</b>	<b>(32.148)</b>	<b>630.027</b>
Operating expenses	(25.946)	(121.562)	(50.892)	(10.322)	(91.719)	(88.249)	(49.067)	40.071	(397.686)
<b>Income from operations</b>	<b>20.572</b>	<b>107.256</b>	<b>13.867</b>	<b>49.679</b>	<b>114.557</b>	<b>(52.843)</b>	<b>(28.670)</b>	<b>7.923</b>	<b>232.341</b>
Loss from investment in associate	(2.479)	--	--	--	--	--	--	(1.847)	(4.326)
Other income (expense), net	(3.061)	5.009	556	880	(267)	(422)	352	(3.010)	37
Profit on sale of investment	--	--	--	--	--	--	--	--	--
Fair value gain on financial assets	--	--	--	--	--	--	(7.497)	(1.262)	(8.759)
Financing income (expense), net	(5.816)	39.862	(7.789)	(643)	(17.118)	(28.787)	(72.047)	6.840	(85.498)
<b>Income (loss) before taxation</b>	<b>9.216</b>	<b>152.127</b>	<b>6.634</b>	<b>49.916</b>	<b>97.172</b>	<b>(82.052)</b>	<b>(107.862)</b>	<b>8.644</b>	<b>133.795</b>
Tax provision	3.042	(25.422)	(3.138)	(23.791)	(16.940)	14.103	4.134	--	(48.012)
<b>Profit (loss) for the period from continuing operations</b>	<b>12.258</b>	<b>126.705</b>	<b>3.496</b>	<b>26.125</b>	<b>80.232</b>	<b>(67.949)</b>	<b>(103.728)</b>	<b>8.644</b>	<b>85.783</b>
Discontinued operations									
Profit for the period from discontinued operations	(7.050)	--	--	--	--	--	--	--	(7.050)
<b>Net profit (loss) for the period</b>	<b>5.208</b>	<b>126.705</b>	<b>3.496</b>	<b>26.125</b>	<b>80.232</b>	<b>(67.949)</b>	<b>(103.728)</b>	<b>8.644</b>	<b>78.733</b>
Non-controlling interests	363	1.045	7.989	(599)	403	20.317	(1.470)	--	28.048
Depreciation expense and amortisation charge	8.466	16.050	20.370	4.908	7.470	21.527	7.081	--	85.872



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2011	Textile	Energy	Telecommunication	Construction	Banking	Media	Marketing and other	Inter-company eliminations	Total
Revenue	190.805	1.114.373	140.008	328.607	329.959	599.953	221.457	(67.491)	2.857.671
Cost of sales	(137.436)	(965.277)	(68.095)	(240.066)	(126.362)	(481.541)	(163.491)	42.289	(2.139.979)
Gross profit	53.369	149.096	71.913	88.541	203.597	118.412	57.966	(25.202)	717.692
Operating expenses	(24.181)	(100.647)	(56.717)	(11.215)	(77.176)	(91.152)	(33.021)	5.911	(388.198)
Income from operations	29.188	48.449	15.196	77.326	126.421	27.260	24.945	(19.291)	329.494
Loss from investment in associate	(5.454)	--	--	--	--	--	--	--	(5.454)
Other income (expense), net	(4.743)	2.585	164	147	(12.454)	(1.824)	1.735	8.264	(6.126)
Profit on sale of investment	--	5.975	--	--	--	--	--	--	5.975
Fair value gain on financial assets	--	--	--	--	--	--	251.457	--	251.457
Financing income (expense), net	(1.430)	(72.909)	(7.443)	(46.295)	(22.925)	(217.171)	(79.842)	11.027	(436.988)
Income (loss) before taxation	17.561	(15.900)	7.917	31.178	91.042	(191.735)	198.295	--	138.358
Tax provision	(5.075)	(13.672)	(2.344)	(1.527)	(18.388)	(537)	(13.779)	--	(55.322)
Profit (loss) for the period from continuing operations	12.486	(29.572)	5.573	29.651	72.654	(192.272)	184.516	--	83.036
Discontinued operations	(4.911)	217	--	--	--	--	--	--	(4.694)
Profit for the period from discontinued operations	7.575	(29.355)	5.573	29.651	72.654	(192.272)	184.516	--	78.342
Non-controlling interests	56	115	4.191	573	337	(81.502)	550	--	(75.680)
Depreciation expense and amortisation charge	10.357	13.788	22.903	4.977	7.156	21.386	8.656	--	89.223

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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.

	2012	2011
<b>Revenue</b>		
<i>Currency zone</i>		
TL	1.473.221	1.622.455
USD	344.340	362.560
LEK	273.633	279.334
Other	681.702	593.322
	<b>2.772.896</b>	<b>2.857.671</b>

Total assets are allocated based on where the assets are located.

	2012	2011
<b>Total assets</b>		
<i>Currency zone</i>		
TL	4.564.898	3.641.716
USD	98.301	274.798
LEK	2.732.855	2.209.955
Other	293.470	283.081
	<b>7.689.524</b>	<b>6.409.550</b>

Capital expenditure is allocated based on where the assets are located.

	2012	2011
<b>Capital expenditure</b>		
<i>Currency zone</i>		
TL	79.897	86.412
USD	52	4
LEK	41.482	37.336
Other	4.285	14.986
	<b>125.716</b>	<b>138.738</b>

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**7. CASH AND BALANCES WITH CENTRAL BANK**

	2012	2011
Cash in hand	44.186	32.321
Cash at banks		
- Demand deposit	15.594	56.011
- Time deposit	21.299	16.415
- Blocked accounts	6.846	19.585
- Treasury bills	--	185
	87.925	124.517
Reserve deposits at central banks		
Turkish Republic	278.482	180.640
Albania	150.066	149.149
	428.548	329.789
Other	952	733
	517.425	455.039

As of 31 December 2012, interest rate for time deposit is 0,25% (31.12.2011: 0,50% and 5,0%) per year for foreign currency and between 3,30% and 9,0% (31.12.2011: 3,75% and 11,0%) per year for TL.

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	142.236	112.480
Cash collaterals held by correspondent banks	924	1.991
Current accounts	15.343	10.594
	158.503	125.065

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 financial institutions in relation with some margin trading accounts or by the correspondent banks against letters of credit issued to the Bank's clients and cash deposits, which secure risks that are related to the credit cards activity of the Bank.

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**9. INVESTMENT SECURITIES**

	2012	2011
<b>Current</b>		
Treasury bills held-to-maturity	32.455	40.345
Treasury bills available-for-sale	236.661	169.380
Investment securities available-for-sale	523.404	392.325
Investment securities held-to-maturity	222.092	290.918
Investment securities at fair value through profit or loss	257.169	235.328
	1.271.781	1.128.296

**Non-current**

Treasury bills available-for-sale	168.171	--
-----------------------------------	---------	----

Treasury bills denominated in Lek earn interest at rates ranging from 6,05% p.a. to 8,32% p.a. (2011: from 6,78% p.a. to 8,74% p.a.) on a compound basis and consist of 6 and 12 months maturity. During 2012, are bought Euro denominated treasury bills of Kosovo Government with 3 months and 6 months maturity at an average rate of 1,61% and Euro denominated treasury bills of Albanian Government with 12 months maturity at an average compounded yield of 4,98%.

As of the balance sheet dates, treasury bills held-to-maturity are presented as follows:

<b>Treasury bills held-to-maturity</b>		
3 months	2.215	572
6 months	435	--
12 months	29.805	39.773
	32.455	40.345

As of the balance sheet dates, treasury bills available-for-sale are presented as follows:

<b>Investment securities available-for-sale</b>		
6 months	1.289	112
12 months	235.372	169.268
	236.661	169.380

As of the balance sheet dates, investment securities available-for-sale are presented as follows:

TL denominated bonds	362.109	259.862
LEK denominated bonds	191.345	64.601
USD denominated bonds	50.186	22.905
EUR denominated bonds	82.008	44.957
GBP denominated bonds	5.927	--
	691.575	392.325



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As of the balance sheet dates, investment securities available-for-sale are presented as follows:

	2012	2011
TL denominated bonds	180	--
LEK denominated bonds	126.077	201.558
USD denominated bonds	29.435	37.843
EUR denominated bonds	66.400	51.517
	<b>222.092</b>	<b>290.918</b>

**Investment securities at fair value through profit or loss (FVTPL)**

Carrying amount at 01 January	235.328	--
Reclassification	27.857	13.012
Change in fair value	(8.759)	251.457
Translation difference:	2.743	(29.141)
<b>Carrying amount at 31 December</b>	<b>257.169</b>	<b>235.328</b>

Investment securities at FVTPL includes unlisted securities of which the fair value is determined in accordance with an independent valuer's report. The valuation technique is based on Discounted Cash Flow Analysis (DCFA). All differences resulting from fair value gain or losses are recognised in profit or loss under "Fair value gain on financial assets at fair value through profit or loss" as a separate item in the statements of income.

**10. DUE FROM SERVICES CONCESSION AGREEMENTS**

	2012	2011
Short-term due from services concession agreements	33.780	30.203
<b>Total short-term due from services concession agreements</b>	<b>33.780</b>	<b>30.203</b>
<b>Total long-term due from services concession agreements</b>	<b>155.646</b>	<b>88.343</b>
<b>Total due from services concession agreements</b>	<b>189.426</b>	<b>118.546</b>
Gross due from services concession agreements	218.864	140.966
Unearned financial income (-)	(29.438)	(22.420)
<b>Due from services concession agreements, net</b>	<b>189.426</b>	<b>118.546</b>

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As of 31 December 2012, payment schedule for gross and net due from service agreements are shown below:

<b>Due from services concession agreements, gross</b>	<b>2012</b>	<b>2011</b>
2012	--	31.629
2013	39.030	26.780
2014	79.157	17.126
2015	22.609	12.578
2016 and upcoming years	78.068	52.853
	<b>218.864</b>	<b>140.966</b>

**Due from services concession agreements, net**

2012	--	30.203
2013	33.780	23.441
2014	68.510	14.130
2015	19.568	10.014
2016 and upcoming years	67.568	40.758
	<b>189.426</b>	<b>118.546</b>

The movement of due from service concession agreements is given below:

2011	Opening	Additions	Amortisations	Impairment	Reclass	Other	Translation	Closing
Short-term	32.742	--	--	--	3.851	--	(6.390)	30.203
Long-term	110.928	58.521	(35.679)	(25.360)	(3.851)	3.599	(19.815)	88.343
<b>Total</b>	<b>143.670</b>	<b>58.521</b>	<b>(35.679)</b>	<b>(25.360)</b>	<b>--</b>	<b>3.599</b>	<b>(26.205)</b>	<b>118.546</b>
2012	Opening	Additions	Amortisations	Impairment	Reclass	Other	Translation	Closing
Short-term	30.203	--	--	--	1.776	--	1.801	33.780
Long-term	88.343	52.777	(18.594)	29.276	(1.776)	--	5.620	155.646
<b>Total</b>	<b>118.546</b>	<b>52.777</b>	<b>(18.594)</b>	<b>29.276</b>	<b>--</b>	<b>--</b>	<b>7.421</b>	<b>189.426</b>

**11. CAPITAL EQUIVALENCY DEPOSIT**

Capital equivalency deposit represent the amount of USD 46.799 (31.12.2011 :USD 11.759) 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.

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**12. CONSTRUCTION CONTRACTS WORK IN PROGRESS**

	Billed contract receivables		Advances received from construction contracts	
	2012	2011	2012	2011
Deferred contract cost	4.584	72.715	--	--
Continuing projects	3.150	52.099	35.001	29.978
	<b>7.734</b>	<b>124.814</b>	<b>35.001</b>	<b>29.978</b>

	Billed contract receivables		Deferred Billings	
	2012	2011	2012	2011
Building for Ministry of Energy	--	10.000	--	--
The Children Park "World of Turkmen Tales" Project	--	2.500	--	--
Yashlik Pulp and Paper Mill	--	2.632	--	--
Facility for Ministry of Defense	--	3.250	--	--
Onshore Gas Terminal	--	23.303	--	--
Kelete Cement Factory	--	1.000	--	--
Eye Diseases Hospital	--	2.800	--	--
Baghdad Airport Road Project	--	--	9.195	28.938
Dental Hospital Project	--	2.026	--	--
Navoi TTP	2.841	4.314	--	1.040
Other	309	274	25.806	--
Deferred contract cost	4.584	72.715	--	--
<b>Total</b>	<b>7.734</b>	<b>124.814</b>	<b>35.001</b>	<b>29.978</b>

**13. TRADE RECEIVABLES**

	2012	2011
<b>Current</b>		
Current accounts		
- Third parties	904.877	853.831
- Related parties, note 36	10.178	7.049
Notes receivable		
- Third parties	22.505	11.140
- Related parties, note 36	50	255
Others	8.926	6.708
	<b>946.536</b>	<b>878.983</b>
Unearned interest on receivables (-)	(2.606)	(4.932)
Allowance for doubtful receivables (-)	(86.469)	(52.811)

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	2012	2011
	<b>857.461</b>	<b>821.240</b>

**14. LOANS AND ADVANCES TO CUSTOMERS**

Loans and advances to customers, gross	1.642.999	1.338.136
Allowance for impairment on loans and advances (-)	(28.652)	(19.890)
Unearned interest on lease receivables (-)	(118)	(4)
	<b>1.614.229</b>	<b>1.318.242</b>
Current	1.587.717	1.302.852
Non-current	26.512	15.390
	<b>1.614.229</b>	<b>1.318.242</b>

As of the financial position dates the breakdown of the loan portfolio is as follows:

The loans bear interest at the following rates:

Loans in USD	2,63%-14,13%	1,73% to 13,00%
Loans in EUR	1,03%-22,00%	0,50% to 22,00%
Loans in LEK	0,50%-21,79%	0,50% to 21,79%
Loans in CHF	4,53%-5,33%	5,72%

**15. INVENTORIES**

	2012	2011
Raw materials	171.726	58.930
Work in process	101.877	163.588
Finished goods	18.655	15.523
Merchandise	69.967	39.279
Other inventories	14.687	10.826
	<b>376.912</b>	<b>288.146</b>
Allowance for diminution in value (-)	(3.018)	(4.843)
	<b>373.894</b>	<b>283.303</b>



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**16. OTHER ASSETS**

**Current**

Prepaid expenses	15.471	16.640
Due from related parties, note 36	65.261	13.222
VAT receivable	64.261	50.132
Prepaid taxes	5.995	6.054
Advances received	45.793	122.443
Receivables from tax office	9.371	3.878
Sundry receivables	205.330	60.785
Other	34.184	26.754
	<b>445.666</b>	<b>299.908</b>

**17. EQUITY INVESTMENTS**

Entity	Country	Share %		Amount	
		2012	2011	2012	2011
<b>Unconsolidated subsidiaries</b>					
Çalık İnşaat A.Ş.	Turkey	99%	99%	179	169
Kentsel Dönüşüm A.Ş.	Turkey	99%	99%	28	24
E-TİK Elektronik Transfer Kuponları Ltd.Şti.	Turkey	100%	100%	27	25
Other				160	89
				<b>394</b>	<b>307</b>
<b>Equity investments</b>					
Dubai International Development	Dubai	49%	49%	30	30
Spectrum Çalık Investment	Dubai	49%	49%	19	16
A/O Gap Turkmen	Turkmenistan	40%	40%	2.559	4.767
Balkandokma YGPJ	Turkmenistan	31%	31%	12.165	11.481
				<b>14.773</b>	<b>16.294</b>
<b>Other investments</b>					
Bursagaz Bursa Şehirçi Doğal Gaz Dağıtım A.Ş.	Turkey	10%	10%	17.067	16.106
Kayserigaz Kayseri Doğalgaz Dağıtım Pazarlama A.Ş.	Turkey	10%	10%	3.557	3.357
Serdar Pamuk Egrigi Fabriği ÇJB	Turkmenistan	10%	10%	2.521	2.379
Ataks Mağazacılık A.Ş.	Turkey	2%	2%	31	28
Ataks Tekstil Dış Ticaret A.Ş.	Turkey	3%	3%	112	108
Tunçpınar Madencilik A. Ş.	Turkey	50%	50%	4.033	3.780
Kartalpe Madencilik A. Ş.	Turkey	50%	50%	6.351	2.227
Polimetal Madencilik A.Ş.	Turkey	50%	--	2.471	--
Other				661	117
				<b>36.804</b>	<b>28.102</b>
				<b>51.971</b>	<b>44.703</b>

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As from 01.01.2009 A/O Gap Turkmen , Türkmenbaşı Tekstil Kompleksi, Serdar Pamuk Egrigi Fabriği ÇJB, Balkandokma YGPJ were not consolidated in the accompanying consolidated financial statements. The Group ceases to have the power to govern but continues to have significant influence. Hence, the Group has applied to 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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	2011	Additions	Disposals	Translation differences	Revaluation	Consolidated subsidiary	Transfers	2012
<b>Cost</b>								
Land	30.137	--	--	1.732	--	--	--	31.869
Land improvements	2.820	64	--	111	--	--	--	2.995
Buildings	140.310	14.357	(8.230)	1.412	779	--	4.641	153.269
Leasehold improvements	22.342	12.387	(125)	1.418	--	13	53	36.088
Plant and machinery	521.086	20.409	(22.335)	20.165	55.473	--	20.178	614.976
Motor vehicles	40.688	1.427	(13.844)	1.236	--	67	--	29.574
Furniture and fixtures	76.055	9.284	(6.517)	2.719	--	37	334	81.912
Construction in progress	89.857	50.902	--	4.162	--	--	(24.859)	120.062
	<b>923.295</b>	<b>108.830</b>	<b>(51.051)</b>	<b>32.955</b>	<b>56.252</b>	<b>117</b>	<b>347</b>	<b>1.070.745</b>
<b>Accumulated depreciation</b>								
Land improvements	622	70	--	(175)	--	--	--	517
Buildings	28.828	1.038	(1.141)	1.616	6.724	--	3.441	40.506
Leasehold improvements	12.234	4.645	(72)	664	--	--	--	17.471
Plant and machinery	223.435	48.448	(17.208)	10.224	71.890	--	--	336.789
Motor vehicles	21.723	4.140	(13.863)	408	--	1	--	12.409
Furniture and fixtures	43.119	12.058	(4.127)	1.755	--	1	--	52.806
	<b>329.961</b>	<b>70.399</b>	<b>(36.411)</b>	<b>14.492</b>	<b>78.614</b>	<b>2</b>	<b>3.441</b>	<b>460.498</b>
<b>Net book value</b>	<b>593.334</b>							<b>610.247</b>

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	2010	Additions	Disposals	Translation differences	Consolidated subsidiaries	Unconsolidated subsidiaries	Transfers	2011
<b>Cost</b>								
Land	34.625	2.117	--	(6.330)	--	--	--	30.137
Land improvements	3.831	9	--	(671)	--	--	--	2.820
Buildings	144.845	9.380	--	(14.340)	--	--	1.268	140.310
Leasehold improvements	21.809	1.994	(206)	(4.538)	--	(4)	3.287	22.342
Plant and machinery	550.733	13.917	(2.510)	(71.392)	--	(5.958)	36.296	521.086
Motor vehicles	43.623	3.463	(1.286)	(4.607)	--	(831)	326	40.688
Furniture and fixtures	74.819	13.835	(1.959)	(10.832)	--	(1.956)	2.148	76.055
Construction in progress	107.491	68.815	--	(14.051)	--	(175)	(72.223)	89.857
	<b>981.776</b>	<b>113.530</b>	<b>(5.961)</b>	<b>(126.761)</b>	<b>--</b>	<b>(10.391)</b>	<b>(28.898)</b>	<b>923.295</b>
<b>Accumulated depreciation</b>								
Land improvements	821	74	--	(155)	--	(118)	--	622
Buildings	25.775	6.867	--	(3.614)	--	(200)	--	28.828
Leasehold improvements	10.570	4.196	(140)	(2.388)	--	(4)	--	12.234
Plant and machinery	216.517	47.034	(398)	(36.717)	--	(3.001)	--	223.435
Motor vehicles	20.523	4.304	(1.061)	(1.349)	--	(694)	--	21.723
Furniture and fixtures	41.132	10.705	(1.327)	(6.289)	--	(1.102)	--	43.119
	<b>315.338</b>	<b>73.180</b>	<b>(2.926)</b>	<b>(50.512)</b>	<b>--</b>	<b>(5.119)</b>	<b>--</b>	<b>329.961</b>
<b>Net book value</b>	<b>666.438</b>							<b>593.334</b>

Leased assets included in the table above comprise plant and machinery amounting to USD 22.938 (31.12.2011: USD 27.869) net of accumulated depreciation.

The Group's buildings have been mortgaged to the extent of USD 110.000 (31.12.2011: USD 110.000) 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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	2011	Additions	Disposals	Translation differences	Unconsolidated subsidiary	Transfers	2012
<b>Cost</b>							
Rights and software licenses	45.788	12.199	(4.082)	4.595	--	3.823	62.323
Electricity distribution rights	211.520	--	--	9.300	--	--	220.820
Brand names for media group	507.420	--	--	30.499	--	--	537.919
Goodwill							--
- <i>Media group</i>	88.766	--	--	4.914	--	--	93.680
- <i>Telecommunication group</i>	30.931	--	--	1.844	--	--	32.775
- <i>Banking group</i>	16.475	--	--	982	--	--	17.457
Other intangible assets	25.028	3.524	(12.021)	1.204	--	--	17.735
	<b>925.928</b>	<b>15.723</b>	<b>(16.103)</b>	<b>53.338</b>	<b>--</b>	<b>3.823</b>	<b>982.709</b>
<b>Accumulated amortization</b>							
Rights and software licenses	17.698	5.138	(4.015)	555	--	--	19.376
Electricity distribution rights	14.955	7.061	--	892	--	--	22.908
Other intangible assets	7.930	1.793	(56)	782	--	--	10.449
	<b>40.583</b>	<b>13.992</b>	<b>(4.071)</b>	<b>2.229</b>	<b>--</b>	<b>--</b>	<b>52.733</b>
<b>Net book value</b>	<b>885.345</b>						<b>929.976</b>

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	2010	Additions	Disposals	Translation differences	Unconsolidated subsidiary	Transfers	2011
<b>Cost</b>							
Rights and software licenses	48.619	4.721	(8.862)	(351)	(68)	1.729	45.788
Electricity distribution rights	258.435	--	--	(46.915)	--	--	211.520
Brand names for media group	613.810	--	--	(106.390)	--	--	507.420
Goodwill							
- <i>Media group</i>	108.454	--	--	(19.688)	--	--	88.766
- <i>Telecommunication group</i>	37.792	--	--	(6.861)	--	--	30.931
- <i>Banking group</i>	20.129	--	--	(3.654)	--	--	16.475
Other intangible assets	14.867	11.852	(314)	(3.599)	--	2.222	25.028
	<b>1.102.106</b>	<b>16.573</b>	<b>(9.176)</b>	<b>(187.458)</b>	<b>(68)</b>	<b>3.951</b>	<b>925.928</b>
<b>Accumulated amortization</b>							
Rights and software licenses	16.205	5.988	(1.041)	(3.406)	(48)	--	17.698
Electricity distribution rights	10.292	7.387	--	(2.724)	--	--	14.955
Other intangible assets	7.263	1.791	--	(1.124)	--	--	7.930
	<b>33.760</b>	<b>15.166</b>	<b>(1.041)</b>	<b>(7.254)</b>	<b>(48)</b>	<b>--</b>	<b>40.583</b>
<b>Net book value</b>	<b>1.068.346</b>						<b>885.345</b>

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**20. INVESTMENT PROPERTY**

	2011	Additions	Revaluation	Disposals	Translation differences	Transfers	2012
Cost	186.925	1.163	12.297	(220)	11.654	166.728	378.547
Accumulated depreciation	(2.289)	(1.481)	--	--	329	3.441	--
<b>Net book value</b>	<b>184.636</b>	<b>(318)</b>	<b>12.297</b>	<b>(220)</b>	<b>11.983</b>	<b>170.169</b>	<b>378.547</b>

	2010	Additions	Revaluation	Disposals	Translation differences	Transfers	2011
Cost	66.999	8.635	120.309	(20.258)	(13.707)	24.947	186.925
Accumulated depreciation	(2.703)	(877)	--	790	501	--	(2.289)
<b>Net book value</b>	<b>64.296</b>	<b>7.758</b>	<b>120.309</b>	<b>(19.468)</b>	<b>(13.206)</b>	<b>24.947</b>	<b>184.636</b>

The value of the Group's buildings and lands with future economic benefits has been brought to its fair value on basis of the reports dated on 09.04.2013, 10.04.2013 and 11.04.2013 of Harmoni Gayrimenkul Değerleme A.Ş., an independent firm of valuers. These three reports have resulted in valuation surplus (positive difference) of USD 334.014.

The group has revalued another land by depending on an agreement signed on 13.12.2011 which ascertained the future economic benefits of the land of USD 61.657.

**21. BORROWINGS**

	2012	2011
<b>Current</b>		
Turkish lira loans	811.404	500.760
Foreign currency bank loans	584.605	610.661
Finance lease liabilities, net	4.748	4.998
Other	409	1.624
	<b>1.401.166</b>	<b>1.118.043</b>
<b>Non-current</b>		
Turkish lira loans	9.454	59.874
Foreign currency bank loans	815.349	676.009
Finance lease liabilities, net	10.190	14.746
	<b>834.993</b>	<b>750.629</b>

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The maturity schedule of total borrowings is as follows:

	2012	2011
Due in one year	1.401.166	1.118.043
Due between one to two years	222.388	228.900
Due between two to three years	167.211	184.036
Due between three to four years	140.812	117.186
Over four years	304.582	220.507
	<b>2.236.159</b>	<b>1.868.672</b>

Bank loans bear interest at the following rates per year:

	2012	2011
Loans in TL	8,0%-17,8%	9,90% - 11,76%
Loans in USD	2,18%-8,5%	2,74% - 8,50%
Loans in EUR	6,5%-8,52%	3,02% - 8,50%

The Group's buildings have been mortgaged to the extent of USD 110.000 (31.12.2011: USD 110.000) collateral against bank loans.

Property, plant and equipment of Media Group, have been mortgaged to the extent of USD 975.000 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 loan has been repaid in full on 5 March 2012.

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 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 libor+4,84% per year.

The Group's subsidiary Aktif bank issued TL debt securities with maturities between 2 January 2013 and 18 December 2013. The interest rate for TL debt securities is between 8,33%-13,00%. In 2012, the Bank issued USD foreign currency debt securities with maturities between 3 January 2013 and 3 July 2013 and with interest rate range of 3,40%-5,00% and for EUR foreign currency debt securities which will be matured on 14 January 2013 and 3 July 2013 and with interest rate range of 3,75%-4,75%.

The Company borrowed a loan from T.C. Ziraat Bankası A.Ş. amounting to USD 160.000 million with a maturity of 30.06.2020. The interest rate of the loan is 6,73% per year.



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(Tutarlar aksi belirtilmedikçe bin USD olarak ifade edilmiştir.)

**22. CUSTOMER DEPOSITS**

	2012	2011
Current customer deposits	1.775.143	1.481.994
Non-current customer deposits	105.718	98.383
	<b>1.880.861</b>	<b>1.580.377</b>
The breakdown of customer deposits is as follows:		
<b>Current accounts</b>		
Individuals	80.295	71.261
Private enterprises	143.633	101.960
State owned entities	27.048	22.183
	<b>250.976</b>	<b>195.404</b>
<b>Deposits</b>		
Individuals	1.478.359	1.242.297
Private enterprises	91.665	93.250
State owned entities	31.976	31.122
	<b>1.602.000</b>	<b>1.366.669</b>
<b>Other customer accounts</b>		
Individuals	3.123	1.708
Private enterprises	23.845	15.720
State owned entities	917	876
	<b>27.885</b>	<b>18.304</b>
	<b>1.880.861</b>	<b>1.580.377</b>

The maturity breakdown of customer deposits is as follows:

<b>Current accounts</b>	<b>250.976</b>	<b>195.404</b>
<b>Deposits</b>		
On demand	41.276	27.459
One month	62.889	80.044
Three months	146.649	139.089
Six months	208.632	208.499
Twelve months	978.878	789.715
Two years and over	135.084	98.383
Accrued interest on deposits	28.592	23.480
<b>Total deposits</b>	<b>1.602.000</b>	<b>1.366.669</b>
<b>Other customer accounts</b>	<b>27.885</b>	<b>18.304</b>
<b>Total customer deposits</b>	<b>1.880.861</b>	<b>1.580.377</b>

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**23. DUE TO BANKS**

	2012	2011
Treasury bills sold under Repo agreements with Central Bank of Albania	149.437	88.211
Deposits received from residents	52.772	201.927
Current accounts of non resident banks	402.034	198.094
Current accounts of resident banks	125.867	30.198
Borrowings from financial institutions	26.554	26.109
Other	13.195	--
	<b>769.859</b>	<b>544.539</b>

**24. TRADE PAYABLES**

<b>Current</b>		
Current accounts		
- Third parties	1.154.418	827.721
- Due to related parties, note 36	182	1.732
Notes payable	28.138	10.893
Other	3.553	839
	<b>1.186.291</b>	<b>841.185</b>
Unearned interest on payables (-)	(1.084)	(1.539)
	<b>1.185.207</b>	<b>839.646</b>
<b>Non-current accounts</b>		
- Third parties	--	<b>1.011</b>

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**25. PROVISIONS**

	2012	2011
<b>Current</b>		
Provision for deposit for insurance premiums	--	951
Provision for holiday salaries and year end bonus	16.586	7.700
Provision for promotion	1.912	3.663
Provision for legal cases	6.641	5.533
Provision for expenses	9.638	8.144
	<b>34.777</b>	<b>25.991</b>
<b>Non-current</b>		
General provisions	--	15.882
Provision for expenses	14.024	6.730
	<b>14.024</b>	<b>22.612</b>

The movement table of provisions is as follows:

<b>Opening balance as of 01.01, net</b>	<b>48.603</b>	<b>29.809</b>
Additions - provision for deposit for insurance premiums	--	183
Additions - provision for holiday salaries and year end bonus	8.886	149
Additions - provision for promotion	2.602	4.247
Additions - provision for expenses	15.372	10.473
Additions - legal cases	1.785	(895)
Additions - general provisions	--	15.882
Disposals - legal cases	(687)	--
Disposals - provision for deposit for insurance premiums	(946)	--
Disposals - provision for holiday salaries and year end bonus	--	(901)
Disposals - provision for expenses	(6.592)	(3.077)
Disposal - provision for promotion	(4.367)	(3.122)
Disposal - general provisions	(15.882)	--
Translation differences	27	(4.145)
<b>Ending balance as of 31.12, net</b>	<b>48.801</b>	<b>48.603</b>

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(Tutarlar aksi belirtilmedikçe bin USD olarak ifade edilmiştir.)

**26. OTHER LIABILITIES**

	2012	2011
<b>Current</b>		
Income tax and social security premiums payable	33.024	30.303
Due to related parties, note 36	56.323	50.731
Advances received	21.127	18.399
Due to personnel	6.689	2.175
Payable to Privatization Administration of Turkey	88.321	92.291
Other	22.420	19.637
	<b>227.904</b>	<b>213.536</b>
<b>Non - current</b>		
Deposits received	36.084	27.452
Payable to Privatization Administration of Turkey	--	84.353
Türkiye Elektrik Dağıtım A.Ş.	25.735	30.269
Deferred income	216.633	148.359
Other	514	521
	<b>278.966</b>	<b>290.954</b>

**27. TAXATION ON INCOME**

The corporation tax rate in Turkey on the profits for the calendar year 2012 is 20% (2011: 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 granted on profits from the sale of investment shares and immovable property was enacted by Law No. 5520 in effect from 1 January 2006 and added to Corporation Tax Law article 5.

Accordingly, 75% of the profits from the sale of investments and immovable property held for a minimum of two years will be tax exempt. This exemption is applied on the period on which the sale occurred and the exempted portion of such profits must be kept in "special funds account" until the end of fifth year following the sale year. This fund could be added to share capital within 5 years. Another condition to apply the exemption is that the sale price must be collected within 2 years following the year in which the sale occurred. Such profits of the companies, which trades or leases immovable properties as its main course of business, are out of the scope of this exemption. 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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(Tutarlar aksi belirtilmedikçe bin USD olarak ifade edilmiştir.)

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 2012 is 10% (2011: 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 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 31.12.2012 and 31.12.2011.

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:

	2012	2011
Deferred tax income (charge)	5.120	(14.009)
Corporation and income taxes - current	(53.132)	(41.305)
Discontinued operations, note 37	--	(8)
<b>Income tax charge</b>	<b>(48.012)</b>	<b>(55.322)</b>
The Group's prepaid income and corporation taxes are netted off against the current income tax provision on the financial position as stated below:		
Corporation and income taxes	53.896	35.064
Prepaid taxes (-)	(39.155)	(27.994)
	<b>14.741</b>	<b>7.070</b>

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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 2012 and 2011 were as follows:

	Cumulative temporary difference		Deferred tax	
	2012	2011	2012	2011
<b>Deferred tax asset</b>				
Employee termination benefits	26.603	21.778	5.313	4.356
Unearned interest on receivables	2.218	4.843	443	962
Provision for doubtful receivables	19.261	17.210	2.246	1.859
Investment incentive allowances carried forward	8.088	--	4.448	--
Taxable losses carried forward	336.857	214.327	66.158	42.865
Due from services concession agreements	38.456	52.726	7.691	10.545
Other	44.754	27.928	8.186	5.711
			94.485	66.298
<b>Deferred tax liability</b>				
Temporary differences arising from restating non-monetary assets	43.329	198.356	8.596	14.916
Unearned interest on payables	686	1.533	136	307
Income accruals	25.287	36.417	2.838	7.283
Fair value gain on financial assets	66.414	55.579	13.283	11.116
Revaluation of investment properties	132.318	120.309	26.464	24.062
Other	17.815	8.164	3.392	3.630
			54.709	61.314
<b>Deferred tax asset, net</b>			<b>39.776</b>	<b>4.984</b>

Deferred tax has been provided using the expected future tax rates at 20% (31.12.2011: 20%) except 10% tax rate is used for Altelecom as explained above (31.12.2011: %10).

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(Tutarlar aksi belirtilmedikçe bin USD olarak ifade edilmiştir.)

The movement of deferred tax account is as follows:

	2012	2011
<b>Opening balance as of 01.01</b>	<b>4.984</b>	<b>53.278</b>
Consolidated entities and translation difference	13	(805)
Deferred tax effect of discontinued operations, net	--	(1.043)
Discontinued operations, note 37	--	8
Decrease in revaluation of property, machinery and equipment	8.240	--
Deferred tax effect of revaluation of investment properties	18.528	(24.062)
Deferred tax charge	5.120	(14.009)
Translation difference	2.891	(8.383)
<b>Ending balance as of 31.12</b>	<b>39.776</b>	<b>4.984</b>

**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 3.033,98 (2011: TL 2.731,85) 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 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 31.12.2012, the amount was USD 1.173(31.12.2011: USD 1.278). The investment in this fund has been stopped by the Bank on 30 September 2010.

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**29. SHARE CAPITAL**

As of the financial position dates, the issued and paid up share capital of the Company is USD 138.292 (2011: USD 130.509) and comprised 240.852.000 shares of par value USD 0,57148 each.

As of the financial position dates, the shareholders of the Company and their percentage shareholdings were as follows:

Shareholders	Percentage (%)	Amount
Ahmet Çalık	99,99	135.112
Others	0,01	1
		135.113
Inflation adjustment of share capital		3.179
		138.292

**30. COMMITMENTS AND CONTINGENCIES**

a) At 31.12.2012, the Group other than the banking sector had contingent liabilities of USD 641.102 (31.12.2011: USD 589.303) in respect of letters of guarantee obtained from local banks and submitted to various customs, state authorities for import and financial institutions.

b) As of 31.12.2012, the Group had received letters of guarantee from suppliers amounting to USD 115.781 (31.12.2011: USD 89.650).

c) As of 31 December 2012, 115 lawsuits opened and pending by Albtelecom amounted LEK 305.634, including the receivables from General Directory of Taxes amounted LEK 47.598. 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 Albtelecom.

d) As of 31 December 2012, other 91 court cases opened and pending against Albtelecom amounted LEK 5.918 and LEK 11.256, respectively, related to the employees whose agreements were cancelled and in the course of conducting its business with other companies on commercial terms.

e) 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.

f) The Group's subsidiary Gap İnşaat mortgaged its land and buildings to the extent of USD 110.000 (31.12.2011: USD 110.000) as collateral against bank loans.

g) The Group's subsidiary Gap Güneydoğu mortgaged its land and buildings to the extent of USD 5.049 as collateral against bank loans.

h) Courts cases opened by Albtelecom and pending as of 31.12.2012 related to the results from fixing the price of agreements with the rural operator, H-Communications Sh.P.K. amounted USD 2.200.



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i) As of 05.06.2008, 76% (11.400.000 shares out of 15.000.000) of the Altelecom 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.

j) As of 31.12.2012, lawsuits opened by the Group amounting to USD 53.888 (31.12.2011: USD 40.910)

k) Commitments, contingencies and off financial position items of BKT:

	2012	2011
<b>Guarantees</b>		
Guarantees in favour of customers	81.800	58.925
Guarantees received from credit institutions	16.209	1.834
Letters of credit issued to customers	6.152	3.537

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 Bank 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.

**Other**

Undrawn credit commitments (credit cards and overdrafts)	57.239	39.461
Outstanding cheques of non-resident banks	158	727
Spot foreign currency contract	53.614	47.616
Collaterals for loan portfolio	2.297.175	2.029.294

**Legal**

In the normal course of business the Bank 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 at 31 December 2012.

**Lease commitments**

Such commitments for the years ended 31 December 2012 and 2011 are composed as follows:

Not later than 1 year	2.362	2.124
Later than 1 year and not later than 5 years	8.144	7.831
Later than 5 years	2.291	3.581
	<b>12.797</b>	<b>13.536</b>

The Bank has entered into lease commitments for all the branches and agencies opened during the years 2003-2012 with a maximum duration of ten years.

The Bank had 80 rented buildings as at 31 December 2012, in which are included the rented space dedicated to offsite disaster recovery and the 26 buildings rented for units of Kosovo Branch.

The Bank may cancel these leases upon giving three months notice. Therefore, at 31 December 2012, the maximum non-cancellable commitment payable not later than one year is USD 591 (2011: USD 531).

l) Commitments and contingencies of Aktifbank:

Letters of guarantee	577.390	550.017
Letters of credit	45.159	51.503
Other guarantees	14.235	14.673

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**31. REVENUE**

	2012	2011
Domestic	1.611.873	1.763.677
Export	1.299.675	1.235.216
	<b>2.911.548</b>	<b>2.998.893</b>
Sales discounts (-)	(138.652)	(141.222)
	<b>2.772.896</b>	<b>2.857.671</b>

As of 31.12.2012 USD 866.363 thousand, (31.12.2011: USD 593.217) 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 merchandises expenses	964.138	1.214.309
Employee and personnel expenses	270.008	286.091
Depreciation and amortisation expense	84.351	85.457
Cost of construction projects	545.381	385.668
Changes in semi-finished goods and finished goods	(4.943)	2.025
Service expenses	226.262	143.958
Licence expenses	26.249	27.703
Interconnection cost - Albanian Mobile Company	3.916	3.336
Interconnection cost - Vodafone Sh.a.	5.599	6.158
Office expenses	24.826	22.906
Freight and freight insurance	33.270	36.464
Outsourcing expenses	30.044	29.809
Consulting expenses	11.068	5.841
Doubtful debt provision expenses	15.791	8.293
Advertising expenses	18.569	20.561
Sales commissions / premiums	3.857	7.394
Exhibition expenses	329	531
International traffic expenditures	18.725	25.318
Motor vehicle expenses	6.614	8.208
Other	256.501	208.147
	<b>2.540.555</b>	<b>2.528.177</b>

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**33. OTHER INCOME AND OTHER EXPENSE**

	2012	2011
Commission income	--	10
Rent income	--	351
Profit on sale of property, plant and equipment	1.015	576
Provisions released	393	2.255
Income on insurance claims	992	494
Other	9.983	8.353
<b>Other income</b>	<b>12.383</b>	<b>12.039</b>
Idle capacity expenses	1.894	1.335
Idle capacity depreciation expenses	1.506	2.167
Loss on sale of property, plant and equipment	328	687
Loss on insurance claims	49	51
Donation expense	--	1.364
Other	8.569	12.561
<b>Other expense</b>	<b>12.346</b>	<b>18.165</b>

**34. FINANCING INCOME AND FINANCING EXPENSE**

	2012	2011
Foreign exchange gain	50.344	--
Interest income	48.328	16.577
Dividend income	2.956	--
Unearned interest on payables	45.184	11.110
Other	91	1.181
<b>Financing income</b>	<b>146.903</b>	<b>28.868</b>
Foreign exchange loss	--	(259.202)
Interest expense	(185.113)	(118.080)
Unearned interest on receivables	(5.925)	(31.513)
Impairment of loans	(17.889)	(25.455)
Bank commissions and other expenses	(23.474)	(31.606)
<b>Financing expense</b>	<b>(232.401)</b>	<b>(465.856)</b>
<b>Financing expense, net</b>	<b>(85.498)</b>	<b>(436.988)</b>

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**35. SUPPLEMENTARY CASH FLOW INFORMATION**

	2012	2011
<b>Adjustment to reconcile loss before taxation to net cash provided from operating activities:</b>		
Depreciation expense	71.880	74.057
Amortization charge, note 19	13.992	15.166
Provision for/ (released from) employee termination benefits	5.843	(4.768)
Interest expense, note 34	185.113	118.287
Interest received, note 34	(48.328)	(16.577)
Loss on sale of property, plant and equipment, note 33	328	687
Provision for expenses	198	19.019
Profit (loss) from sale of investment	--	(5.975)
Profit on sale of property, plant and equipment, note 33	(1.015)	(576)
Fair value gain on financial assets	15.590	(251.457)
Change of investment property revaluation reserve	(12.297)	--
Unrealized foreign exchange loss on borrowings	(63.972)	223.388
Results from equity method accounted investment	4.326	5.454
	<b>171.658</b>	<b>176.705</b>

**Changes in operating assets and liabilities:**

Trade receivables	(50.202)	(60.877)
Capital equivalency deposit	(35.040)	589
Inventories	(261.459)	(52.572)
Loans and advances to customers	(295.987)	(435.410)
Construction contracts work in progress	117.080	(56.034)
Placement and balances with banks	(33.438)	106.924
Other assets	(149.266)	54.459
Customer deposits	300.484	278.514
Trade payables	344.318	(12.408)
Due to banks	225.320	260.586
Deferred billings	5.023	1.712
Other liabilities	393	42.319

**167.226**      **127.802**

**Depreciation expense and amortization charged to:**

Cost of sales	55.670	54.275
Research and development expenses	266	780
Selling expenses	1.242	1.320
General and administrative expenses	27.173	29.082
Idle capacity depreciation expenses	667	2.167

**85.018**      **87.624**

*Discontinued operations*

854      1.599

**85.872**      **89.223**



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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	2012		2011	
	Trade receivables	Other assets	Trade receivables	Other assets
Ministry of Textile Industry of Turkmenistan	--	--	--	2.691
A/O Gap Türkmen	--	11.388	--	--
Türkmenbaşı Tekstil Kompleksi	--	16.849	--	--
Serdar Pamuk Eğriği Fabriği	--	1.807	100	--
Balkan Dokma YGPJ	114	869	114	--
Shareholders	--	33.503	--	10.449
Anateks Anadolu Pazarlama A.Ş.	969	--	891	--
Anateks Anadolu Tekstil Fabrikası A.Ş.	8.782	--	5.944	--
Other	363	845	255	82
	10.228	65.261	7.304	13.222
Unearned interest on receivables (-)	(2)	--	--	--
	10.226	65.261	7.304	13.222

	2012		2011	
	Trade payables	Other liabilities	Trade payables	Other liabilities
Shareholders	22	51	--	18
Bursagaz Bursa Şehirçi Doğal Gaz Dağıtım A.Ş.	--	--	--	445
Kayserigaz Kayseri Doğalgaz Dağıtım Pazarlama A.Ş.	--	--	--	270
Other	160	56.272	1.732	49.998
	182	56.323	1.732	50.731
Unearned interest on receivables (-)	--	--	--	--
	182	56.323	1.732	50.731

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**37. DISCONTINUED OPERATIONS**

Company	Field of activity	Country
Çalık Alexandria For Readymade Garments	Manufacturing and marketing ready wear	Egypt
Çalık USA	Trade of textile products	U.S.A
Çalık Korea Inc.	Import ,export and trade of textile products	Korea

**Çalık Alexandria For Readymade Garments "Çalık Aleksandria"**

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. In accordance with the Board of Directors' decision dated 12 February 2012, Çalık Alexandria ceased its production.

**Çalık USA**

Çalık USA is engaged in the trade of textile products in USA. In accordance with the Board of Directors' decision dated 22 October 2012, Çalık U.S.A ceased its operation

**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. The company ceased its operation but it is not liquidated according to local authorities.

Profit and loss resulting from the operations of the subsidiaries which have been disposed were consolidated by eliminating all intercompany transactions until the date of cessation of control and presented in the statement income as discontinued operations in line with IFRS 5.

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**a. Results of discontinued operations**

	2012	2011
<b>Discontinued operations</b>		
Revenue	876	17.434
Cost of sales	(1.401)	(17.251)
<b>Gross profit (loss)</b>	<b>(525)</b>	<b>183</b>
Selling expenses	(394)	(2.313)
General and administrative expenses	(638)	(1.989)
<b>Operating loss</b>	<b>(1.557)</b>	<b>(4.119)</b>
Other income (expenses), net	(5.285)	88
Financing income	288	787
Financing expense	(496)	(1.458)
<b>Loss before taxation</b>	<b>(7.050)</b>	<b>(4.702)</b>
Taxation on income	--	8
<b>Loss for the year from discontinued operations</b>	<b>(7.050)</b>	<b>(4.694)</b>
<b>b. Cash flow from discontinued operations</b>		
Net cash provided by operating activities	(16.238)	5.072
Net cash provided by (used in) investing activities	857	916
Net cash used in financing activities	(2.002)	(1.585)
	<b>(17.383)</b>	<b>4.403</b>

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**38. 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 financial position 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.



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An increase in the variable interest rates related to the borrowings as of 31 December 2011 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.

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.

2012	Current		Non-current		Total
	Within 6 months	6 to 12 months	1 to 5 years	Over 5 years	
Borrowings	1.106.078	295.088	615.720	219.273	2.236.159
Trade payables	1.185.207	--	--	--	1.185.207
Due to banks	769.859	--	--	--	769.859
Deferred billings	35.001	--	--	--	35.001
Customer deposits	1.775.143	--	105.718	--	1.880.861
Other liabilities	227.904	--	278.966	--	506.870
	<b>5.099.192</b>	<b>295.088</b>	<b>1.000.404</b>	<b>219.273</b>	<b>6.613.957</b>

2011	Within 6 months	6 to 12 months	1 to 5 years	Over 5 years	Total
Borrowings	910.290	207.753	621.437	129.192	1.868.672
Trade payables	788.666	50.980	1.011	--	840.657
Due to banks	544.539	--	--	--	544.539
Deferred billings	--	29.978	--	--	29.978
Customer deposits	1.481.994	--	98.383	--	1.580.377
Other liabilities	69.872	143.664	290.954	--	504.490
	<b>3.795.361</b>	<b>432.375</b>	<b>1.011.785</b>	<b>129.192</b>	<b>5.368.713</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 2012 and if all other variable factors remained unchanged the results before tax would have been influenced favourably or unfavourably by USD 142.018 (2011 : USD 115.325) respectively for an increase and for a decrease in value of USD.

As of the financial position date, currency position of Group is shown below:

	USD	EUR ('000)	JPY ('000)	LEK ('000)	SDR ('000)	Other ('000)	USD equivalent
<b>2012</b>							
Cash and balances with Central Bank	70.655	144.170	--	9.776.883	--	4.373	357.590
Placement and balances with banks	12.145	91.161	--	1.242	--	17.019	149.440
Trade receivables	403.254	27.005	--	3.149.570	1.404	--	470.788
Investment securities	90.521	124.698	--	60.914.814	--	46.325	876.837
Loans and advances to customers	313.473	377.183	--	43.393.667	--	780	1.221.808
Other assets	176.478	10.577	--	2.857.336	--	--	217.427
<b>Total foreign currency assets</b>	<b>1.066.526</b>	<b>774.794</b>	<b>--</b>	<b>120.093.512</b>	<b>1.404</b>	<b>68.497</b>	<b>3.293.890</b>
<b>2011</b>							
Borrowings	1.296.067	78.747	--	--	--	--	1.399.954
Due to banks	200.068	113.995	--	19.484.076	--	17.872	552.401
Customer deposits	115.086	646.946	--	94.306.277	--	21.347	1.880.861
Trade payables	347.962	93.574	--	1.152.641	267	19	482.729
Other liabilities	200.785	127.553	--	2.188.654	--	8.389	398.125
<b>Total foreign currency liabilities</b>	<b>2.159.968</b>	<b>1.060.815</b>	<b>--</b>	<b>117.131.648</b>	<b>267</b>	<b>47.627</b>	<b>4.714.070</b>
<b>Net foreign currency position</b>	<b>(1.093.442)</b>	<b>(286.021)</b>	<b>--</b>	<b>2.961.864</b>	<b>1.137</b>	<b>20.870</b>	<b>(1.420.180)</b>

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	USD	EUR (‘000)	JPY (‘000)	LEK (‘000)	SDR (‘000)	Other (‘000)	USD equivalent
<b>2011</b>							
Cash and balances with Central Bank	57.264	167.165	--	93.853	--	2.320	281.200
Placement and balances with banks	32.482	63.382	--	281	--	--	114.500
Trade receivables	352.813	20.732	--	--	--	4	379.640
Investment securities	102.455	96.474	--	475.312	--	10.707	265.038
Loans and advances to customers	191.943	483.091	--	284.584	--	2.074	835.227
Other assets	245.248	20.373	--	8.912	--	7.837	279.951
<b>Total foreign currency assets</b>	<b>982.205</b>	<b>851.217</b>	<b>--</b>	<b>862.942</b>	<b>--</b>	<b>22.942</b>	<b>2.155.556</b>
Borrowings	1.150.084	105.572	--	--	--	--	1.286.670
Due to banks	75.475	104.892	--	91.004	--	4.626	220.987
Customer deposits	118.727	673.298	--	770.613	--	18.665	1.052.357
Trade payables	305.132	136.382	1.344.618	--	--	911	499.816
Other liabilities	224.233	18.149	59.326	2.983	--	332	248.980
<b>Total foreign currency liabilities</b>	<b>1.873.651</b>	<b>1.038.293</b>	<b>1.403.944</b>	<b>864.600</b>	<b>--</b>	<b>24.534</b>	<b>3.308.810</b>
<b>Net foreign currency position</b>	<b>(891.446)</b>	<b>(187.076)</b>	<b>(1.403.944)</b>	<b>(1.658)</b>	<b>--</b>	<b>(1.592)</b>	<b>(1.153.254)</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 financial position.

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.

**ÇALIK HOLDİNG A.Ş.**  
**31.12.2012 TARİHİ İTİBARIYLA**  
**KONSOLİDE FİNANSAL TABLOLARA İLİŞKİN DİPNOTLAR**

(Tutarlar aksi belirtilmedikçe bin USD olarak ifade edilmiştir.)

The Group’s capital to overall or financing ratio developed as follows:

	2012	2011
Total borrowings (note 21)	2.236.159	1.868.672
Less: Cash and cash equivalents (note7)	(517.425)	(455.039)
<b>Net debt</b>	<b>1.718.734</b>	<b>1.413.633</b>
Total equity	983.126	962.108
<b>Overall financing</b>	<b>2.701.860</b>	<b>2.375.741</b>
<b>Net debt to overall financing ratio</b>	<b>64%</b>	<b>60%</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.

**39. POST BALANCE SHEET EVENTS**

In accordance with the Board of Directors Meeting of Altelecom Sh.A, held on 24.01.2013, it was resolved that Altelecom merge with its subsidiary Eagle Mobile on the basis of the financial statements dated 31.12.2012, in accordance with Law No. 9901 , Articles 137, 138, 139 and 140 of the Companies Law; accordingly, the merger be realised by Altelecom’s take over of all the assets and liabilities of Eagle Mobile in its entirety and the necessary legal proceedings be initiated for the merger. All the procedures for the merger and the merger agreement were completed on 31.01.2013. The Merger was effective as of 31.01.2013



7 different sectors  
17 countries  
global network  
international values  
widespread  
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