



**TEKFEN HOLDING
ANNUAL REPORT**

2012



TEKFEN HOLDING CO., INC.

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2012



TEKFEN HOLDING

www.tekfen.com.tr

Trade Registration Number: 111233

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Tekfen Construction's current portfolio consists of 22 projects in nine countries and, at year-end, it had an active backlog of \$2.15 billion. Tekfen Construction's portfolio is concentrated on three principal regions - the Caspian, the Middle East, and North Africa.



48 AGRI-INDUSTRY GROUP

Toros Tarım is one of Turkey's 60 largest industrial companies. In 2012, it had revenues of TRY1,438 million and made up 35% of Tekfen Holding's total revenues.



74 REAL ESTATE DEVELOPMENT GROUP

The Group's key strategy is to develop projects that are pioneering in terms of concept, design and quality in carefully selected locations. This strategy is complemented by the goal of constructing environmentally-friendly buildings that use natural resources as efficiently as possible.



86 OTHER ACTIVITIES

Tekfen Holding has withdrawn from the banking sector, where it had operated since 1989, with the transfer of its Eurobank Tekfen shares to Burgan Bank on 21 December 2012. The transfer followed the approval of the Banking Regulation and Supervision Agency, obtained on 6 December, and included the Bank's affiliated subsidiaries (EFG Istanbul Equities and EFG Financial Leasing).



90 SOCIAL RESPONSIBILITY

Tekfen Foundation provides direct funding to numerous projects furthering its purposes and supports other foundations and associations with the same goals. In 2004, Tekfen Foundation acquired official status as an "Institution for the Public Good."



100 CORPORATE GOVERNANCE

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Group Profile and Basic Indicators

Tekfen Holding owns all of the companies and subsidiaries of the Tekfen Group. It is recognized for its values and the way it does business and has become synonymous with reliability, honesty, transparency and quality. It continues to operate on the basis of focused growth and sustainable profitability.

Since laying its foundations in 1956, Tekfen Group has expanded its operations over the years, becoming a large publicly traded group of 38 companies and seven subsidiaries. Today, the Group operates in contracting, agri-industry, real estate development and other areas, drawing together companies that each figure amongst the most respected names in their sectors. With revenues of TRY4,076 million, assets of TRY4,133 million, and 17,532 employees, the Group is one of the most important building blocks of the Turkish economy. The vast majority of the companies within the Group share the Tekfen name, which is one of the most respected brands in Turkey because of the values it represents and a high level of recognition.

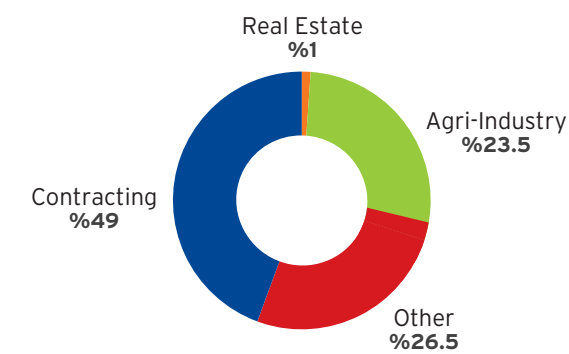
The Contracting Group, which in terms of revenue is Tekfen Holding's flagship, primarily constructs petroleum, gas and petrochemical facilities, pipelines, land and sea terminals, offshore platforms, power plants; infrastructure facilities such as highways, subways, bridges and tunnels; production facilities, and commercial and technical building complexes. In addition, it fabricates steel structures and does engineering design. With an active business portfolio exceeding US\$2 billion, the Contracting Group currently operates on three continents and in nine countries. It is recognized in all countries in which it has done business for its competence, experience, working style and completing projects thoroughly and punctually. The Contracting Group is the business partner of choice for many international companies that expect flawless performance. In 2012, Engineering News Record ranked Tekfen Contracting Group 110th in its 225 top international contractors determined by the size of business portfolios.

Tekfen Holding's second largest field of operations is agri-industry, which is represented by the Agri-Industry Group, operating under the brand Toros Tarım. The Group began its activities in this sector in 1981 with a fertilizer plant in Ceyhan. Over the years, it has grown through the addition of plants in Mersin and Samsun, becoming the largest player

in the Turkish chemical fertilizer market. Apart from fertilizer, Toros Tarım is active in such areas as production of seedlings and saplings, terminal management, bag manufacturing, free-zone management and gas stations. What makes Toros Tarım distinct from its competitors is its integration of many complementary services and activities under a single umbrella. Toros Tarım is market leader in most of the areas in which it does business.

The Real Estate Development Group is active in real estate development, marketing and building management. It has completed unique and top-notch projects including Akmerkez shopping mall, Taksim Residences, Tekfen Tower, Tekfen Yalıkavak Evleri, Gümüşlük Müşküllüm Çiftliği, Levent Ofis, Kâğıthane OfisPark and Bomonti Apartments, all of which stand out for concept, design and quality of construction. The Group provides an extensive array of services, including concept design, technical and economic feasibility studies, design development, market research, and turn-key project and facility management. It builds "green buildings," which use natural resources in the most efficient way possible, and unique projects that enhance the quality of life of customers.

Distribution of Total Assets



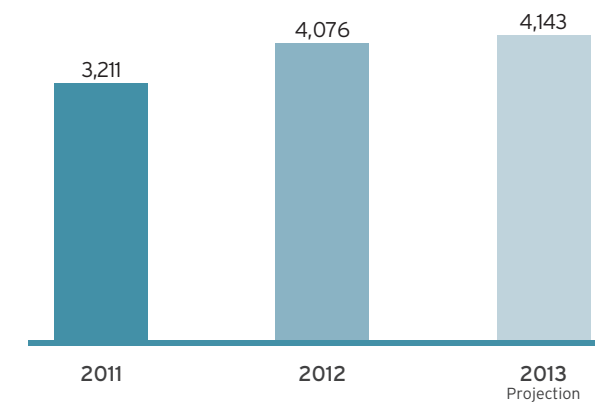
Total Assets (2012)
TRY4,133 million

Apart from contracting, agri-business, real estate and finance, Tekfen also has other manufacturing, commercial and service companies. These include companies like Tekfen Industry, which does business in lighting and chemical products, Papfen, which manufactures cotton thread in Uzbekistan, and Tekfen Insurance Brokerage, which specializes in online insurance solutions.

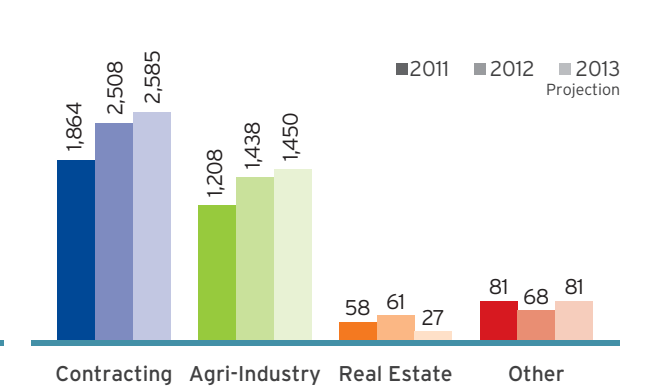
Tekfen Holding owns all of the companies and subsidiaries of the Tekfen Group. It is recognized for its values and the way it does business and has become synonymous with reliability, honesty, transparency and quality, and it continues to operate on the basis of focused growth and sustainable profitability.

Revenues

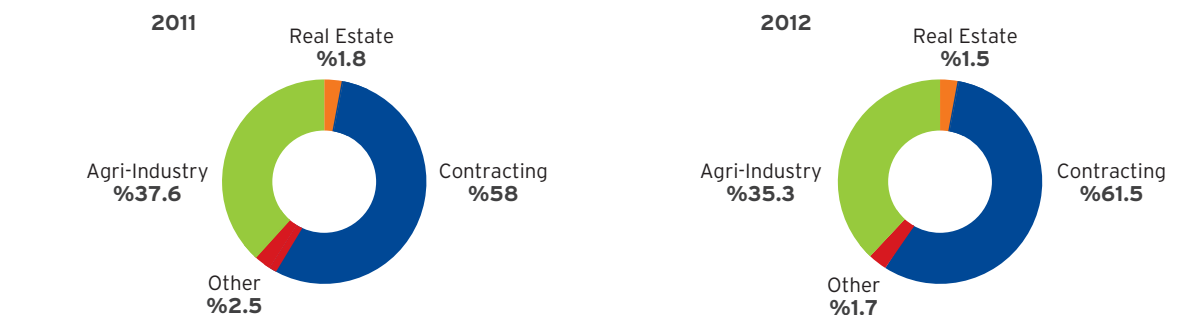
Consolidated (Millions of Turkish Lira)



Breakdown (Millions of Turkish Lira)

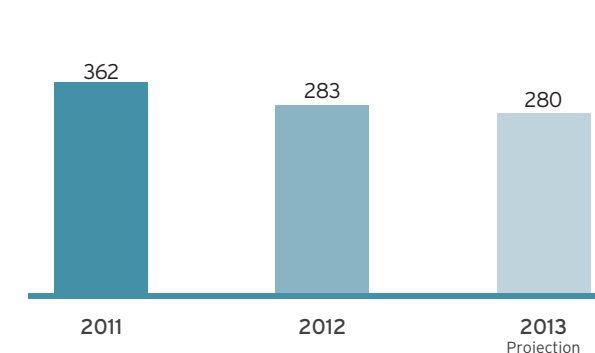


Breakdown (%)

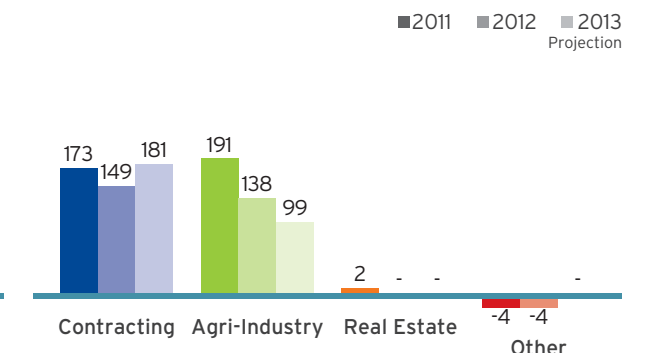


EBITDA

Consolidated (Millions of Turkish Lira)

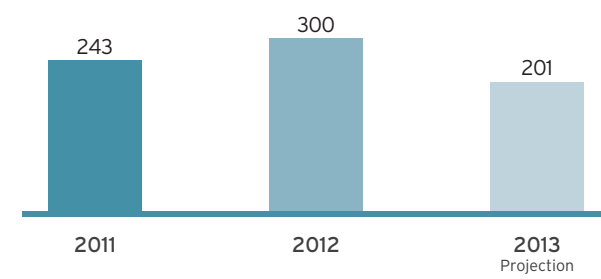


Breakdown (Millions of Turkish Lira)

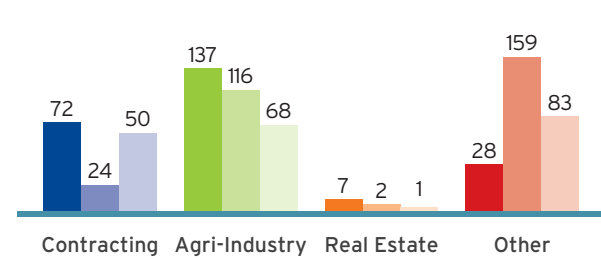


Net Profit for the Year

Consolidated (Millions of Turkish Lira)

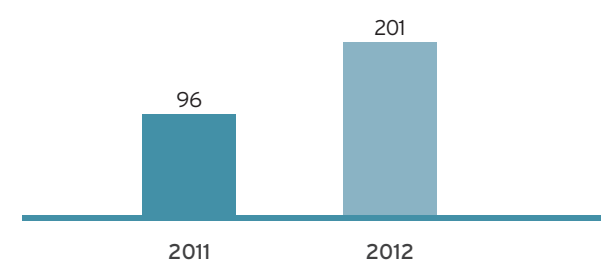


Breakdown (Millions of Turkish Lira)

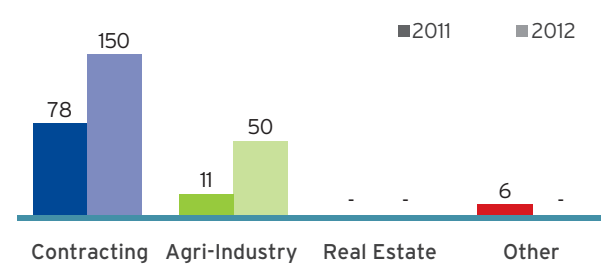


Investment

Consolidated (Millions of Turkish Lira)



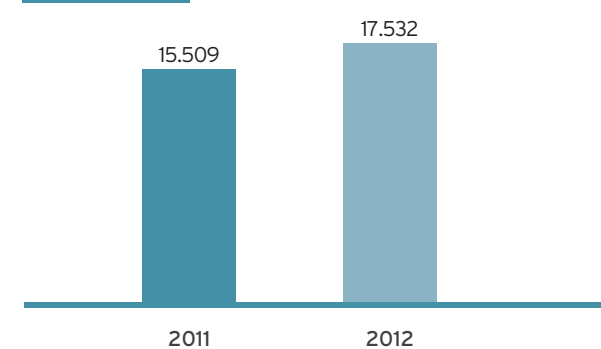
Breakdown (Millions of Turkish Lira)



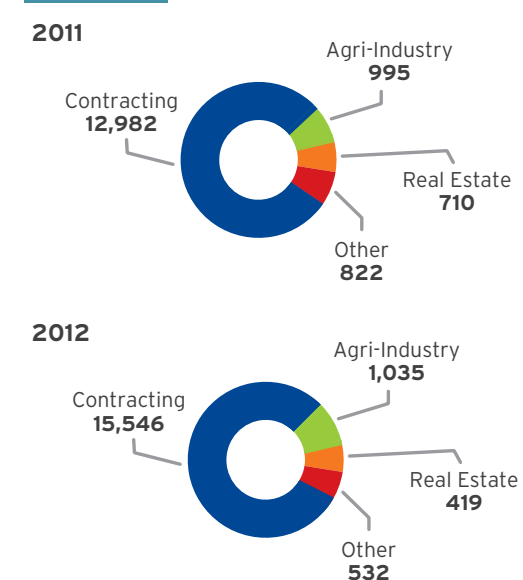
11 Countries 7 Partnerships
38 Companies **17,532 Employees**

Number of Employees

Consolidated



Breakdown



Summary Balance Sheet

	(TRY'000)	
	2011	2012
Current Assets	2,538,876	2,977,883
Non Current Assets	1,208,854	1,155,329
Total Assets	3,747,730	4,133,212
Current Liabilities	1,695,794	1,824,300
Non Current Liabilities	164,330	197,647
Equity Attributable to Owners of the Parent	1,856,920	2,081,480
Minority Interest	30,686	29,785
Total Shareholders' Equity and Liabilities	3,747,730	4,133,212

Summary Income Statement

	(TRY'000)	
	2011	2012
Revenue	3,211,241	4,075,911
Gross Profit	501,459	411,397
Operating Profit	295,261	175,332
Profit Before Taxation	311,496	367,112
Net Profit for the Year	242,655	300,304

Important Ratios

	2011	2012
Liquidity		
Current Ratio	1.50	1.63
Liability and Indebtness		
Total Liabilities / Equity Attributable to Owners of the Parent	1.00	0.97
Current Liabilities / Total Liabilities	0.91	0.90
Profitability		
Gross Profit Margin	%15.62	%10.09
EBITDA Margin	%11.28	%6.94
Net Profit Margin for the Year	%7.56	%7.37

Message from the Board of Directors

Esteemed Shareholders,

Tekfen Group does business in various specialized fields through many companies, domestically and internationally. The Holding's operations are grouped into four strategic areas under the Contracting Group, the Agri-Industry Group, the Real Estate Development Group and Other Activities. The combined performance of these four groups appears in Tekfen Holding's consolidated financial results.

Tekfen Holding's consolidated financial results for 2012 show increases in Group revenue and net profit. The Group's revenue, which was TRY3,211 million in 2011, grew to TRY4,076 million in 2012, while its net profit of TRY243 million in 2011 climbed to TRY300 million in 2012.

Tekfen Group Companies do not focus solely on growth and profits. For years, they have been cautiously managed, taking into consideration the possible risks in their business sectors. This is the principal reason for the Group's gradual, but determined and stable growth over its nearly 60 years. Therefore, when the new Turkish Commercial Code made risk management mandatory for publicly traded companies, Tekfen Group saw this as confirmation of an approach that is already an important part of existing company policy.

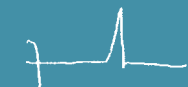
Tekfen Holding's Board of Directors monitors the risks borne by Group companies through its Corporate Governance Committee, the members of which are also Board Members. The companies present to the Corporate Governance Committee details of risks that become apparent through assessments made every two months, their likely impact, and measures taken to manage them. This Committee examines this information and prepares a report, which it brings to the Board of Directors' agenda. This information is also submitted to the independent auditor.

The Contracting Group, which in revenue terms is Tekfen Holding's largest line of business, operates extensively internationally in a geographical area that stretches from North Africa to Central Asia.

Like any contractor doing business on such a large scale, the Group carefully assesses natural risks arising from the planning, management and execution of the enormous construction projects it undertakes, and does regular reporting. The Agri-Industry Group, which is Tekfen Group's second largest line of business, like any other industry, must keep careful track of the procurement and supply of raw materials and foreign exchange movements, collection of receivables and stay abreast of any risks associated with them. Tekfen Group Companies prepare for these risks by making provisions for them in their financial tables.

What has made Tekfen Holding one of Turkey's leading Groups is a principle that has remained unchanged since the Group's foundation, "Do the job you know in the best way possible." Concentrating its operations in areas where it has expertise enables it to plan and work towards its targets carefully. On the other hand, values that our Group has always cherished, such as transparency, honesty, institutionalism, quality and living up to one's reputation, have earned Tekfen great respect at home and abroad, making the Group a sought-after business partner. Having played a crucial role in Tekfen's past success, these factors guarantee the continued consolidation of Tekfen as a global brand in its areas of business.

Looking forward, we are confident that 2013 will be a prosperous year for our Group Companies, employees, shareholders, business partners and country.



Feyyaz Berker
Chairman and Managing Director



Ali Nihat Gökyiğit
Vice Chairman and Managing Director

Board of Directors



STANDING FROM LEFT TO RIGHT

Murat Gigin
Board Member

Prof. Dr. Emre Gönensay
Independent Board Member

Dr. Rüştü Saraçoğlu
Independent Board Member

Şefika Pekin
Independent Board Member

Erhan Öner
Board Member, CEO

Dr. M. Ercan Kumcu
Board Member

Prof. Dr. Ahmet Çelik Kurtoğlu
Independent Board Member

SITTING FROM LEFT TO RIGHT

Ali Nihat Gökyiğit
Vice Chairmain and Managing Director

Cansevil Akçağlılar
Vice Chairmain and Managing Director

Feyyaz Berker
Chairmain and Managing Director

Board member Işık Zeynep Defne Akçağlılar is absent from the picture.

Message from the President



“We look to 2013 with great anticipation after our success in 2012.”

The problems in the world economy following the 2008 global crisis are not yet behind us. Though perceptions and expectations of economic improvement have occasionally gained currency, a number of problems have reappeared.

Against this backdrop, in 2012 Turkey posted its slowest annual rate of economic growth in three years; growth reached only 2.2% in 2012. What's more, household consumption spending and private sector investments declined. Increases in exports of goods and services played a crucial role in keeping growth at positive levels as domestic demand dropped. Foreign trade statistics also show that exports grew by 13%, but imports fell by 2% in 2012. Despite economic adversities in the European Union, Turkey's largest export market, and a drop in exports to this region, Turkey was able to sustain an increase in exports in 2012 owing to alternative markets. Contraction in domestic demand and the resulting decline in the foreign trade deficit led to a rapid improvement in current account deficit - the soft underbelly of the Turkish economy. The US\$77 billion deficit in 2011 receded to US\$49 billion in 2012. The stagna-

tion in domestic demand also had a positive impact on another macroeconomic indicator, inflation; the consumer price index rise of 10.45% in 2011 was reduced to 6.16% for 2012.

Furthermore, Turkey's geographical region suffered a politically tumultuous year. The so-called 'Arab Spring' spread to Turkey's neighbour Syria, igniting a destructive civil war. Tens of thousands of Syrians have sought refuge in Turkey, and diplomatic relations between the two countries have reached breaking point.

Tekfen Group successfully sustained its operations in 2012, despite this context. Its 2012 revenue was TRY4,076 million; earnings before interest, taxes depreciation and amortization (EBITDA) was TRY283 million; and net profit was TRY300 million of which TRY129 million was generated by the sale of Eurobank Tekfen shares. Similarly, Tekfen Group assets reached TRY4,133 million and equity capital TRY2,111 million. With our financial results in June 2012, we revised our year-end projections and reported expected revenues of TRY3,997 million, EBITDA of TRY375 million, and not including the sale of our shares in Eurobank Tekfen, a net profit of TRY239 million in 2012.

Our Contracting Group, one of Tekfen Group's largest areas of operation and which is active on three continents, increased its revenues in 2012 over those of the previous year to TRY2,508 million. It succeeded in obtaining new business in Iraq, Qatar and Saudi Arabia. Moreover, additional business arose with growth in the scope of certain on-going projects and this was added to the Group's backlog. Furthermore, the construction component of our Agri-Industry Group's investments in its Samsun plant has been assumed by our Contracting Group. The backlog of our Contracting Group after reaching a record high US\$2.5 billion during the year, was US\$2.15 billion at the end of 2012, taking into consideration and the net impact of new and completed jobs within the year. Another significant development for our Contracting Group in 2012 concerned the halting of our activities in 2011 in Libya due to the country's internal conflict. Throughout the year, dialogue in good will continued with our client in Libya regarding the assessment of damages, progress payments for work completed and the continuation and completion of remaining work.

Agri-industry is another major area of operations for Tekfen Group. The Agri-Industry Group successfully conducted its operations in 2012, generating revenues of TRY1,438 million. One of the most important developments in 2012 for our Agri-Industry Group was its decision to make a major, US\$300-million investment in the construction of a sulfuric acid facility within its Samsun production plant, renovation of its phosphoric acid facility and an upgrading of its compound fertilizer facility, all to provide a secure raw material source and to lower production costs. The entire sulfuric acid facility will incorporate new technology to make it environmentally friendly. Heat created during production will be used to power other production processes and the excess sold as electricity to the national grid. By reducing the import of intermediate products, the sulfuric acid facility will also contribute to lowering the current account deficit, one of Turkey's most important problems.

Our Real Estate Development Group, though relatively small, is a leader in its sector. The Group intensified its marketing and sales activities for its Kâğıthane OfisPark and Bodrum Müşkölüm Çiftliği, construction of which it had completed earlier, and for its Bomonti Apartments, completed in 2012. The Group also accelerated efforts to begin the construction of a mixed-use project in Izmir's Bayraklı district, in partnership with Rönesans Group in 2013.

In a historic development, the Tekfen Group withdrew from the banking sector in 2012. Tekfen Group entered this sector in 1989 with Tekfenbank, an investment bank, and acquired Bank Ekspres after the banking crisis in 2001, thereby raising its status as a deposit bank. In 2006, it concluded a strategic partnership with the intention of expanding. In 2007, with the transfer of 70% of the bank to the Greek Eurobank EFG, the bank's name was changed to Eurobank Tekfen. However, the 2008 global crisis and the events that followed led to macroeconomic problems with our Greek partner in its home country. As a result, it decided to end its operations in Turkey. Assessing these developments, Tekfen Group decided to withdraw from the banking sector and, acting with its partner, sold its 29.26% share in Eurobank Tekfen to the Kuwait-based Burgan Bank.

Tekfen Group's strategy is to focus on the job it knows best in the best way possible and so the Group will continue expanding its operations in its main operational areas. Our Contracting Group is increasingly acquiring the engineering competence to become an EPC contractor. In Agri-industry, Toros Tarım is demonstrating the commitment to sustain its leadership through new investments. Our Real Estate Development Group will carry out further exemplary projects through drawing on the synergy of our experience in the contracting sector and our innovative and creative approach to project development.

We look to 2013 with great anticipation after our success in 2012, which was a relatively difficult year given the macro conditions. We project consolidated revenues of TRY4,143 million, an EBITDA of TRY280 million, and net profit of TRY201 million for 2013.

Finally, I would like to extend my sincere appreciation and regards to all of our employees, business partners, investors, customers and our founding partners for their role in our remarkable performance in 2012.

Erhan Öner
Tekfen Group of Companies President

Executive Management



FROM LEFT TO RIGHT

Dr. Ahmet İpekçi
Vice President
Investment and Service Companies Group

Ümit Özdemir
Vice President
Contracting Group

Esin Mete
Vice President
Agri-Industry Group

Dr. Osman Reha Yolalan
Vice President
Corporate Affairs

Erhan Öner
Group Companies President & CEO

Contracting Group

TEKFEN CONSTRUCTION AND INSTALLATION CO., INC.

TEKFEN ENGINEERING CO., INC.

TEKFEN MANUFACTURING CO., INC.

HALLESCHER MITTELDEUTSCHE BAU-A.G. (HMB)

AZFEN J.V.

CENUB TIKINTI SERVIS ASC

GATE CO., INC.

TGO J.V.



“As Tekfen Contracting Group, we are widening our horizons in terms of products, clients and geography as it is imperative to sustain growth and find new markets. In today’s world, it is important not just to play the game, but to call the shots. Our aim is to position Tekfen to achieve this.”

Ümit Özdemir

Tekfen Holding Vice President
Contracting Group

Profile

Tekfen Contracting Group is Tekfen Holding's flagship in terms of revenues and it is a global representative of the Turkish contracting sector. Tekfen Construction and Installation, the principle company in the Group, specializes in pipelines, land and sea terminals, off-shore platforms, tank farms, oil refineries, pumping stations, power plants, highways, subways, bridges and tunnel construction, electrical and instrumentation projects, infrastructure projects, production facilities, commercial and technical building complexes and major sports complexes. Tekfen Construction provides its customers with turn-key solutions of varying degrees encompassing engineering, procurement and construction (EPC) in the areas of oil, gas and petrochemical facilities.

22 projects in nine countries and, at year-end, it had an active backlog of US\$2.15 billion. Tekfen Construction's portfolio is concentrated on three principal regions - the Caspian, the Middle East, and North Africa - including Azerbaijan, Kazakhstan, Turkmenistan, Saudi Arabia, Qatar, Iraq, the UAE and Morocco besides Turkey.

Tekfen Construction's current portfolio consists of 22 projects in nine countries and, at year-end, it had an active backlog of US\$2.15 billion. Tekfen Construction's portfolio is concentrated on three principal regions - the Caspian, the Middle East, and North Africa - including Azerbaijan, Kazakhstan, Turkmenistan, Saudi Arabia, Qatar, Iraq, the UAE and Morocco besides Turkey.

In addition to Tekfen Construction, Tekfen Contracting Group includes Tekfen Manufacturing, which specializes in the manufacture of process equipment and storage tanks, and Tekfen Engineering, which provides engineering services to industrial facilities. The Tekfen Contracting Group has various investments and partnerships in Germany and Azerbaijan. The Group has ranked 110th on the Engineering News Record 2012 list of the world's largest 225 international contracting companies.

Tekfen Construction's current portfolio consists of



General Overview of 2012

The disquiet plaguing the world economy since 2008 was virtually unabated in 2012, with the prevailing global economic uncertainty reflected in key indicators, leading in turn to fluctuating expectations. Global economic data showed that the locomotive economies, in particular China, had lost their momentum and that short-term solutions to the European debt crisis would be elusive. Data also showed that US economic recovery would be prolonged and that recession was a distinct possibility.

Though this situation dampened the global contracting sector, the construction sector continued to grow in 2012. The construction sector is expected to remain and even strengthen as a global economic driving force: the share of construction in global revenues, which is currently 13.4%, will continue to grow, and its market volume will rise from US\$7.5 trillion to US\$12.7 trillion. Other key factors contributing to the pace of growth in the near term are the 2016 Olympic Games in Brazil and the FIFA World Cups to be held in Russia in 2018 and Qatar in 2022 (Source: *İnşaat Sektöründe Geleceğe Bakış (A Look at the Future of the Construction Sector)*, TMB Gündem (Turkish Contractors Association (TCA) Agenda), November 2012).

Turkey is a bridge between East and West, not only geographically, but also politically, economically and commercially. As such, it is impossible to isolate the country from the stagnation in Europe, the risks created in the Euro zone by the weak links (especially Greece), the political uncertainties and potential conflicts in the Middle East and North Africa, and the civil war in Syria, one of Turkey's southern neighbours. In addition to these unfavourable conditions and risks, the current account deficit and high energy costs are detrimental factors for

the Turkish economy, which, nevertheless, has a generally encouraging outlook. While the domestic market shrunk, increased exports led to economic growth of 2.2%. Exports exceeded US\$150 billion - a record level - in 2012.

The contracting sector contributed significantly to the rise in Turkish services exports. In 2012, Turkish contractors had historic gains in new business of over US\$26.1 billion - a 10-fold increase in 10 years on the US\$2.6 billion of new business gained in 2002. Turkish contractors took on 433 new projects abroad in 2012. As a consequence of these developments:

- The average per-project value of US\$40 million climbed to US\$60 million as Turkish contractors have taken on higher quality projects,
- At the end of 2012, the number of countries in which Turkish contractors operate had risen to 100 and the number of projects had grown to 7,000,
- The total volume of work done by Turkish contractors abroad reached US\$240 billion.

The top five countries for active projects in 2012 were Turkmenistan (18.7%), Iraq (16.8%), the Russian Federation (14%), Saudi Arabia (8.6%) and Iran (7.1%). Interestingly, Ethiopia came in sixth, evidence of Africa's potential. In 2012, Turkish contractors undertook projects for the first time in Columbia, Papua New Guinea, Somalia and Peru (Source: *İnşaat Sektörü Analizi (Construction Sector Analysis)*, TMB (TCA), January 2013).



Osman Birgili
Tekfen Construction / Senior Vice President

"To ensure sustainable growth we need to penetrate new markets outside those countries in which we already work. At the same time, we must develop and strengthen our own organization in order to become a full fledged EPC contractor."



Kashagan Oil Field Development
Main Works Project
Kazakhstan

The contracting sector contributed significantly to the rise in Turkish services exports. In 2012, Turkish contractors had historic gains in new business of over US\$26.1 billion - a 10-fold increase in 10 years on the US\$2.6 billion of new business gained in 2002.

Our Activities in 2012

Tekfen Construction

Developed economies experienced great difficulties in 2012 and their pace of growth slackened. Despite these generally unfavourable conditions, Tekfen Construction had a successful operating period, adding new projects valued at US\$989 million to its portfolio. The Group generated revenues of TRY2.5 billion in 2012. During the year, it reached a high record active backlog of US\$2.5 billion, which was US\$2.15 billion at year-end.

One of the major developments of the year was the resumption of the group's activities in Turkey whereas in the previous period nearly all of its operations were abroad. The Tüpraş Fuel Oil Conversion Project, one of two major projects in Turkey, will be a key Tekfen project until 2014. The second project, with construction work valued at US\$176 million, is at the Samsun Production Plant of Toros Tarım, another Tekfen Holding company. Tekfen Construction monitors major projects in its area of expertise with the aim of taking advantage of the opportunities the domestic market has to offer in the near future.

Africa is another region where Tekfen is closely monitoring developments. Hopes that 2013 will see a resumption of operations in Libya, interrupted in 2011 by the civil war, have grown increasingly stronger. A protocol with the government in Libya, providing for outstanding progress payments, compensation for damages and the resumption of unfinished projects, has been signed. The group's goals in the next few years include becoming more effective in Sub-Saharan Africa, in addition to North Africa.

The Middle East retained its importance for Tekfen Construction in 2012. A region of intense competition and, hence, operational difficulties, the Com-

pany acquired the entire construction work of a propylene oxide plant, worth about US\$123 million, in Saudi Arabia, where it recently completed a large phosphoric acid plant. Qatar was also a source of good news. Tekfen made a strong entrance to the emirate in 2005 with a pipeline project. The company reinforced its presence with the award of the North Road Side Roads and Additional Junctions project, at a tender price of US\$592 million. This puts the company in a position to participate in other large investment projects in Qatar. Iraq holds significant potential for Tekfen, which has long-standing relations with this still war-ravaged country. Instability makes it imperative that the company management exercises great caution in undertaking major investments there. For now, Tekfen's activities in Iraq consist of general project management services in the Rumaila area of the Gulf of Basra.

Tekfen forms strong client relations. Its values and its way of doing business make it a preferred contractor in the countries where it operates. While the Company views geographical expansion as a strategic priority, the scarcity of skilled human resources requires that Tekfen expands in a controlled and sustainable way. The Company's Risk Committee prepares regular reports on project developments and the situation of regions where proposals are made. The Company is dedicated to a stable growth model with no compromise on quality, as it has been since the founding of Tekfen.



Gürbüz Alp Kireç
Tekfen Construction / Senior Vice President

"In 2012, we proudly completed a compact and highly sophisticated LDPE plant for QAPCO with our partner UHDE in Qatar. In Saudi Arabia, we were chosen by Ma'aden Phosphate Company to build six more phosphoric acid storage tanks, to be commissioned in the first half of 2013. We have a new client in Saudi Arabia - the Sadara Chemical Company formed by Saudi Aramco and The Dow Chemical Company -, which awarded Tekfen Construction the LSPB construction contract of a Propylene Oxide Plant. In Turkey, we continued with the construction of Tüpraş RUP and started working on the Toros Tarım Samsun Plant Investment Project."



North Road
Qatar

The Middle East retained its importance for Tekfen Construction in 2012.



**COP-WC-PDQ Fabrication of Toppides,
Drilling Facilities and Living Quarters, Bayil
Azerbaijan**

This huge, 18,500-ton off-shore platform, complete with oil drilling and technical support units and housing facilities, is the third, and largest platform to be built by Tekfen in Azerbaijan.

Caspian Region

Rich in oil and natural gas reserves and of growing strategic importance, the Caspian region continued to be a key market for Tekfen Construction in 2012. Major investments in oil and natural gas are flowing into the Caspian basin, which has become even more important given Turkey's growing energy needs. The Caspian Forum, held in Istanbul toward the end of 2012, demonstrates the significance Turkey places on this region.

Tekfen Construction's activities in the region center on Azerbaijan. The oil platform construction that began in 2010 continued on schedule in 2012. This huge, 18,500-ton off-shore platform, complete with oil drilling and technical support units and housing facilities, is the third, and largest platform to be built by Tekfen in Azerbaijan. The launch of the nearly completed platform is planned for the early summer 2013. Meanwhile, bids are in preparation for another platform tender to follow the completion of this project.

Tekfen Construction's other project that began in 2010 is the 40-floor, 200m-high Azerbaijan State Oil Company (SOCAR) headquarters in Baku. Technical problems with the foundations and design changes have pushed the scheduled completion date to May 2014.

Azerbaijan's rich oil and natural gas reserves present significant business opportunities to Tekfen Construction and its affiliate Azfen. Tekfen is closely monitoring the Shah Deniz Phase-2 (Shah Deniz Full Field Development) project, which will enable the export of gas from Azerbaijan to Turkey and on to Europe. Other projects Tekfen is monitoring closely include an extensive petrochemical complex, the 68,000-capacity Baku Olympic Stadium, and

an ammonia urea plant. Indeed, in February 2013, Tekfen Construction had signed a "design and build" agreement as sole contractor for the US\$604.5 million Baku Olympic Stadium.

Kazakhstan is another center of Tekfen Construction operations in the Caspian Region. Following the completion of projects in 2011, the Company completed the Kashagan Power Plant Tranch-3 (KPP-TR3), a 2 x 35 MW natural gas electric power plant built on a turn-key EPC basis in 2012. A delay in expected oil investments has caused our presence in the country to lessen despite our close monitoring of new business opportunities.

Tekfen Construction is strengthening its presence in Turkmenistan, a relatively new market in the Caspian region. Currently under construction, the Galkynysh Gas Field Development Project is scheduled for completion toward mid-2013. The client's satisfaction with the project's progress, maintenance of the schedule and the quality of Tekfen's service raises our chances of obtaining further projects of the same caliber.



Levent Kafkasli
Tekfen Construction / Vice President

"We have been active in the Caspian Region for 17 years now, so when new opportunities arise Tekfen Construction will monitor these projects with our existing experience, knowledge and proximity and continue to grow in this area."



Galkynysh Gas Field
Development Project
Turkmenistan

Rich in oil and natural gas reserves and of growing strategic importance, the Caspian region continued to be a key market for Tekfen Construction in 2012.

Middle East

Tekfen Contracting Group has historically had a high business volume in the Middle East. Home to the world's most important oil and natural gas producers, the region's investment potential makes it an attractive market for Tekfen Construction, as it does for every other contractor. The Middle East is an arena of strong competition between contracting companies from around the world. In this environment, Tekfen Construction maintained its work on important projects in the region and created new business opportunities on account of the confidence and respect it has established with its clients. However, selectivity and care are essential watchwords for doing business in the region because of the area's inherent political uncertainties and upheavals.

In 2012, Tekfen Construction began construction of additional phosphoric acid storage tanks at the Saudi Arabian Ma'aden Fertilizer Complex phosphoric acid plant, which the Company completed and delivered in 2011. The circa US\$25-million project, scheduled for completion in May 2013, comprises the design and construction of six phosphoric acid tanks, each 16m in diameter and 10m high, and the procurement of supplies. Also in 2012, on the east coast of Saudi Arabia, Tekfen assumed responsibility for the entire construction of a propylene oxide facility at the Sadara Petrochemical Complex being established in the Jubail Industrial Area. Completion of the circa US\$123-million project is planned for the beginning of 2015. The Company is making efforts to expand the project with construction of other facilities within the complex.

Tekfen's presence has grown considerably in Qatar in recent years. Nearly 99% finished, the North Road project received a provisional acceptance certificate at the end of 2012. Side roads valued at US\$80 million were added to the contract and they are under construction with completion scheduled for mid-2013.

Qatar is a nest of competition between international contracting companies which makes it increasingly difficult to do business there. However, Tekfen continues to receive new business offers because of the satisfaction it has generated with its track record in the country and the quality of its service. For instance, Tekfen Construction reinforced its presence in Qatar by winning the North Road project's Side Roads and Additional Junctions tender held by the State Highway Department, ASHGHAL. The target completion date of the US\$592-million project, which is expected to reach US\$1 billion with additions, is the end of 2014.

The Qatar Petrochemical Company (QAPCO) Low Density Polyethylene Plant, the construction of which began in 2009, was completed and delivered to the client in 2012.

At the end of 2012, the construction of a 92-km pipeline to transport degasified oil from the Shah, Asab and Sahil regions of Abu Dhabi, in the UAE, was 98% completed. The project will become operational in March 2013.

While Iraq has great potential for the Turkish contracting sector, the volume of business remains limited by continuing instability. The contract for the general project management and engineering services that Tekfen Construction, together with Tekfen Engineering, began in 2010 at BP's request in the Rumaila oilfield in the Gulf of Basra was expanded and renewed to include 2012-2013. The number of Company's personnel in the region rose significantly by virtue of the contract to 156. The project is scheduled for completion at the end of August 2013, but efforts are underway for a similar but more comprehensive agreement.



Ayhan Sarıoğlu
Tekfen Construction / Vice President

"The North Road project in Qatar, which we have been building since 2007 for the ASHGHAL Administration, may generate further additional jobs one after the other. The confidence the client has in our ability to deliver quality work on time has raised our hopes for projects that will be tendered in the future. The kilometers we have completed in Qatar after the TAG Motorway in Turkey has fortified Tekfen Construction's expertise in highways."

QAPCO Low Density Polyethylene Plant Qatar

Tekfen Contracting Group has historically had a high business volume in the Middle East. Home to the world's most important oil and natural gas producers, the region's investment potential makes it an attractive market for Tekfen Construction, as it does for every other contractor. The Middle East is an arena of strong competition between contracting companies from around the world. In this environment, Tekfen Construction maintained its work on important projects in the region and created new business opportunities on account of the confidence and respect it has established with its clients.



North Africa

North Africa is a region where Tekfen Construction has done considerable business. Deeply affected by the Arab Spring, stability remains elusive. The Company is seeking resumption of its operations in Libya, which had come to halt at the start of the civil war in 2011, and it joined many negotiations with the Libyan authorities in 2012. Toward the end of the year, the parties signed a protocol for the outstanding progress payments, the continuation of partially finished projects and compensation for damages. Libya has great potential for new business opportunities as well as existing ones, once appropriate conditions have been secured in the war-torn country.

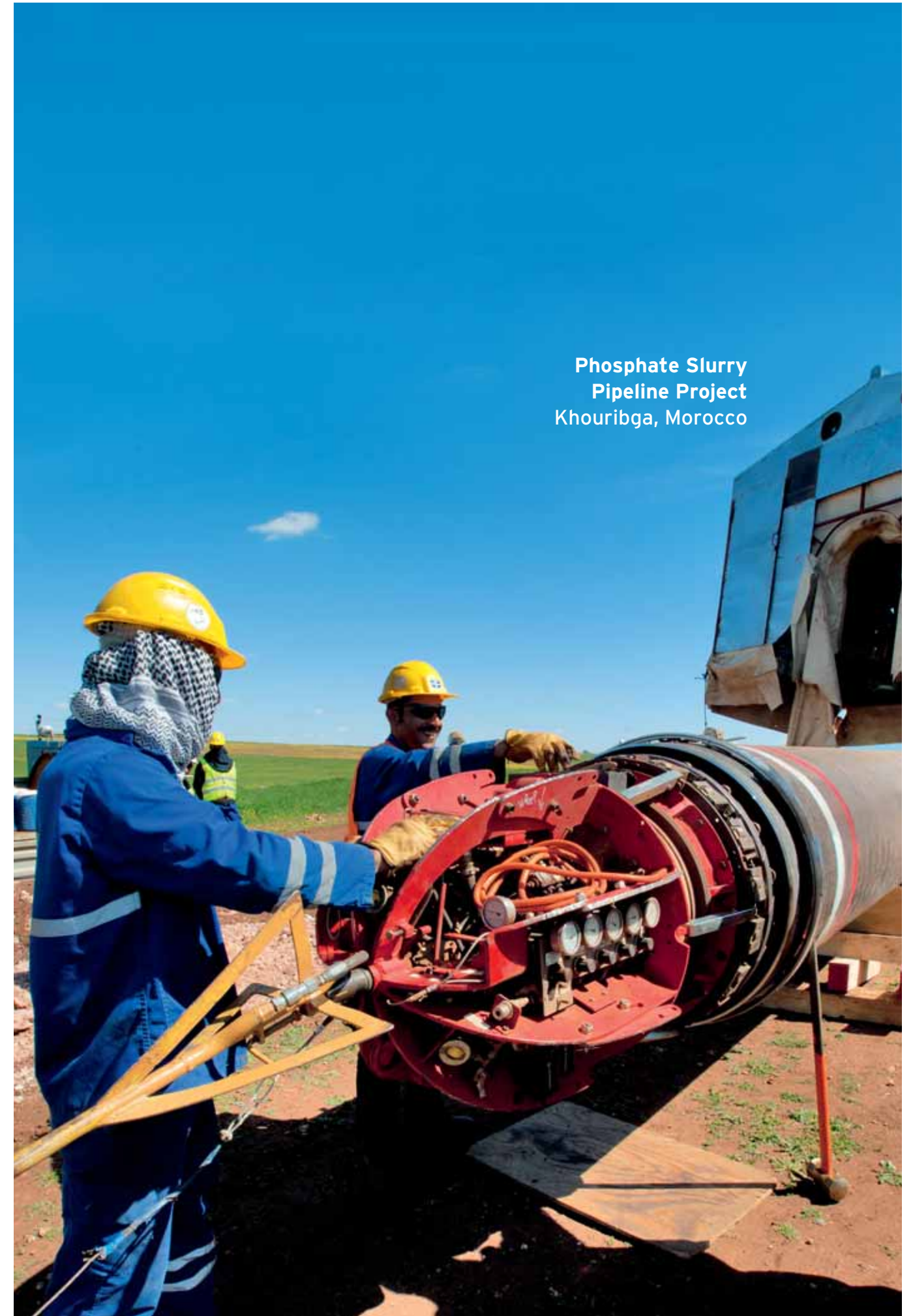
Morocco is another country where Tekfen has carried out important projects. Despite certain hitches, current projects are progressing according to schedule. The Company completed construction and assembly of the Crude Oil Refining Unit (Crude Topping Unit 4), the contract of which was signed in 2010 as an extension of the Samir Refinery Modernization and Upgrading Project, and received a mechanical completion certificate in 2012. Furthermore, construction and electromechanical work on two diammonium phosphate (DAP) fertilizer plants, each with an 850,000-ton annual capacity, and support units, the contract of which was signed in Morocco in 2011, continue. February 2013 and May 2013 are the new completion dates for Unit B and Unit C, respectively.

Another contract signed at the end of 2010 was for the construction of a pipeline to carry slurrified phosphate ore extracted from mines in the Khouribga region to Jorf Lasfar Port on the Atlantic Coast. However, problems over expropriation and local social unrest nurtured by the Arab Spring slowed the project. By the end of 2012, the Company had completed the laying, bending and welding of the main pipeline and the field clearing in areas other than those suffering from expropriation issues. The goal for 2013 is to complete the station piping, mechanical assembly, steel erection, the electrical installations and the instrumentation.

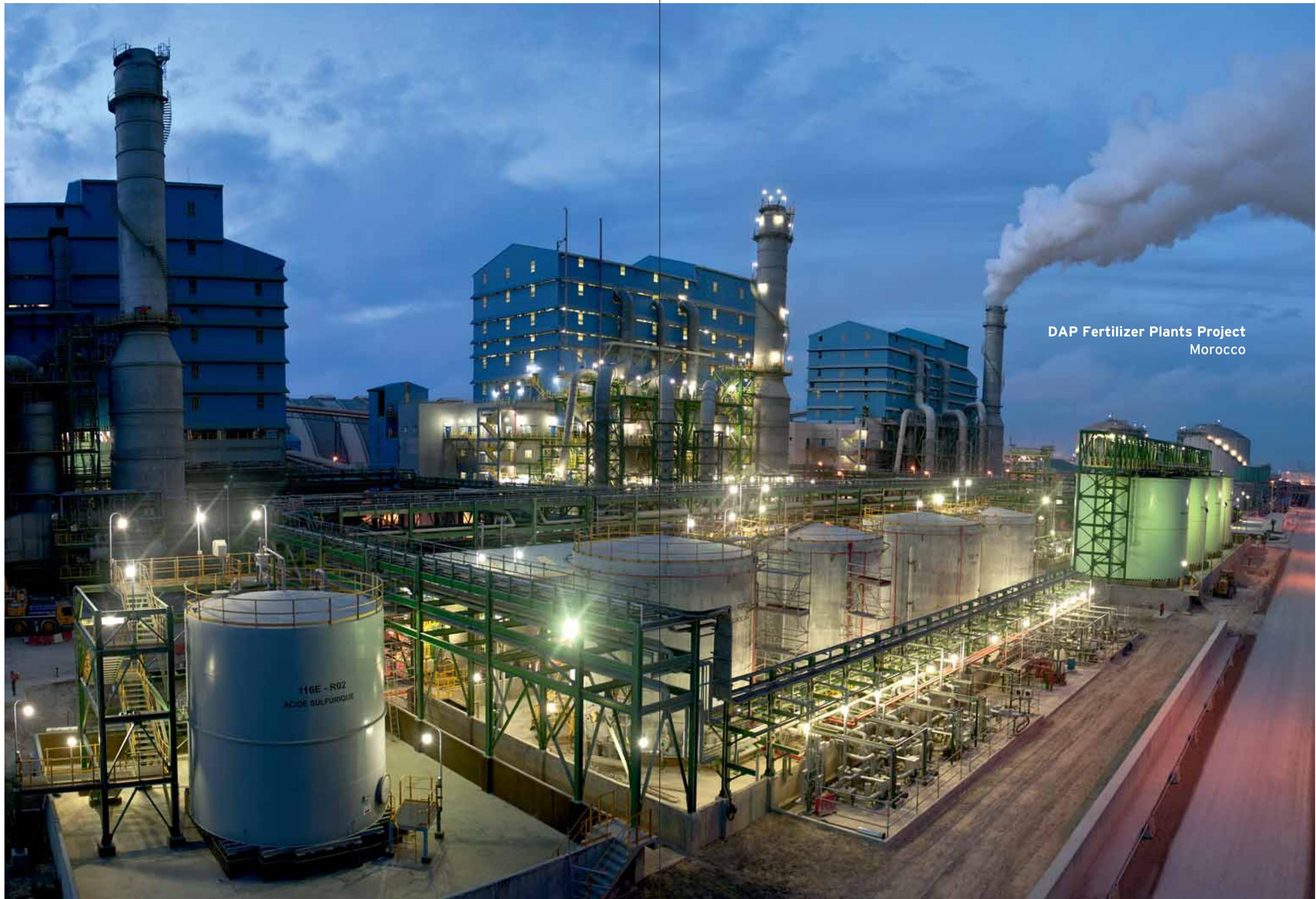


İsmail Erdoğan
Tekfen Construction / Vice President

"As the Bidding Group, we strongly believe that Tekfen Construction will reach its objectives in the coming years thanks to the experience and well-qualified personnel we have gained from the nearly 300 projects we have successfully completed by earning the trust and recognition of our clients. All our efforts are directly toward these goals."



Phosphate Slurry
Pipeline Project
Khouribga, Morocco



DAP Fertilizer Plants Project
Morocco

Turkey

While its existing project portfolio is heavily weighted towards projects abroad, Tekfen Construction has increased its domestic operations in its fields of specialization. Its first major contracting job in Turkey after a lengthy hiatus is the Tüpraş Residue Upgrading Project (RUP). The contract for this US\$501-million agreement was signed with the project's principle contractor, the Spanish Técnicas Reunidas, in 2011. The project, which is slated for completion in 33 months, involves the breakdown of low grade fuel oil, heating fuel and similar heavy-grade products obtained through the refining of oil at the Izmit Refinery and their transformation into high value products like LPG and gasoline. Tekfen is responsible for the construction and assembly of the RUP unit, the scheduled completion of which is September 2014.

Tekfen Construction expanded its business volume in Turkey in 2012 by undertaking the construction of Toros Tarım's - a Tekfen Group company - new investment in its Samsun Production Plant. This investment covers a new, 2,200 tons/day-capacity sulfuric acid facility, expanding the production capacity of the two existing phosphoric acid facilities to 200,000 tons/year, and the renovation of the existing NPK facilities. With completion, Toros Tarım will be able to produce, rather than import, the sulfuric acid it needs for the production of phosphoric acid, a vital raw material for fertilizer, and to achieve significant energy savings. Tekfen Construction is taking on multiple infrastructural and peripheral construction work on a turnkey EPC-basis as part of these three chief investments. Completion of the project, which began in October 2012 with engineering design, is planned for the end of 2014.

Tekfen Construction has undertaken various repairs and improvements to the Turkish section of the Baku-Tbilisi-Ceyhan Crude Oil Pipeline since 2009, and continuing under 48 work orders. This project encompasses, in addition to the various engineering services provided by Tekfen Engineering, valve replacements, piping, and geological improvements/reinforcements at problematic points. In 2012, five new work orders valued at US\$33 million went into effect.

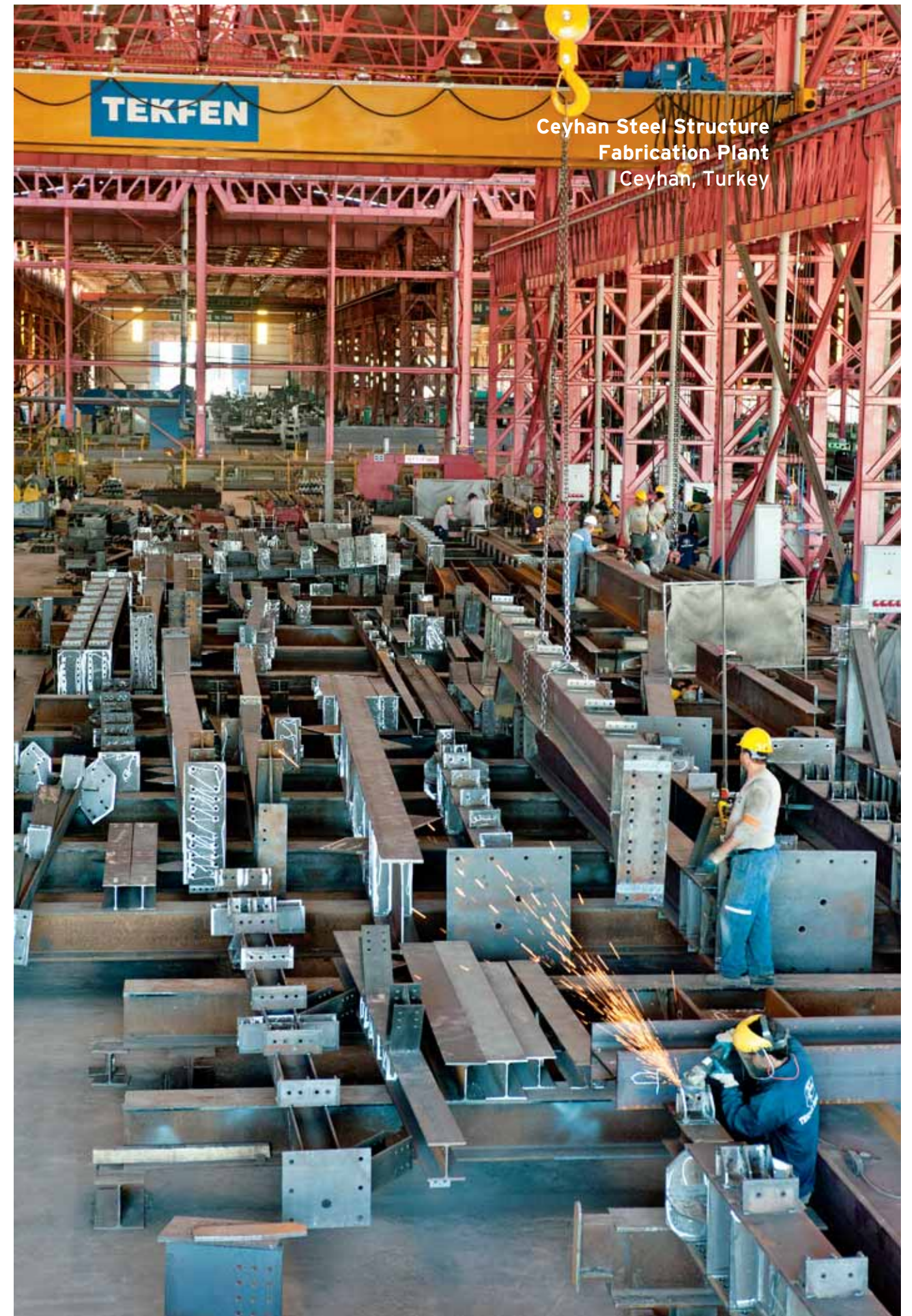
The Çiftelhan-Pozantı Highway has been under construction for about 15 years. Scheduled for completion in August 2012, the project's work plan was again extended because of additions made to it. The revised completion date is the end of 2013.

Tekfen Construction closely monitors developments in energy facilities related to oil and gas investments in Turkey. The Star Refinery SOCAR is to set up in Aliağa, Izmir, will have a 10 million-ton crude oil refining capacity. As such, it presents significant business potential for Tekfen Construction. The Trans-Anatolian Natural Gas Pipeline (TANAP), for which the memorandum of understanding between Turkey and Azerbaijan was signed in 2011 and the intergovernmental agreement in 2012, has great potential to create new business prospects for Tekfen Construction. The project is expected to take six years and cost US\$7 billion.



"In 2013, after completing the OCP slurry pipeline in Morocco and the natural gas pipeline in Turkmenistan, we expect to start at least one new pipeline project."

Alpaslan Sümer
Tekfen Construction / Vice President



Tüpraş RUP Project
Izmit, Turkey



HSE - Accident-Free Performance - Training

Tekfen Construction is a reliable partner because of its emphasis on quality, on health, safety and the environment (HSE), its know-how, experience, project delivery punctuality, sense of social responsibility, its internationally accepted standards, its concern for the wellbeing of its personnel, third parties and the environment, and its contribution to development in the locations where it does business. The Company's goal is to be worthy of the confidence of its clients and shareholders, to raise company profits and to have influence in the international contracting market. To accomplish this, it has an effective HSE policy to minimize harm to employees, to third parties and to the environment.

Despite the importance placed on work safety and all the measures taken in the field, 11 accidents resulting in labour force loss occurred in 2012. Training, a major component of our HSE policy is essential to preventing accidents. In 2012, of the 56,172,776 man-hours spent on projects, Tekfen Construction allocated 573,346 man-hours to quality and 39,301 man-hours to HSE training. In other words, 1.09% of working time was spent on training.

Tekfen Construction was among the first to implement the Vocational Competence Certificate Protocol signed in 2012 by İNTES (Union of Turkish Construction Industry Employers) and İŞKUR (the Turkish employment agency). Within this framework, 15,872 hours of vocational competence training were provided between March 2012 and February 2013 to 457 blue-collar employees working at the Tüpraş RUP construction site. The training covered scaffolding erection, wood formwork, occupational health & safety, and bar bending, and those passing the exam gained certificates.

Tekfen Construction is constantly striving to reduce work accidents and the environmental risks inherent in its operations. A central part of this is its Total Quality Management System, which integrates the ISO 9001:2008 Quality Management, the OHSAS 18001:2007 Occupational Health and Safety Management and the ISO 14001:2004 Environment Management System certifications. Company employees and management systems are audited by independent accreditation organizations on a continual basis and improvement programs are implemented.

Tekfen Construction's accident-free projects include:

Construction and Erection of Off-shore Oil Platform Module Units (Azerbaijan) - 17.8 million man/hours

Galkynysh Gas Field Development Project (Turkmenistan) - 11.3 million man/hours

Highway Projects (Qatar) - 7.5 million man/hours

BTC Projects (Turkey) - 2.3 million man/hours

LDPE Project (Qatar) - 2.2 million man/hours

Çiftahan-Pozantı Highway Project (Turkey) - 1.7 million man/hours

Samir CDU4 Project (Morocco) - 1.3 million man/hours



Cahit Oklap
Tekfen Construction / Vice President

"We successfully completed the 90MW Power Generation Plant on an EPC basis as part of the Kashagan Experimental Programme in Kazakhstan, both technically and commercially and delivered it to the client Agip KCO on time and ready for operation. In 2013, our goal is to continue to increase our presence in the country by adding to our portfolio some EPC based packages, within the PP Plant that will be tendered by Kazakhstan Petrochemical Industries."



Kashagan Oil Field Development
Main Works Project
Kazakhstan

Tekfen Construction was among the first to implement the Vocational Competence Certificate Protocol signed in 2012 by İNTES (Union of Turkish Construction Industry Employers) and İŞKUR (the Turkish employment agency).

Fabrication Yards

Tekfen Ceyhan Steel Structure Fabrication Plant

The Tekfen Ceyhan Steel Structure Fabrication Plant started operations in 1993 to fabricate and erect steel structures as part of the Contracting Group. For nearly 20 years, it has met Tekfen's need for steel structures for such projects as refineries, petrochemical complexes, power stations, maritime terminals, oil and gas platforms, and bridges and viaducts. The Ceyhan Steel Structure Fabrication Plant has a 30,000 m² covered area, five production workshops, open and covered storage areas, a welding training school, administrative offices and social facilities. It has the capacity to meet the specific needs of all projects undertaken by the Group on four continents. Since 2004, the plant has also manufactured noncorrosive, duplex, super duplex and carbon steel pipe spool. Since its establishment, the Ceyhan Steel Structure Fabrication Plant has produced in excess of 204 thousand tons of steel and steel structures.

The fabrication yard is accredited with the ISO 9001:2008 Quality Management System, the ISO 14001:2004 Environmental Management System, the OHSAS 18001:2007 Occupational Health and Safety System, and the EN ISO 3834-2 Welding Works Quality Management Certificate, thereby attesting to the plant's compliance with international standards.

In 2012, US\$6 million was invested in the Ceyhan Steel Structure Fabrication Plant for capacity expansion to meet growing business needs and for additional equipment. This investment raised the plant's annual capacity to 30,000 tons. The plant operated at full capacity in 2012.

Significant operations at the Ceyhan Steel Structure Fabrication Plant in 2012 included various fabrications for the OSX Shipyard Block Production Workshop in Brasil, the Tüpraş Fuel Oil Conversion Project, SOCAR Tower Project in Azerbaijan and the Phosphate Slurry Pipeline Project in Morocco. The Ceyhan Plant maintained affiliations with Bra-

silian companies bidding for the oil platform modules for the Brazilian state oil company for projects worth US\$200 million. If successful, production will begin in 2013.

The Plant plans to increase production for foreign markets. To facilitate the shipment of fabricated steel structures, the Plant plans to construct a dedicated loading platform at Toros Tarım's Ceyhan Terminal. The investment for the project is ready and work on the platform will start once the requisite permits have been obtained.

Tekfen Bayıl Steel Fabrication Plant (Baku-Azerbaijan)

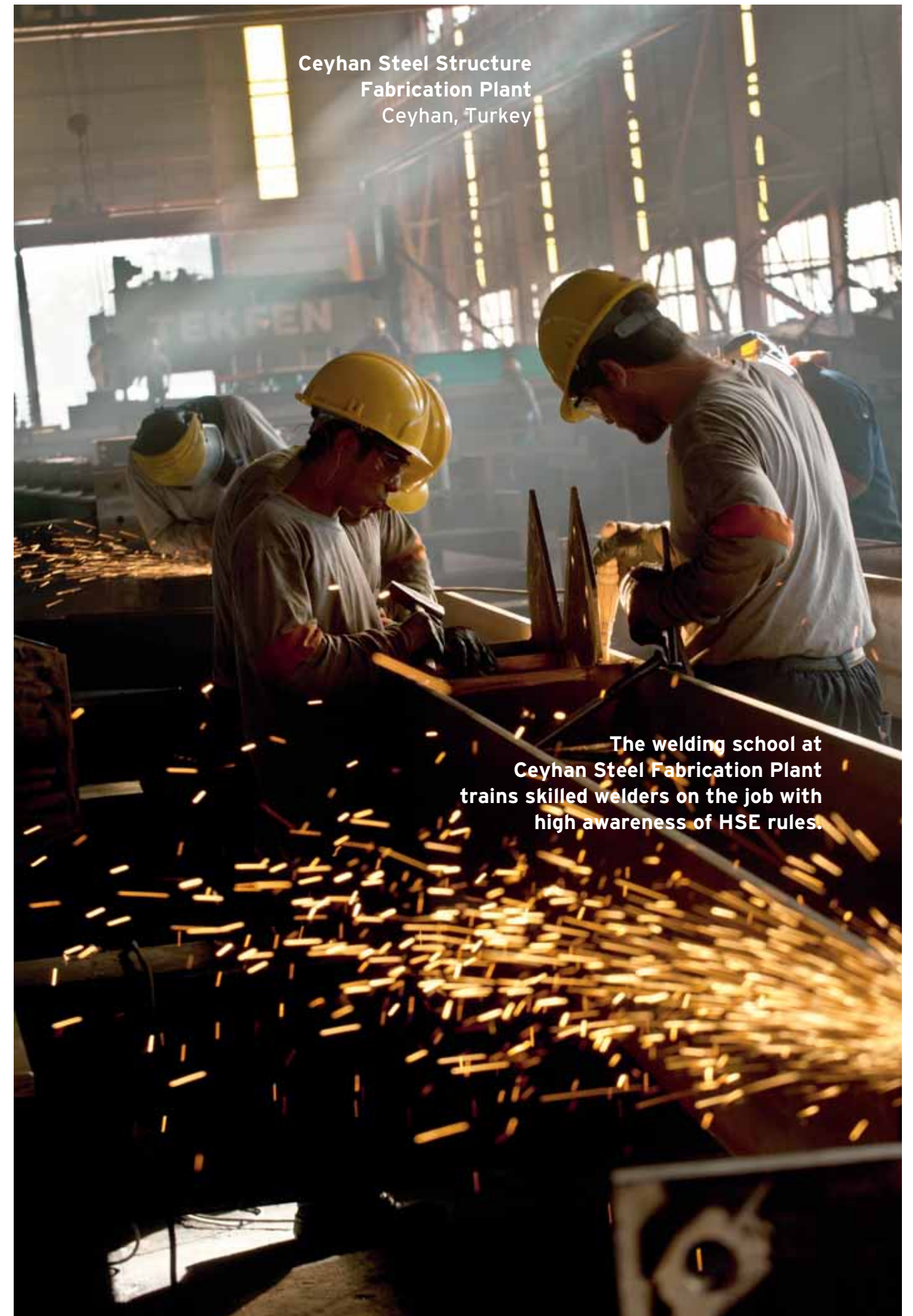
Baku-based Cenup Tikinti Servis's (CTS) experience in oil platform projects opened up a new area of business to Tekfen. Tekfen Construction acquired CTS through privatization as part of Tekfen's significant investments to support its Caspian region operations and to meet its off-shore platforms and modules fabrication needs.

The West Chirag Off-shore Oil-drilling Platform is the largest project Tekfen has ever undertaken in this area. Started in 2010 by the Azfen-Tekfen-AMEC (ATA) Consortium, the platform and its additions, valued at US\$477 million, are part of expansion investments in Azerbaijan's Azeri-Çirali-Güneşli oilfield. Weighing 18,500 tons with production facilities, drilling module and living units, the platform will be anchored to the seabed on 170m steel abutments. Tekfen Bayıl Steel Fabrication Plant will undertake all the erection, testing and commissioning work. At the end of 2012, this project was 95% complete and it is due for completion and off-shore installation in May-June 2013. Preparations of tenders for the construction of a platform immediately following the completion of this project are continuing.



Ali Beler
Tekfen Construction / Vice President

"Since competition is very tough in a global market in which all types of information is passed on at the speed of light, we are obliged to work fast, deliver high quality work and remain true to our word in order to attain our objectives without comprising our company policies. In 2012, we did our utmost to support our projects along these lines and will continue to work along these principles in future years."



Ceyhan Steel Structure
Fabrication Plant
Ceyhan, Turkey

The welding school at
Ceyhan Steel Fabrication Plant
trains skilled welders on the job with
high awareness of HSE rules.

Tekfen Engineering

Tekfen Engineering is one of Turkey's leading engineering companies. Since its founding in 1984 under the Tekfen Contracting Group, Tekfen Engineering has handled the engineering side of the engineering-procurement-construction (EPC) turnkey triangle. Tekfen Engineering's technical capabilities and experience are particularly focused on industrial plants and infrastructure projects, but its successes extend to a wide range of other types of projects, including oil and gas facilities, highways, power plants, and rail transport systems. Tekfen Engineering, which incorporates such areas of specialization as process engineering, instrumentation, control system and model design, is continually acquiring experience. It is restructuring in line with the Contracting Group's goal of being an EPC contractor and it is developing its workforce accordingly.

Tekfen Engineering maintained its domestic and foreign operations in 2012. It undertook the detailed engineering of the SOCAR Tower in Azerbaijan, completed a major part of the engineering work on the Phosphate Slurry Pipeline in Morocco, and it continued with the detailed engineering for the Rumaila Oilfield in Iraq. Work on the four Turkish Highway Department projects commissioned in 2009 continued in 2012. Additionally, toward the end of the year, the preliminary project for the Merzifon-Koyulhisar Highway was included in Tekfen Engineering's portfolio. Tekfen Engineering is a solution partner for the Tüpraş RUP project and in 2012 it obtained four new engineering service projects, mostly in process engineering, from Tüpraş.

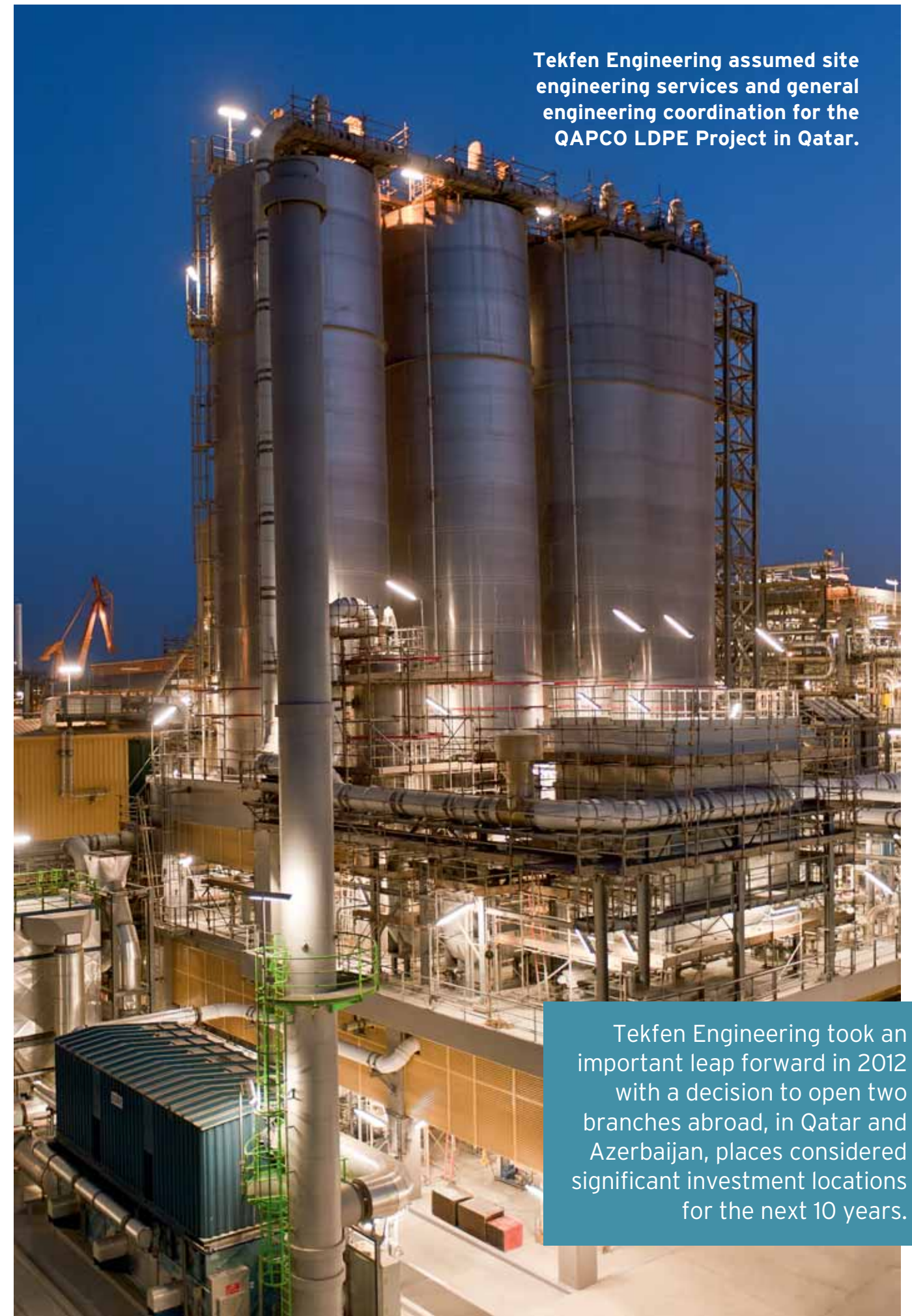
Tekfen Engineering took an important leap forward in 2012 with a decision to open two branches abroad, in Qatar and Azerbaijan, places considered significant investment locations for the next 10 years. Accordingly, the Baku office is to open in February 2013 and the Doha office in the second quarter of 2013. These branches are projected to make major contributions to Tekfen Contracting Group's rapid restructuring to enable it to take on more EPC-based projects.



Alparslan Güre
Tekfen Engineering / General Manager

"There is an enormous territory stretching from Eastern Europe to the Turkic Republics to the north and from the Gulf countries to North Africa to the south of Turkey that need good engineering services. In view of this demand, Tekfen Holding decided to make a serious investment in engineering. By strengthening our team, we aim to be one of the world's most important brands in the engineering and EPC sectors."

Tekfen Engineering assumed site engineering services and general engineering coordination for the QAPCO LDPE Project in Qatar.



Tekfen Engineering took an important leap forward in 2012 with a decision to open two branches abroad, in Qatar and Azerbaijan, places considered significant investment locations for the next 10 years.

Tekfen Manufacturing and Engineering

Tekfen Manufacturing and Engineering provides engineering, manufacturing and erection services of storage and process equipments to international standards in line with Tekfen Contracting Group's main objective of gaining EPC-based projects. It operates in the petroleum, petrochemical, chemical and fertilizer industries, in particular, and in other fields such as gas, steel industries and power stations. From its plant in Derince, and by far not limited with commissions from Tekfen, the Company offers its services to international contracting companies, as well as domestic and foreign companies operating in LPG storage and distribution.

In 2012, Tekfen Manufacturing has successfully launched some important strategic investment projects. It completed expansion of its covered fabrication area from 12,000 m² to 18,000 m² to meet rising business volume and the demand for heavy equipment. Moreover, Tekfen Manufacturing established a 1,600 m² manufacturing hall and auxiliary facilities on a 12,000 m² site next to the newly established manufacturing halls. Tekfen Manufacturing uses this facility for the fabrication of pipe sections for Tekfen Construction's Tüpraş project.

Tekfen Manufacturing had revenues of US\$32.3 million and exceeded its sales targets by 5% in 2012. Its capacity utilization ratio was 85% whereas it reached 95% of its man/hour target for 2012 with a total of 206 employees.

In 2012, Tekfen Manufacturing completed fifteen 6,300 m³ phosphate slurry tanks for the diammonium phosphate (DAP) plant under construction in

Morocco. In November 2012, it delivered the first two of seven 3,000 m³ LPG spherical tanks the Sudan Oil Company ordered at the beginning of 2012 and completion of the remaining tanks is scheduled for February 2013.

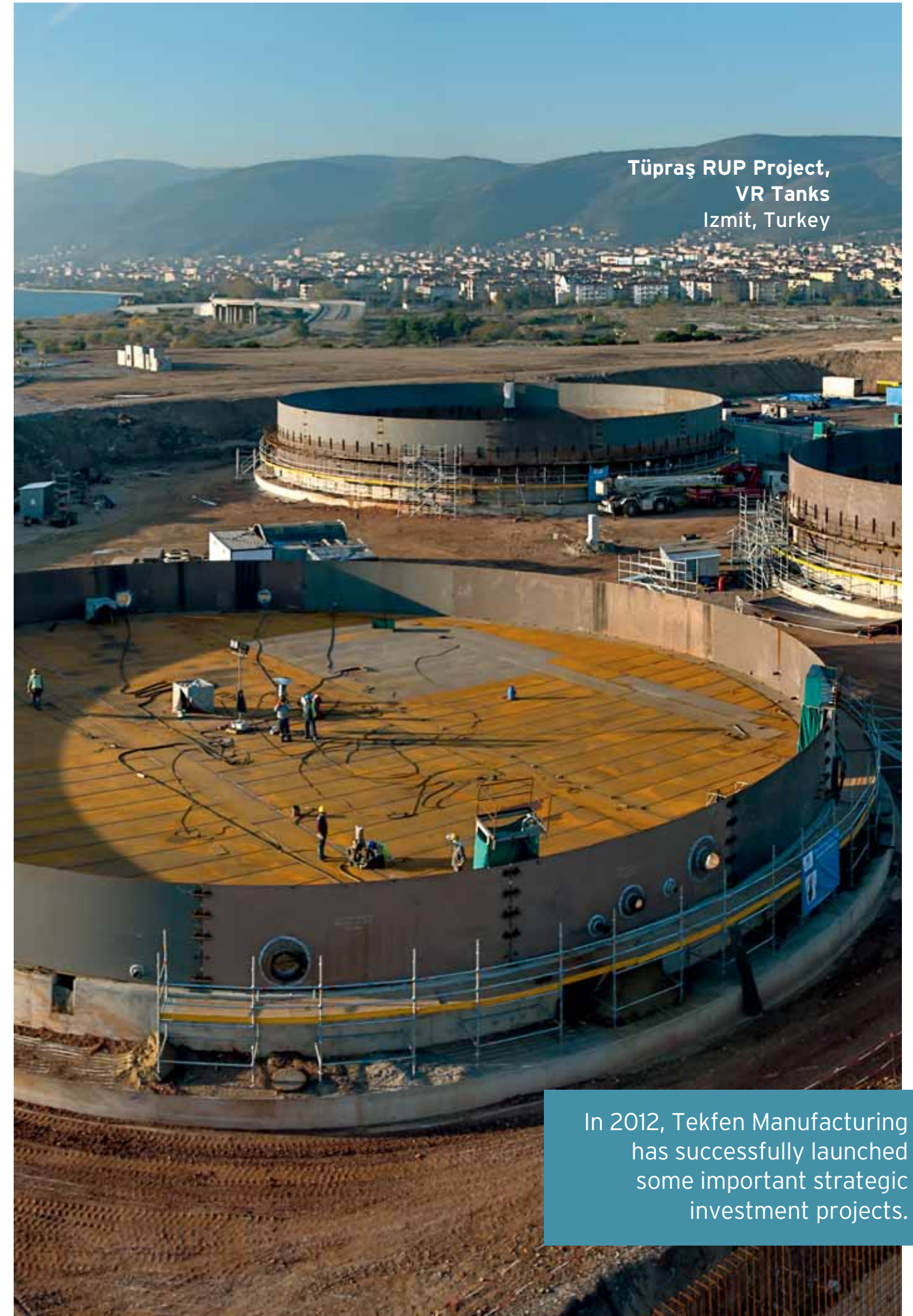
In 2012, Tekfen Manufacturing completed assembly of the 10,000 ton capacity sulfuric acid, 5,000 m³ phosphoric acid and 15,000 ton capacity liquid ammonium tanks for Toros Tarım's Ceyhan and Samsun Production Plants. The company also finished the earthquake reinforcement and assembly of a 5,000 m³ spheric tank for Aygaz. It also completed the assembly of another 5,000 m³ spheric tank, this one for propane, and started the testing phase.

Tekfen Manufacturing will deliver 13 heat exchangers and 4 tube bundles contracted for the Tüpraş Kırıkkale Refinery Energy Efficient and VDU Capacity Upgrading project in 2013. Meanwhile, it is fabricating 81 compression caps, columns and reactors ordered by Técnicas Reunidas at the end of 2011 for the Tüpraş RUP project. Delivery of this equipment is planned for April 2013.



"In 2012, the company saw the results of the important investments it has made and our targets in business volume as well as in the balance sheet were exceeded. Additionally, the company's operating system was adapted to Oracle and we obtained certification for HSE, all of which will bring integration with the Contracting Group to a higher level. Our objective is to continue our pattern of healthy growth while maintaining our position of leadership in the sector."

Tunç Şarman
Tekfen Manufacturing / General Manager



Tüpraş RUP Project,
VR Tanks
Izmit, Turkey

In 2012, Tekfen Manufacturing has successfully launched some important strategic investment projects.

Agri-Industry Group

TOROS AGRICULTURAL INDUSTRY & TRADE CO., INC.

TOROS TERMINAL & MARITIME CO., INC.

TAYSEB - TOROS ADANA YUMURTALIK FREE ZONE
FOUNDER AND OPERATOR CO., INC.

TOROS SHIP AGENCY SERVICES CO., INC.

TAGAŞ - TURKISH - ARABIAN FERTILIZER CO., INC.

HISHTIL-TOROS SEEDLING INDUSTRY AND TRADE CO., INC.

BLACK SEA FERTILIZER TRADE CO., INC.



"2012 was a very active year. Most significantly, we decided to invest in our Samsun facility by building a new sulphuric acid production unit. With other improvement and development projects, the total investment amount is US\$300 million. This investment is important for the future of Toros, and Turkey as well. Our three production facilities are our greatest strength. We are committed to continuity and responsibility in production; we must manufacture our own raw materials to sustain our ability to produce. This decision also demonstrates Toros' adaptive capability and determination to maintain its leadership. Indeed, this new investment will start a new era for the company."

Esin Mete

Tekfen Holding Vice President
Agri-Industry Group

Profile

Tekfen Agri-Industry Group's roots go back to 1974 and the founding of Toros Fertilizer and Chemical Industry to produce fertilizer in the Çukurova Region. Now operating as Toros Tarım, the Company has over the years diversified its products of agricultural input. It is now among the leading companies in its sector in Turkey in terms of its range of products and services, and market share. The company is also one of Turkey's 60 largest industrial companies. In 2012, it had revenues of TRY1,438 million and made up 35% of Tekfen Holding's total revenues.

Toros Tarım has diverse operations in various areas of agriculture including chemical fertilizers, seedlings and seeds, saplings and techno-agriculture. At the same time, it is involved in areas not directly related to agriculture, such as marine terminal operations, pilotage, tugboat and ship agency services, free-zone management, gas stations and bag

Toros Tarım has a powerful countrywide distribution network consisting of 7 regional offices and nearly 800 dealers. Getting fertilizer delivered to the remotest parts of Turkey without delay, despite the seasonality of demand, is made possible by a total warehousing capacity of 550,000 tons. Toros Tarım's strong logistics infrastructure is a vital factor in sustaining its effectiveness in the market.

Agricultural development is a multifaceted process and Toros Tarım has, over many years, developed a policy of playing an active role in it. It believes that raising productivity and quality is crucial to improving the welfare of the farmer and ensuring that agricultural activities attain their deserved position in the economy, and that the Company's own future is inextricably bound to that of Turkish agriculture. Accordingly, Toros Tarım not only produces chemical fertilizers, but also seedlings and seeds, and saplings and potato seeds using tissue culture technology.

Toros Tarım is one of Turkey's 60 largest industrial companies. In 2012, it had revenues of TRY1,438 million and made up 35% of Tekfen Holding's total revenues.

production. Toros Tarım brings many complementary services and operations together under a single organizational umbrella and this enables it to cater to the multiple needs of farmers.

Toros Tarım's core agricultural activity is the production and distribution of chemical fertilizers. Its production plants in Ceyhan, Mersin and Samsun make up 38% of Turkey's total installed production capacity of chemical fertilizers. As the market leader in terms of production capacity and market share, it produces Ammonium Nitrate, Di-Ammonium Phosphate (DAP) and compound fertilizers at its own plants and completes its portfolio through imports. In addition to conventional fertilizers, Toros Tarım's product portfolio includes water-soluble specialty fertilizers and trace elements, which means that the Company is the single source for farmer's fertilizer needs.

Hishtil-Toros Fidecilik (HTF), a specialist nursery, carries out the Group's seedling production in fully equipped nurseries in Antalya. These nurseries use state-of-the-art technology and production protocols on a par with those employed in developed countries, thus enabling HTF to produce high-quality, high-yield, disease-free, standard and grafted seedlings capable of withstanding the diseases and pests that annually inflict great production losses on Turkish agriculture.

In addition to seedling production, Toros Tarım pioneered the offering of high-quality seeds to Turkish farmers. It produces seeds and fruit saplings through tissue culture techniques at the Group's Agripark facilities in Adana. The importance Toros Tarım places on productivity-raising technology and the investments it has made in them, make it the sector's benchmark brand, not only in fertilizer but also in seedling and sapling production.



Toros Tarım also invests in non-agricultural yet complementary sectors. Since 1990, marine terminal operations have contributed increasingly extensive revenues to Toros Tarım. The Ceyhan Terminal, initially built to serve the Ceyhan fertilizer plant, was subsequently expanded to exploit the potential of serving third parties. Today, Toros Ceyhan Terminal is among the Eastern Mediterranean's most important deep-water terminals.

The Samsun Terminal, bought under the 2005 privatization program with the state-owned Samsun fertilizer facility, has made a great contribution to the Group's activities in this area through its strategic location and additional capacity. Toros Tarım also provides pilotage, tugboat and shipping agency services at its terminals.

Free-zone management is among the Group's most important future-oriented areas of expansion. Toros Adana Yumurtalık Free Zone's potential rests on its facilities and strategic location in Ceyhan, which is slated to become Turkey's energy hub.

In 2012 Toros Tarım made a major investment decision that is vital to sustaining its leadership as Turkey's largest private sector agri-industry group. Under a long-term strategy to reduce its dependence on imported raw materials and to eliminate the risks inherent in fluctuating international markets, the Group began construction of a sulphuric acid plant at the Samsun Production Facilities. Slated for completion at the end of 2014, the initial investment of US\$232 million was raised to US\$300 million. Sulphuric acid is essential for the production of phosphoric acid, the main intermediate material for DAP and compound fertilizers. Therefore, this project aims to reduce the need for imports and

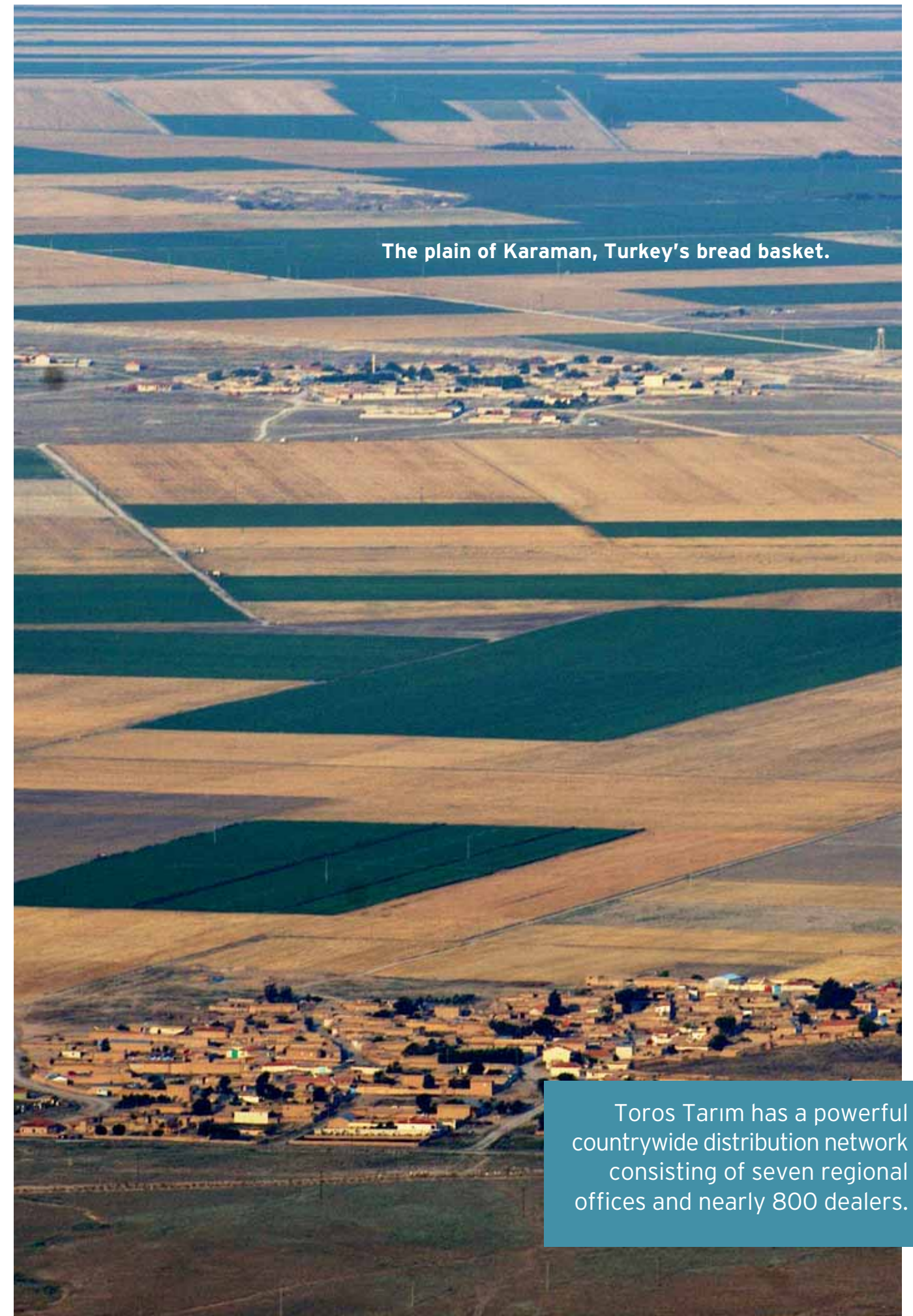
to improve the existing compound (NPK) fertilizer facilities. With this major future-oriented investment, Toros Tarım will secure its raw material needs and its competitive advantage through the value created.

One of the most important features of the new plant, which will use state-of-the-art technologies, is the conversion of heat generated by the production processes to energy to be used in other units of the facilities. This energy conservation measure will greatly reduce costs and would create a supplementary revenue source when surplus electricity is sold to the electricity grid. The savings from the energy generated will benefit Toros plants and also reduce reliance on imports. This will make a significant contribution to reducing Turkey's current account deficit, which is presently of concern.



Mehmet Sadıkoğlu
Toros Tarım / Vice President, Sales & Marketing

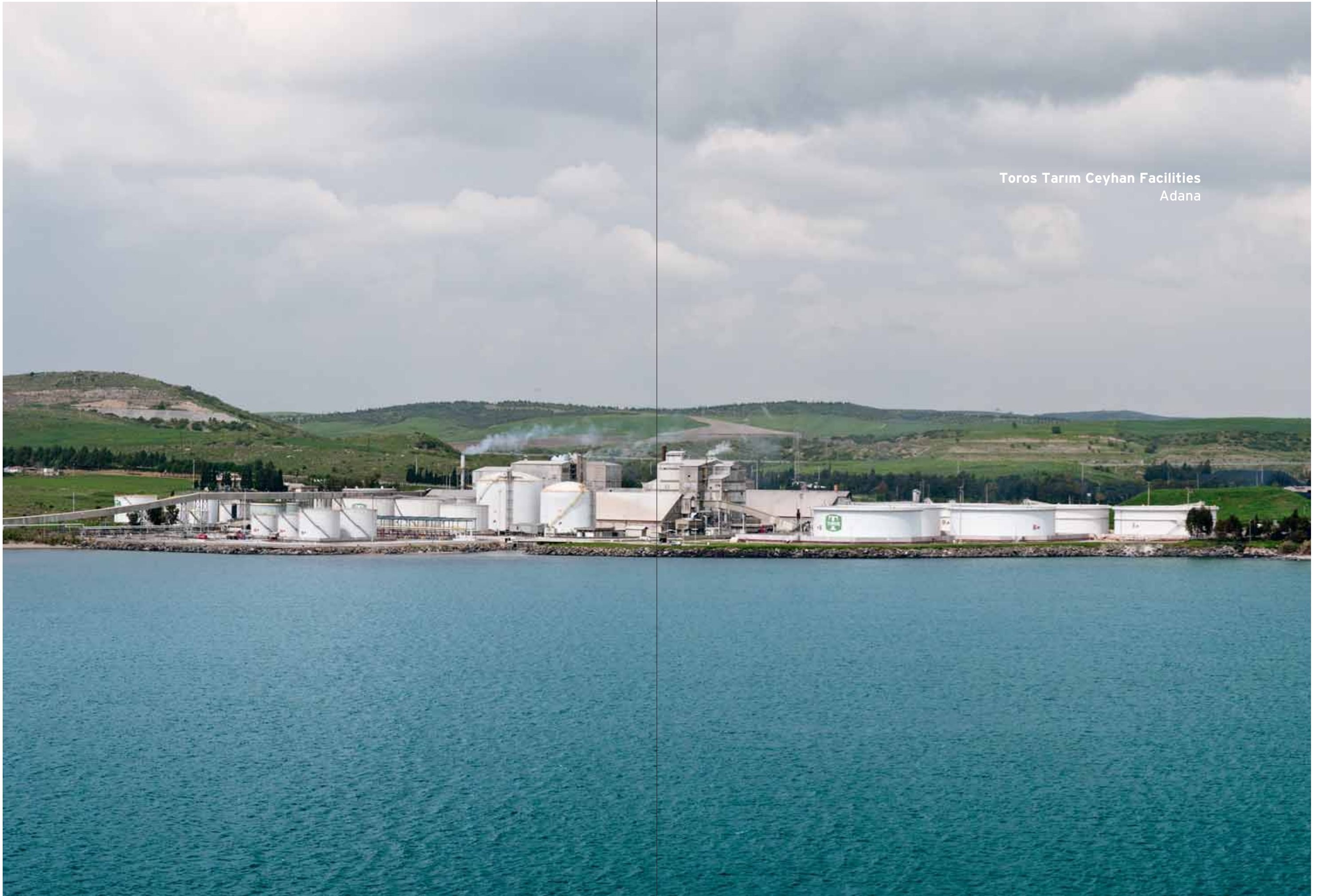
"Toros Tarım has added value to Turkish Agriculture for over 30 years, supporting Turkish farmers to increase their welfare. The company continued its operations successfully by raising its product and service quality in 2012. Toros has continued to take decisive steps in order to sustain the value it creates for all its stakeholders. With experienced team and strong dealers network, Toros Tarım looks to the future with confidence in Turkish agricultural sector."



The plain of Karaman, Turkey's bread basket.

Toros Tarım has a powerful nationwide distribution network consisting of seven regional offices and nearly 800 dealers.

Toros Tarım Ceyhan Facilities
Adana



2012: A General Overview

2012 in the World

While the Food and Agriculture Organization's food price index fell by 8% and the grains price index decreased by 4% compared to those of the previous year, the 2012 index values remained above the ten-year average. One of the most important reasons for above average agricultural commodity prices throughout 2012 was poor weather conditions. Globally, 2012 was one of the hottest years since 1880. Moreover, the drought in the US, Russia, Australia, Romania and Kazakhstan lowered agricultural productivity. The negative impact of unfavourable weather conditions on agricultural commodity prices was equaled by increased demand for agricultural products.

Under normal conditions, relatively high agricultural commodity prices would boost demand for fertilizers. However, in 2012, phosphate fertilizer subsidies in India declined 33%, leading to a decline in their consumption. In contrast, the use of urea in that country, suffering relatively less from a decline in subsidies (10%), went up. This unexpected state of affairs destabilized supply and demand on international markets and caused prices to fluctuate.

Global nutrient based sales of fertilizers in 2012 rose by only 0.4% to 178 million tons. Sales of nitrogen-based fertilizers grew by 1.7% to 108.7 million tons, while those of phosphate-based fertilizers fell by 1.5% to 40.7 million tons and potassium-based fertilizers fell by 2% to 28.3 million tons. Sales of industrial-use nutrients inched up by 0.2% over that of the year before to reach 48 million tons.

Global production capacity of plant nutrients rose by 4% to 260 million tons. However, new facilities had not yet fully integrated with the supply chain, so their impact on production was not felt. The 2012 capacity utilization rate of the global fertilizer sector was 82%.

The instability of fertilizer prices that followed the 2008 crisis continued in 2012. Despite supply exceeding demand, there were radical price fluctuations, with a general increase in prices throughout the year. The price of ammonia, one of the most important inputs of fertilizer, went up by 5% due to problems in global production and increased demand by industrial users in the East Asian market. Meanwhile, urea prices fell by 3% due to a two-fold increase in China's exports.

Ammonium nitrate and ammonium sulphate prices changed little during the year. The price of diammonium phosphate (DAP) fell by 14%. Two factors contributing to this decline were lower demand for

phosphate fertilizers after subsidies were reduced in India and the expansion of supply created by the three-million-ton capacity Ma'aden DAP production plant that became operational in Saudi Arabia at the end of 2011. The price of potassium chloride (MOP) declined by 10% in 2012.

2012 in Turkey

The Turkish economy, having expanded by 8.8% in 2011, grew by a mere 2.2% in 2012, well below expectations. During the same period, the agricultural sector grew by 3.5%, thus exceeding the national average as well as the growth rates of the manufacturing, retail and construction sectors.

Cumulative precipitation in the 2012 agricultural year (1 October 2011-30 September 2012) was 2.6% higher than normal but 7.2% less than it had been the year before. Lower than normal rainfall in April-May reduced grain yields, particularly in the Central Anatolian region. Moreover, the severe weather conditions in the first quarter of 2012 were detrimental to the productivity and quality of greenhouse production. Overall, as of the end of 2012, grain yields are expected to have fallen by 5.2% to 33.4 million tons, with vegetable yields rising by 0.5% to 27.7 million tons and fruit production by 4.5% to 17.9 million tons.

The Turkish Grain Board's basic commodity purchase prices rose by 10% on those of the harvest period the previous year. While cotton prices declined in international markets, they remained constant in Turkey because of lower yields.

Two crucial developments in 2012 were the fall in farmers' incomes resulting from a drop in the prices of greenhouse products and the drying up of foreign markets due to the unrest in Syria. This led to bankruptcies in the Antalya wholesale market, Turkey's largest such market, which acts as a kind of bourse for vegetable prices. The financial adversity, experienced first by the brokers and then by the exporters, had a negative impact on all suppliers of the agricultural sector.

Fertilizer prices went up by 8% in 2012 while consumption is estimated to have risen by 12% to 5.3 million tons. In the nitrogen group, this increase was 17% and in the phosphate group, 6%. In 2012, fertilizer production was 3.7 million tons and fertilizer import 2.1 million tons, the same as in 2011. Fertilizer exports, on the other hand, totaled 301,000 tons, falling by 42% compared to those of 2011 due to international price movements.



We shape the future of Turkish agriculture.

Our Activities in 2012

Chemical Fertilizers

Toros Tarım is Turkey's largest chemical fertilizer producer with 1.8 million tons of production capacity, accounting for 38% of the country's installed production capacity. Toros Tarım maintained production at three plants - Ceyhan, Mersin and Samsun. In 2012, 1,423,332 tons of fertilizers were produced, an increase of 3% from that of 2011. The 83% capacity utilization rate was commensurate with its planned production programme.

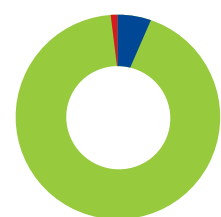
In 2012, Toros Tarım imported 171,084 tons of fertilizer to provide varieties our production plants could not produce, or produced in inadequate quantities, or were too costly to produce. The risks created by international price instability from the second half of May, led to a deliberate reduction of procurement and a drop in fertilizer imports of 22% compared to that of 2011. This decline was reflected in the sales of urea and ammonium sulphate, which was compensated for by an increase in the sales of products produced by Toros. As in previous years, imported fertilizers were unloaded at the Company's Ceyhan and Samsun Terminals, and in regions where direct consumption is high, such as Tekirdağ, İzmir-Aliağa and Antalya, and shipped inland directly from these locations, thereby reducing inland transportation costs.

Toros Tarım has maintained its leading market share in the sector for many years. The Company's 2012 domestic sales totaled 1,612,439 tons, giving it a 30.4% market share, thereby consolidating its lead. Dealer sales increased by 9% compared to those of 2011 to 1,541,948, and wholesales reached 70,491 tons by a 10% increase. Despite a drop of 36% in exports, domestic demand boosted total sales by 9% in 2012.

Product quality and consumer confidence are among the factors supporting strong sales performance. Of equal importance are the Company's logistic infrastructure and its extensive dealer network. The Company's widely dispersed 550,000-ton storage capacity enables it to provide uninterrupted and timely delivery by eradicating the procurement bottlenecks that can dog distribution during the peak seasons. Among Toros Tarım's most important competitive advantages are its long-standing prioritization of domestic market needs and its procurement policy, which ensures the continuous availability of products.

Toros Tarım reinforced its sales network in 2012. The Company continued its efforts to increase the number of dealers and to monitor existing ones closely while taking a variety of measures to enhance the efficiency of its sales organization. The number of dealers increased by two to 797. The Company made its authorized dealership system, initiated to enhance its competitive market position and to penetrate into relatively smaller markets, even more effective in 2012.

The dynamic structure of the fertilizer sector required the Company to continue its monthly market assessments and sales plans revisions to ensure maximum responsiveness to market needs. Thus, the Company remained completely attuned to market conditions and it was able to meet market needs immediately. The Black Sea Fertilizer Trade Company began operations in 2012, received initial orders and exported 15,000 tons. This company is an OCP-Toros partnership established in 2012 to market phosphate fertilizer produced at Toros Tarım's Samsun Plant to the Black Sea countries, the Balkans and Central Asia.



2012 Chemical Fertilizer Sales:

Dealer Sales	1,541,948 Tons
Wholesales	70,491 Tons
Exports	17,450 Tons
Total	1,629,889 Tons

Toros Tarım Plant Capacity Utilization Rates:

Plant	Product	Capacity (1,000 tons/year)	2011 Capacity Utilization Rate (%)	2012 Capacity Utilization Rate (%)
Ceyhan	NPK	660	79	80
Mersin	AN 26	660	101	104
Samsun	NPK / DAP	527	59	62
Total		1,847	81	83



Toros Tarım Mersin Facilities
Mersin

In 2012, 1,423,332 tons of fertilizers were produced, an increase of 3% over 2011. The 83% capacity utilization rate was commensurate with its planned production program.



Toros Tarım Samsun Facilities
Samsun

Specialty Fertilizers

Specialty fertilizers are fully-soluble chemical fertilizers used in advanced irrigation systems such as drip or sprinkler. In 2012, this product group could not meet its enormous growth potential due to the detrimental effects that weather conditions had on greenhouse production, low product prices, the decline in exports, and the financial problems faced by wholesale market brokers. Nevertheless, Toros Tarım performed successfully in the specialty fertilizer segment, which it leads, holding sales on a par with those of the previous year at 17,684 tons.

Sales of the Chelated Trace Elements product group, which Toros Tarım introduced to the market in 2008 in partnership with the Spanish company Tradecorp, grew by 9% to 46 tons.

Seeds

Toros Tarım has for years provided Turkish farmers with high-yield, disease-resistant seeds of high market value to raise the productivity of the agricultural sector and ensure its sustainable development. The Company's many investments in 2012 began to pay off within the year. The high-capacity processing unit at the Toros Technological Agriculture Center (Agri-park) started operations and achieved a much more advanced level in the treatment of wheat seeds to make them ready to plant. In addition, investment in new greenhouses for expediting generation process, the first of their kind in the private sector, which were introduced in the last quarter of the year, shortened the lengthy seed breeding program by half. Work on field crop seeds has a dual purpose - to further expand farmers' familiarity with the varieties of Toros-brand seeds and to improve the product range with newly developed seeds. To this end, the Karatopak variety of seeds, developed by the Eastern Mediterranean Agricultural Research Institute in 2012, was added to

the Adana 99 and Osmaniye wheat seeds already produced and distributed by Toros Tarım. Karatopak seeds, which will raise Toros Tarım's effectiveness in field crop seeds and further enhance its competitiveness, are to go on sale in 2014, following a two-year period of production. Applications to obtain TÜBİTAK support for the field crop seed breeding program were made in 2012 and, following initial evaluation, the request received preliminary approval.

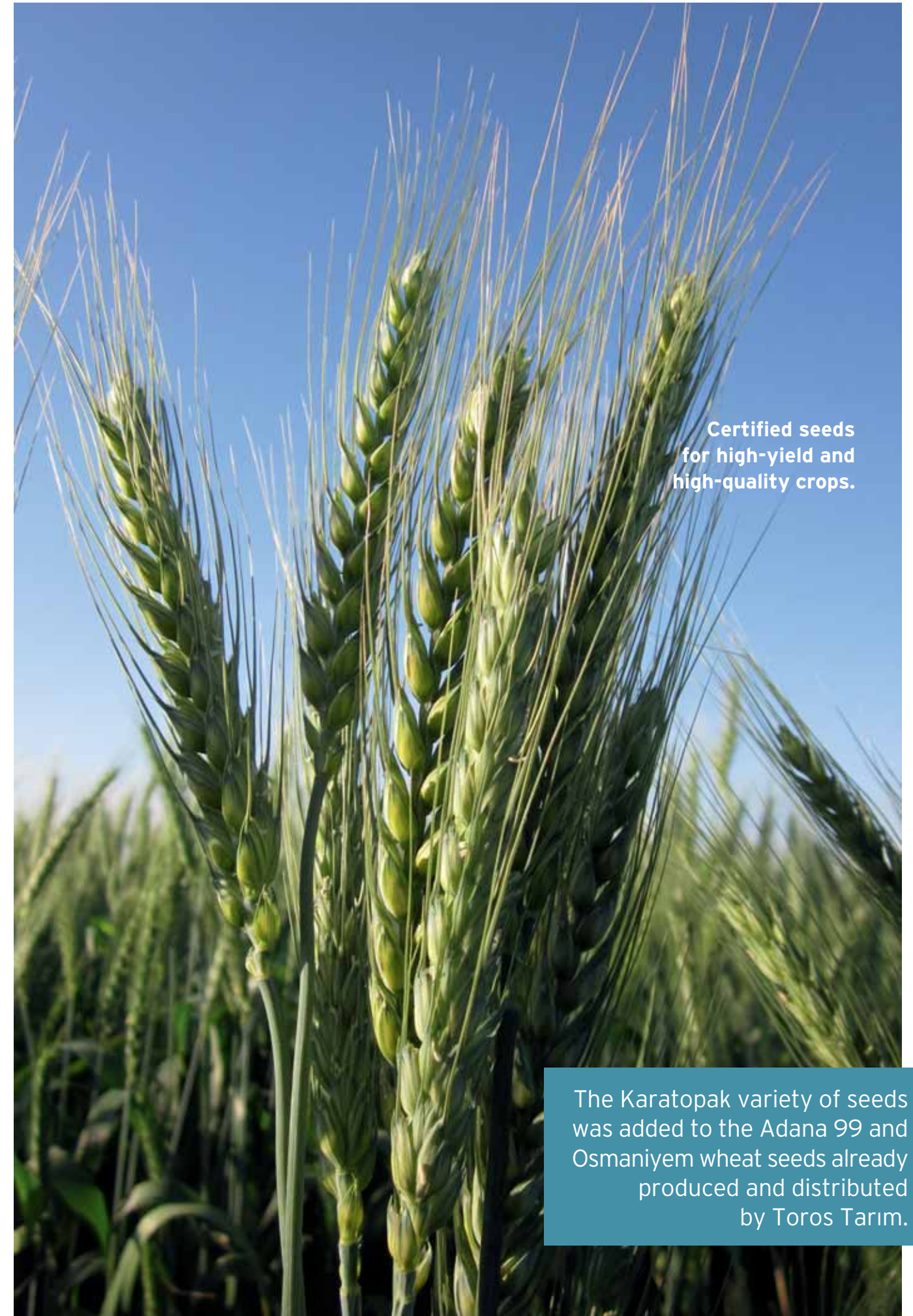
Contracts were signed with 109 farmers to produce certified wheat seeds and 21,000 decares were planted. While the drought and the severe winter were detrimental to wheat yields, particularly in Central Anatolia, contracted producers in Çukurova, Hatay and Adıyaman were left unscathed and had a good harvest.

In 2012, Toros Tarım continued the project it initiated after 2009 to develop its own brand of vegetable seeds for marketing in Turkey. Accordingly, the first producer trials of tomato varieties adapted to the Turkish market were conducted in various greenhouse regions.



"Vegetable growers in Turkey are passing through a difficult period. Seedling producers are among those most affected by this situation. However as Hishtil-Toros Fidencilik, we have been focusing on quality and sustainable production since the day we were established. We believe in stable, growth and strive to create long-term value for the sector."

Alper Tevs
Hishtil-Toros Fidencilik / General Manager



Certified seeds
for high-yield and
high-quality crops.

The Karatopak variety of seeds
was added to the Adana 99 and
Osmaniye wheat seeds already
produced and distributed
by Toros Tarım.

Techno-Agriculture

One of Toros Tarım's most important activities is techno-agriculture. In 2012, this division completed operational reorganization and concentrated on investments. The techno-agriculture activities, as in previous years, focused on producing high-yield, disease-resistant potato seeds through tissue culture. While falling exports caused demand for potato seeds to decline and low seed prices hurt the sector, Toros Tarım held fast to its investments in this area.

Among new investments, potato seed warehouse construction in the district of Nar in Nevşehir, Central Anatolia was completed in the third quarter. Built underground, the 45,000 m³ facility provides all the natural advantages of underground storage that is common in the region. It is also equipped with state-of-the-art computer-controlled ventilation and cooling systems. This investment is the first of its kind in the world. Moreover, among the innovations it brings to Turkey is the storage of seeds in wooden crates, in line with advanced practices abroad. The facility aims to provide the Turkish farmer with domestically produced world-class potato seeds and to create export potential. First-rate potato seeds harvested in the third quarter of the year entered the new storage facility.

Besides potatoes, tissue culture techniques are being used successfully in banana seedlings, with the production of four varieties. Special horticulture days were organized to promote the banana seedlings and, through various marketing events, the seedlings' advantages were explained to farmers. Furthermore, a fruit saplings group previously part of Toros Tarım's product range was reproduced using tissue culture under laboratory conditions. After testing in greenhouses, the fruit saplings were marketed.

Construction of the Nucleus Greenhouse, planned as part of Agripark to produce the system's own virus and bacteria-free core inputs, was completed and became operational in the first quarter of 2012. This investment not only ensures that the inputs from greenhouses are hygienic but also speeds up the propagation factor of tissue culture laboratory.

The 2011 application for the ISO 9001-2008 Quality Management System Certificate gained approval, with ISO 9001 certification being received in February 2012. Under this certification, an independent orga-

nization inspects the techno-agriculture operations apart from the in-house protocols. Routine quality controls are performed by the Company's Analysis Laboratory.

Seedling Production

The use of ready-to-plant seedlings is becoming increasingly widespread due to the advantages it offers to farmers in greenhouses and open fields. Producing three billion units per year, the ready-to-plant sector in Turkey has reached major proportions. Today, Turkey has over 90 nurseries producing ready-to-plant seedlings; the number of nurseries and the production capacities of farmers are ever increasing.

Despite its potential for further growth, the ready-to-plant seedlings sector was adversely hit by developments in 2012. Crop prices were generally low and the harm done by weather conditions caused producers significant losses of income. Agricultural loans became more difficult to obtain, which led to a decline in the purchasing power of farmers. Moreover, exports of agricultural products fell far short of expectations, which put wholesale brokers and exporters in dire financial straits as they faced collection difficulties and extensions of repayment periods. Blind competition in the sector also kept the sale prices of ready-to-plant seedlings low.

Nevertheless, Hishtil-Toros Fidecilik (HTF) achieved its largest volume of production and sales in history, reaching a figure of 102 million units in 2012. Sales of grafted seedlings reached nearly 20 million units, putting HTF among the top producers in this sector in the world. Despite the many problems in the sector, HTF has made no concessions in the attentiveness it pays to providing the producer with high quality, disease-free seedlings and to reducing the input risks to Turkish farmers, thereby bolstering their income.

Contrary to general sector trends, HTF has met all the requirements for disease-free seedling production and maintains production protocols at the highest standards in effect in developed countries. The Company implements the GSPP (Good Seeds and Plants Protocol), which is still very new globally, at 75% of its technologically advanced 5 hectare greenhouses.



Toros Tarım contributes to solving a major problem of Turkish agriculture by developing high yield and disease free potato seeds.

Built underground, the 45,000 m³ potato seed warehouse provides all the natural advantages of underground storage that is common in Nevşehir. It is also equipped with state-of-the-art computer-controlled ventilation and cooling systems.

Marine Terminal Operations

Port Management in the World and in Turkey

Stability and confidence still eludes the world despite nearly five years having passed since the beginning of the global crisis and the sporadic signs of improvement. According to United Nations Conference on Trade and Development (UNCTAD) data, the 5.8% growth in world trade achieved in 2011 is expected to have declined to 3.2% in 2012. Based on UNCTAD figures on handling volume at global ports, 2011's 5% growth in tonnage handled (to reach 8.8 billion tons) will hold constant in 2012, with the tonnage handled reaching 9.2 billion tons. Meanwhile, the Baltic Dry Index, an important barometer of world maritime commerce, after having reached 12,000 points in 2008, has continuously declined since the advent of the global crisis. In 2012, it fell below 1,000 points. 2012's average of 923 is the lowest annual average for the past 26 years.

In the marine terminal sector, developed countries have lost their dominance of global freight movements, with the role shifting to developing countries. The share of the five basic bulk products - iron ore, coal, grains, phosphate rock and bauxite aluminum - in world maritime commerce has steadily grown over the past 40 years. Similarly, the place of container shipping in world maritime commerce continues to rise rapidly.

After the crisis, indicators of Turkey's foreign trade in 2010 and 2011 significantly improved and in 2011, exports grew by 18.5% and imports by 29.8%. According to data for 2012, exports increased by 13.1% to an historical high of US\$152.6 billion while imports dropped by 1.8% to US\$236.5 billion. In 2012, the freight loaded and unloaded at all of Turkey's marine terminals is expected to have grown to 387.5 million tons, an increase of 7% over that of the previous year.

Toros Terminal Operations

Toros Ceyhan Terminal's loading-unloading facilities, customer service standards and storage capacity have cemented its status as one of the Eastern Mediterranean's most important deep water ports. The Ceyhan Terminal has two independent jetties with eight berths and a Ro-Ro jetty. The terminal can handle liquid chemical tankers and dry bulk and general cargo vessels from 40,000 DWT up to 110,000 DWT.

Toros Ceyhan Terminal provides marine terminal services to customers located primarily in Central Anatolia, the Mediterranean, and Eastern and South-eastern Anatolia regions. The terminal can discharge, load and store a wide variety of products, including general and project cargo, fuel oil and petroleum products, liquid chemicals, bulk grain and feedstuff, coal, petrocake, pumice stone, and various other industrial metals, minerals and ore for third parties, in addition to its own cargo.

A significant amount of its handling operations in 2012 consisted of coal and minerals and ore products for third parties. The coal storage areas, empty due to the severe winter of the preceding year, were completely filled by the end of 2012 as a result of prices favouring sellers. In addition, coal handling at terminals in the Gebze-Kocaeli region was halted for long time by the local governor, which led to many ships being redirected to Ceyhan. The result was a historic year for the Ceyhan Terminal, with coal tonnage growing by 47%. In the case of fuel oil and petroleum products, continuing global uncertainties and price changes detrimental to market players (backwardation) resulted in the demand for tank leasing to fall to its lowest level; the occupancy rate at our terminal was 14% (2011: 54%).

Toros Samsun Terminal, Toros' second terminal facility, has the same structural capacity as Ceyhan to discharge dry bulk and liquid chemical products. The Samsun Terminal became operational in the second half of 2005 and it has a total dry bulk (mainly coal) handling capacity of 14,000 tons/day via two berths. Ships up to 55,000 DWT can dock at the terminal, which also has pipelines appropriate for loading and discharging liquid chemicals.

Coal remained the main product handled in the Samsun Terminal in 2012. Positive developments in the coal market led to a 97% increase in tonnage handled. Since the Black Sea Region constitutes a relatively small share, only 6%, of Turkey's terminal operations, the terminal currently runs at low capacity. However, given the trade volume between Turkey and other Black Sea countries and the extensive storage capacity of the terminal, the Samsun Terminal has significant potential for the future.

Overall, the handling services the Ceyhan and Samsun Terminals provided to third parties rose by 32% to 5,597,366 tons in 2012.



Toros Tarım Ceyhan Terminal,
High Capacity Bulk Cargo Crane
Adana

Toros Ceyhan Terminal's loading-unloading facilities, customer service standards and storage capacity have cemented its status as one of the Eastern Mediterranean's most important deep water ports.

Turkey's increasingly improving economic performance, the key role it plays in the region and its long-term foreign trade goals have made the marine terminal sector an attractive area of investment. As of the end of 2012, over US\$1 billion had been invested in marine terminals in the past five years. Terminal business, apparently a very dynamic sector with its multiple acquisitions, is expected to pick up even more once the effects of the crisis have passed. Capacity expansion investments at the Toros Ceyhan and Samsun Terminals, with emerging developments and in light of the great potential of both facilities, will be utilized according to need and opportunity.

Free Zone Management

Toros Adana Yumurtalık Free Zone (TAYSEB), which was established in 1990 to take advantage of the location where Ceyhan Production Facilities are located, is one of Turkey's largest free zones with 4.5 million m² of land with completed infrastructure. TAYSEB is Turkey's first free zone for industrial companies. Its convenient location on the İskenderun Gulf, range of infrastructure suitable for all kinds of industries, and transportation facilities provide important logistic and strategic advantages to tenants. Close to the Ceyhan Energy Industry Zone, where major energy investments are anticipated, TAYSEB is ideal for chemical and petrochemical facilities. In addition, TAYSEB is also serviced by Toros Terminal, which makes it attractive to liquid storage, cement and many light industries.

At the end of 2012, 18 companies were operating at TAYSEB, where leased space increased to 895,994 m², and investments are rapidly increasing. The trade volume of the free zone increased by 11% in 2012 reaching US\$296 million. Negotiations with many companies wanting to lease production facilities, offices and warehouse space are ongoing.

Pilotage, Tugboats and Shipping

Toros Ship Agency Services Co. Inc., a subsidiary of Toros Tarım, provides shipping agency services at the Toros Terminals and at Mersin Port. In addition to offering these services to all ships carrying Toros Tarım cargoes, it also serves third parties when requested. Moreover, it provides pilotage and tugboat services to ships docking at Toros' Ceyhan and Samsun terminals. The Company's shipping agency segment which operates through local subsidiaries in İskenderun, Mersin and Samsun, provided service to 148 ships in 2012.

In addition to Toros' Ceyhan and Samsun terminals, local harbors and facilities also request pilotage and tugboat services. In 2012, a total of 1,713 ships used this service provided by nine captains, five well-equipped tugboats and two pilot boats.



Toros Adana Yumurtalık Free Zone
Adana



Toros Tarım Ceyhan Terminal,
Liquid Bulk Berth
Adana

Gas Stations

Toros Tarım operates the Highway A-Type Service Units situated in the province of Adana along the TAG (Toros-Adana-Gaziantep) Highway, which was built by Tekfen Construction and handed over to the Highway Department in 1997. There are eight facilities within the collective service unit, which also has four gas stations, four motel buildings and one road-side restaurant. Toros Tarım holds the operating rights to the facilities until 2023. Toros Tarım's gas station operations are carried out through BP dealership on a retail and a wholesale basis. It has similar dealership arrangements for lube oil with BP, Mobil and Shell.

In 2012, two gas stations equipped with LPG sales units were added to the two that were established in 2011 in response to the rapidly growing LPG gas station segment, thus making LPG sales available at all the gas stations. In addition, the stations were modernized and renovated to conform to BP's new corporate identity standards.

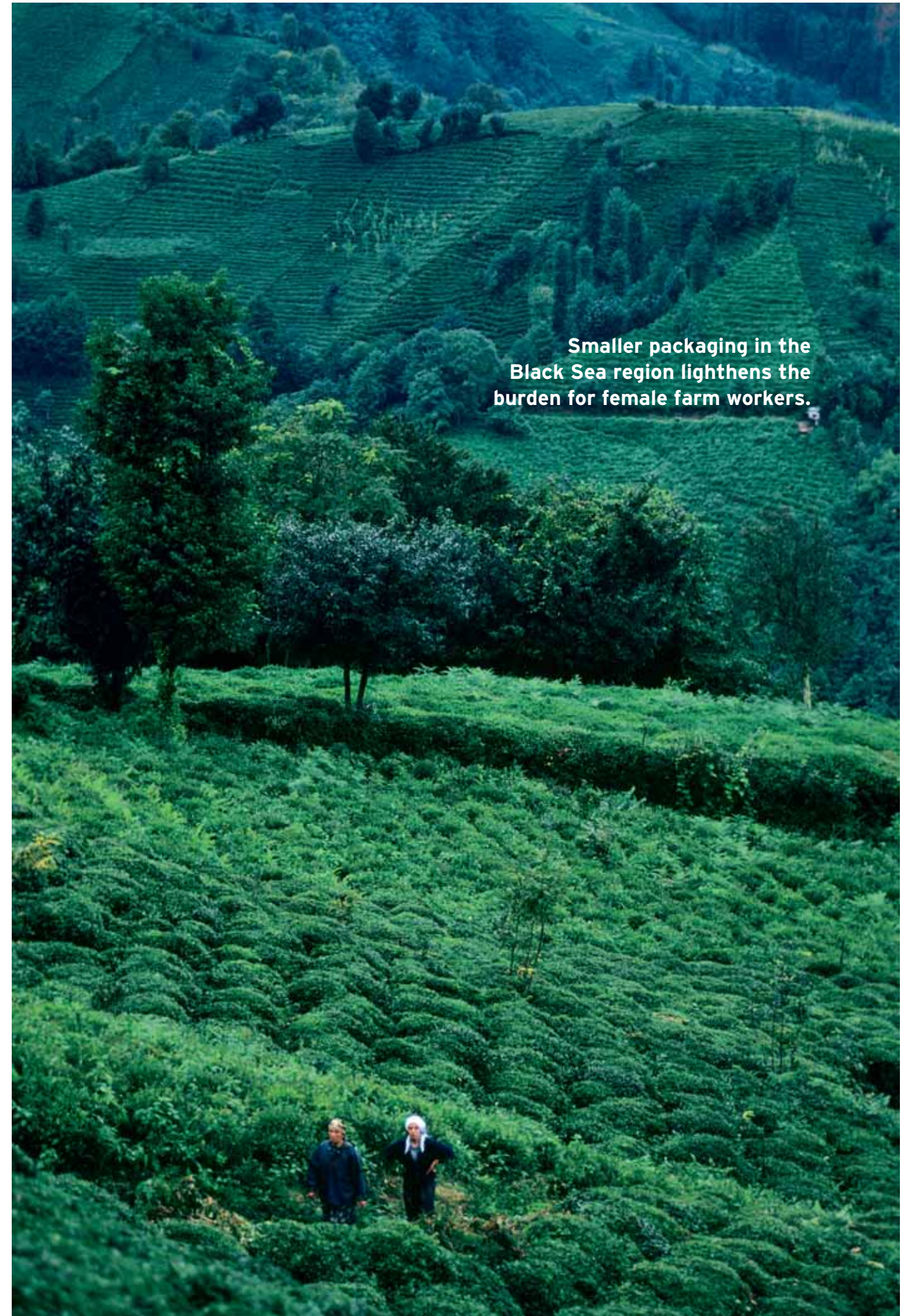
Sales grew by 37% thanks to activation of the LPG sales units and an 11% increase in wholesale sales. 13.3 million liters of gasoline and LPG were sold in 2012. Moreover, 5 thousand tons of fuel oil were shipped for use in Toros Tarım's own facilities.

Bag Production

Toros Tarım's bag plant in Adana makes polypropylene and polyurethane bags for the chemical fertilizers that Toros Tarım produces or imports. The plant, which also makes its own thread, reached its full annual production capacity in 2012 with volume of 32 million bags.



Toros Tarım produces crop-specific fertilizers.



Smaller packaging in the Black Sea region lightens the burden for female farm workers.

TEKFEN-OZ REAL ESTATE DEVELOPMENT CO., INC.

Real Estate Development Group

TEKFEN REAL ESTATE DEVELOPMENT
INVESTMENT AND TRADE CO., INC.

TEKFEN TOURISM & FACILITY MANAGEMENT CO., INC.



"We develop real estate projects to international standards through a business philosophy grounded upon a unique array of elements that include quality, sustainability, environmental awareness, functionality and reliability. We value design and always work with the best architects. We provide our customers with a better life by developing conceptually distinct projects that are congruous with the urban fabric and add value to the city."

Ömer Egesel

Tekfen Real Estate Development
General Manager

Profile

Established in 2000 to meet the demand for innovative high-end real estate projects, Tekfen Real Estate Development Group's activities encompass investment, project development, construction management, facility management and marketing. The Group focuses on high-end residential, office and shopping center projects with a customer-oriented business strategy and a commitment to complete customer satisfaction. The concepts, designs and construction quality of the Group's completed projects - such as Akmerkez, Taksim Residences, Tekfen Tower, Tekfen Yalıkavak Evleri, Gümüşlük Müşkülüm Çiftliği, Levent Ofis, Kâğıthane OfisPark and Bomonti Apartments - create a difference in the sector.

Tekfen Real Estate Development provides a range

of services that encompass concept design, economic feasibility studies, design development, market research, turn-key project and facility management.

project also received a Gold Certificate in the same category, while the Bomonti Apartments received a Gold Certificate in the New Buildings category. Tekfen Tourism and Management, operating as Tekfen Services, provides facility management services for projects developed by the Group. These are offices such as Tekfen Tower, Levent Ofis and Kâğıthane OfisPark, and residences such as Taksim Residences and Tekfen Yalıkavak Evleri and Gümüşlük Müşkülüm Çiftliği in Bodrum, and include parking lots, conference halls, restaurants and fitness centers. Tekfen Services also provides maintenance, cleaning and security services. In addition, the company operates the Tekfen-owned S Café in Istanbul's prestigious Akmerkez shopping mall.

The Group's key strategy is to develop projects that are pioneering in terms of concept, design and quality in carefully selected locations. This strategy is complemented by the goal of constructing environmentally-friendly buildings that use natural resources as efficiently as possible.

The Group's key strategy is to develop projects that are pioneering in terms of concept, design and quality and that are in carefully selected locations. This strategy is complemented by the goal of constructing environmentally-friendly buildings that use natural resources as efficiently as possible. The Group has applied Leadership in Energy and Environmental Design (LEED) criteria in all its projects in recent years. The Levent Ofis project, completed in 2010, is Turkey's first office project to gain a LEED Gold Certificate in the Building Core and Shell category. Similarly, the Kâğıthane OfisPark



2012: A General Overview

The economic turndown in Turkey's domestic market was felt in the real estate sector. A 2-point fall in the Consumer Confidence Index in 2012 contributed to declines in building permits, housing permits and housing loans. Moreover, consumers shied from buying houses and, due to stagnation in retail spending in particular, growth in the shopping mall sector also slowed. The office market remained the most active commercial real estate segment in 2012, as rising need and demand for new office supply and leasing remained buoyant throughout the year.

The real estate sector is expected to rally in 2013 with growth of 5-6%. The willingness of international funds to invest in Turkey in 2013 and beyond is demonstrated by the contracts concluded in recent years and those presently under negotiation with major international funds with shopping mall portfolios in various cities. Corporate investors' interest in obtaining regular revenues from quality commercial buildings in Turkey is constantly growing. Moreover, Turkey's credit rating has risen to a level favourable to investments and created confidence in Turkey as a safe haven for investments. Foreign capital investment in real estate is expected to rise significantly in 2013.

Turkey's recent economic performance and its young population have boosted Istanbul as an attractive city for opportunities in the near term. Istanbul was 4th, following Munich, Berlin and London, for exciting real estate potential in a listing of the top 27 cities in Europe, according to a PwC-Urban Land Institute joint report, "Emerging Trends in Real Estate Europe 2013." The report highlighted the preference that many international companies and brands have for Istanbul as a regional center, which has important ramifications for the future of the real estate sector.

Another hopeful development for the sector was the May 2012 enactment of the long-awaited Reciprocity Law, opening the door to housing sales to foreign individuals. This law is expected to increase investment, particularly from Gulf countries, in housing and to contribute significantly to the depletion of existing housing stock.

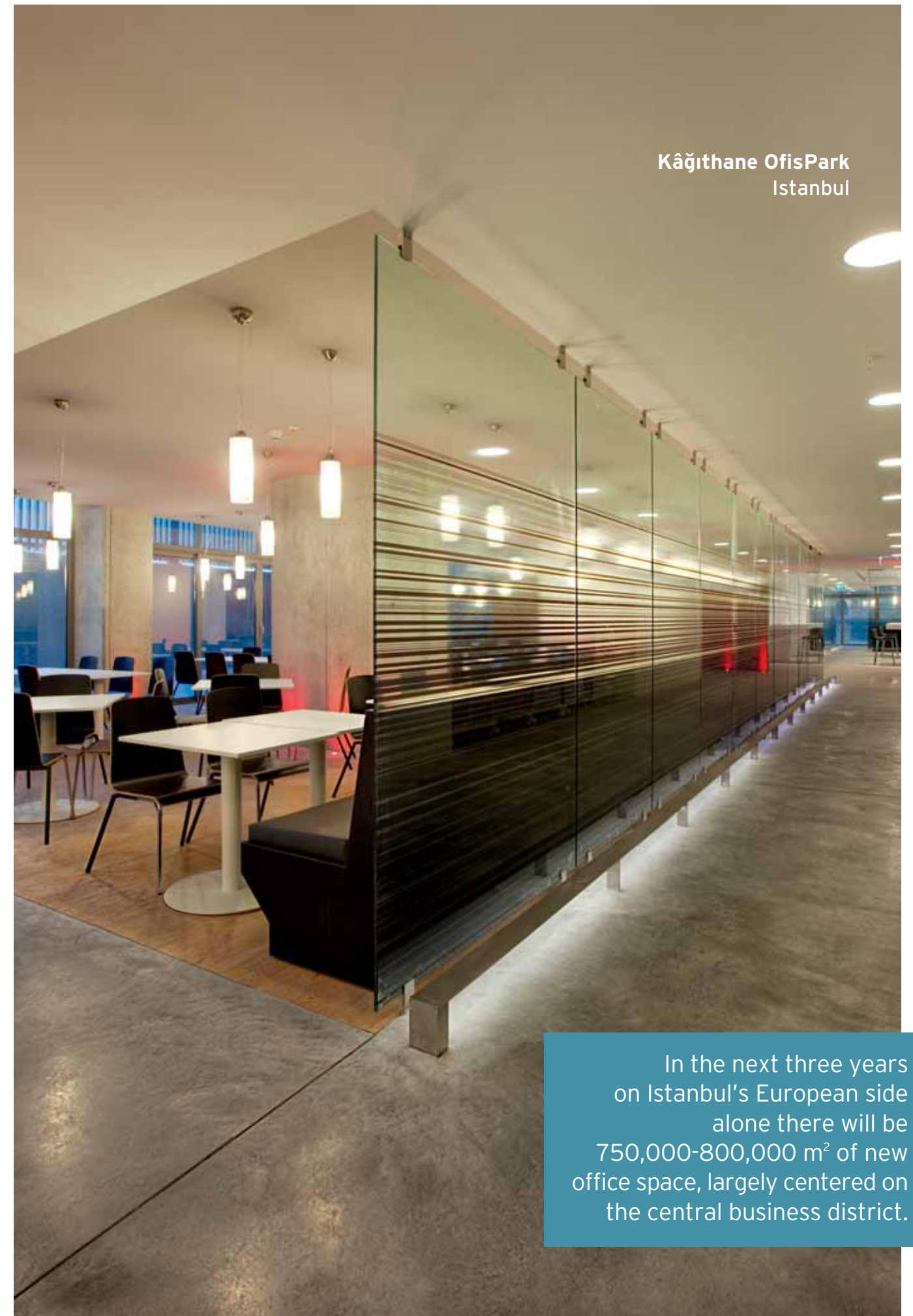
An Association of Real Estate Investment Companies' (GYODER) report projects that, based on the annual population increase, and urbanization and urban renewal rates, there will be a need for 400,000-700,000 dwellings per year in Turkey by 2023. Economic stability, low interest rates and the 2B Law, which makes land that was previously designated as forest available for development, will buoy the housing market in the near term.

Internal and external factors are expected to sustain the vigor of the office market, which outpaced that of the housing market in 2012, in the coming years. In the next three years on Istanbul's European side alone there will be 750,000-800,000 m² of new office space, largely centered on the central business district (Maslak-Levent-Zincirlikuyu). Meanwhile, the Kâğıthane and Şişli districts on the European side and Ümraniye, Kavacık and Batı Ataşehir on the Anatolian side will continue to see powerful demand for lower leasing costs and quality products.



"As Tekfen Services, on all the projects which we manage we are focused on customer satisfaction and work to provide services at the best cost without comprising on quality."

Şebnem Kefeli
Tekfen Services / General Manager



Kâğıthane OfisPark
Istanbul

In the next three years on Istanbul's European side alone there will be 750,000-800,000 m² of new office space, largely centered on the central business district.



Kâğıthane OfisPark
Istanbul

Our Activities in 2012

In 2012, the Tekfen Real Estate Development Group concentrated on sales and leasing in Kâğıthane OfisPark and Bomonti Apartments, two important projects that came to fruition in 2012, while preliminary preparations for the Izmir Mixed-use Project, a joint venture with Rönensans Group, continued.

Kâğıthane OfisPark

The Group completed Kâğıthane OfisPark in December 2011 and then concentrated on sales and leasing. A leading urban renewal project in Kâğıthane, a rapidly changing Istanbul district, this A-class office complex's architectural concept and design are the brainchild of Emre Arolat. With a contemporary take on Kâğıthane's existing fabric, Kâğıthane OfisPark socializes working life and redefines the office concept in a complex of nine low-rise buildings, each with high ceilings, around a common courtyard and connected to one another by glass bridges. On each floor, there is work space that can expand from 230 m² to 1,600 m². Kâğıthane OfisPark includes shops, cafés and social areas to meet the daily needs of people working there.

Kâğıthane OfisPark has garnered many awards. It won the 2009 Architectural Review Future Project Award at MIPIM, a leading real estate event. The 2010 European Property Awards rated it as highly commended in the Commercial/Office Building category. In addition, it was one of four projects chosen for MIPIM's 2013 Best Turkish Project list. Kâğıthane OfisPark is one of the few projects certified Gold in the Core and Shell category of the Leadership in Energy and Environmental Design (LEED) programme. Among the main reasons for the strong demand for space in the complex lies the fact that the project was constructed to American Society of Heating, Refrigeration and Air-Conditioning standards, which cut energy costs by 24%.

Sales and leasing of units continued throughout 2012, with 67% of all the commercial units and 80% of office space sold by the end of the year. Occupancy has begun in an 11,750 m² area, 45% of the total project area. Under full occupancy, 1,500-2,000 persons will be working at Kâğıthane OfisPark.

Tekfen Bomonti Apartments

Tekfen Bomonti Apartments offer high quality, comfortable living within the city but away from the hustle and bustle. In Bomonti, one of Istanbul's oldest industrial districts and one that is currently

undergoing a great transformation, the Bomonti Apartments were completed and occupancy began in September 2012. The project consists of three, five-story blocks of 83 residential, home-office and commercial units in a U-shaped configuration. The Bomonti Apartments are successfully integrated with the street life of the area. It has an inner courtyard and passageways between the blocks designed for common use.

Constructed to green building standards, in keeping with other Tekfen projects, the Bomonti Apartments is Turkey's first housing project to receive the LEED Gold certificate in the New Buildings category. The project provides many water and energy-saving solutions, including rain water collection and use, iPod connected home security and lighting automation, and prioritization in parking spaces for low-emission vehicles. At the end of 2012, nearly all of the housing units at Bomonti Apartments, one of four projects to appear on the MIPIM 2012 Best Turkish Project list, had been sold.

Izmir Mixed-use Project

Preparations for the Izmir Mixed-use Project, a Tekfen Real Estate Development Group and Rönensans Group joint venture, continued in 2012. Izmir has high potential and it is one of Turkey's most rapidly developing urban areas. This project will be the heart of a new business center, planned as New Izmir, consisting of a shopping center, residences and home-office space. On a 250,000 m² construction site, the complex will be the city's largest real estate development project. It is planned as an important landmark on the city skyline and as an important meeting point for Izmir and neighbouring cities.

The project's shopping mall incorporates 60,000 m² of leasable space and the residential areas total about 50,000 m². A design of Emre Arolat Architects, the project harmoniously blends the Aegean's lifestyle and climate with strong traditional elements. In particular, it will exploit the climate to maximum advantage through the provision of areas open to the sea view and breezes while the enclosed spaces will be distinguished by architectural simplicity. Construction of the project is to begin in 2013, with completion planned at the end of 2015.



Bomonti Apartments
Istanbul

Bomonti Apartments is Turkey's first housing project to receive the LEED Gold certificate in the New Buildings category.



Izmir Mixed-use Project
Bayraklı, Izmir

A design of Emre Arolat Architects, the project harmoniously blends the Aegean's lifestyle and climate with strong traditional elements.

Eurobank Tekfen

Tekfen Holding has withdrawn from the banking sector, where it had operated since 1989, with the transfer of its Eurobank Tekfen shares to Burgan Bank on 21 December 2012. Eurobank Tekfen was the center of Tekfen Group's activities in the banking sector. The transfer followed the approval of the Banking Regulation and Supervision Agency, obtained on 6 December, and included the Bank's affiliated subsidiaries (EFG Istanbul Equities and EFG Financial Leasing).

Prior to EurobankTekfen, for many years Tekfen provided banking services to customers through Tekfen Investment Bank. In 2001, Tekfen acquired Bank Ekspres to expand the Group's commercial banking operations. In 2007, Tekfen formed a partnership with Eurobank EFG, Greece's second largest bank, under which Eurobank EFG took 70% of Tekfenbank shares while Tekfen Group maintained its strategic partnership with a 29.26% share. In 2008, following the share transfer, the name of the bank was changed to EurobankTekfen.

Eurobank Tekfen grew rapidly after this merger, raising its branch number to 60 and strengthening its presence in Turkey's important industrial and commercial regions. However, with Greece's deepening economic crisis, Eurobank EFG decided to scale down its operations and announced plans to sell its shares in Eurobank Tekfen.

Accordingly, Eurobank EFG signed an agreement on 9 April 2012 with the Kuwaiti-based Burgan Bank to sell 70% share in the bank where 99.26% of the bank's total shares were valued at TRY631 million. On the same date, Tekfen Group announced that it had signed an agreement with Eurobank EFG allowing it to transfer Tekfen's 29.26% share to third parties.

It was later announced that under the terms of the share transfer in the agreement, these shares would also be sold to Burgan Bank, and that the procedures for obtaining the approval from official bodies had been put in motion. After obtaining the necessary permission from the Banking Regulation and Supervision Agency on 6 December, the transfer was officially completed on 21 December 2012.



Mehmet N. Erten
EurobankTekfen / Chairman, Board of Directors

"The interest of foreign investors in Turkish banks even as the banking crisis in the European Union continues, evidences the success of Turkey's banking sector. Finding the right investor for our bank among many alternatives is a success story to which the Tekfen Group made a significant contribution."

Tekfen Industry

Tekfen Industry and Trade, Tekfen's first industrial investment, was founded in 1963 to manufacture light bulbs. Today, it has two major areas of activity: lighting and chemicals.

Tekfen Industry operates in the lighting sector in cooperation with Wiselite, China's largest manufacturer of light bulbs. It markets and sells Wiselite energy-saving light bulbs in Turkey alongside Wiselite and Tekfen branded product portfolios that include fluorescent, metal halide, sodium vapor, mercury vapor and LED products.

In response to the rapidly growing environmental consciousness globally, Tekfen Industry places special importance on efficient lighting instruments that, by using less energy, have a reduced impact on the environment. Tekfen is closely monitoring LED light bulb technology, which offers the most efficient use of energy. It laid the groundwork necessary for marketing new-generation LED light bulbs in 2013 and it launched new products and held seminars to inform wholesalers about the products that will be used to replace the lighting instruments that were banned in 2012. To raise end-user awareness about energy-saving light bulbs, work on transparent packaging and 3- and 4- bulb packages was conducted.

Tekfen Industry's operations in chemicals consists of pesticides it markets under the Fentox brand. The Company has a robust product portfolio that includes Super Fentox, Fentox Stop, Water-based New Fentox, Fentox Liquid, Fentox Mat, Fenkov Aerosol and Fenkov Lotion.

Tekfen Insurance Brokerage

Tekfen Insurance Brokerage started operations in 1982 as Tekfen Sigorta with La Suisse Public Insurance primarily to address Tekfen's insurance needs. Having grown rapidly and expanded its goals, the Company changed its name to Tekfen Insurance and Brokerage Services in 1989. The Company initially provided corporate insurance and later, to meet its customer's growing needs and to expand its range of services further, it began offering individual insurance as well.

As a broker for 21 leading international and domestic insurance companies, Tekfen Insurance Brokerage has acquired a distinct position in the market. From 2005, the Company began developing on-line insurance solutions and from this base it evolved into a web-based insurance platform.

Tekfen Insurance Brokerage leveraged Tekfen Group's insurance potential in 2012, extending insurance to the Group's activities in various branches, such as construction all-risk, environment, liability, group health and individual accident insurance.

Papfen

In 2010, Tekfen became sole owner of Papfen - a 4,000-ton/year capacity cotton yarn factory - it established with the Uzbekistan Ministry of Light Industry in 1997. Papfen is exemplary in Uzbekistan for its facilities, technology and operating standards and it has the TS-EN-ISO 9001:2008 Quality Management System Certificate.

Customer demand kept the plant operating at a high capacity in 2012, producing a total of 2,428 tons of cotton yarn in varying sizes. The majority of production (73%) was exported to countries such as Turkey, Russia, Moldova and Belarus, while the rest was sold in Uzbekistan. In 2012, Papfen's sales revenues were US\$8.6 million.

Antalya Studios

Antalya Studios is one of Europe's largest film studios. Established in 1997 in Antalya on a 186,000 m² site, it offers local and foreign film producers state-of-the-art infrastructure. Under its strategy of focusing on its core businesses, Tekfen Holding plans to sell Antalya Studios to a foreign investor or to lease it on a long-term basis.



"One of Tekfen Foundation's major responsibilities is to ensure a good education for our youth and to offer them internships in group companies so that they can gain experience before embarking on their careers. In this way, by the time Tekfen scholarship students graduate, they will make their way as more informed and better equipped young individuals."

Dr. M. Ercan Kumcu

Tekfen Foundation
Chairman of the Board

Social Responsibility

Tekfen recognizes that its business activities are closely intertwined with the society of which it is a part. Tekfen, with a commitment to sustainability, sensitively stewards natural resources, protects the environment and encourages social development. It supports projects that enhance the public good and forms collaborative ventures with non-governmental organizations as a way of contributing to social progress and the improvement of the environment.

The Tekfen Foundation for Education, Health, Culture, Art and Protection of Natural Resources (Tekfen Foundation) carries out special projects as do individual Tekfen companies. Founded as a non-profit organization on 12 April 1999, Tekfen Foundation's charter states its goals as "being a

Our activities in 2012

The total amount of donations by Tekfen Group Companies in 2012 amounted to TRY3,828.5 million.

Tekfen Foundation

Tekfen Foundation Scholarship

Tekfen Foundation enables hardworking and successful students of sound character to study under good conditions by providing grants for high school and university. The Tekfen Scholarship is distributed on the basis of family financial situation as well as exam results and grade-point averages. The number of scholarship was raised from 250 to 500 during the 2012-13 academic year when grants were made available to Tekfen employees' children studying at vocational high schools and vocational colleges for the first time. A total of 376 applicants meeting all the criteria were awarded a scholarship.

Tekfen Foundation provides direct funding to numerous projects furthering its purposes and supports other foundations and associations with the same goals. In 2004, Tekfen Foundation acquired official status as an "Institution for the Public Good."

leading center of support for education, health, culture and the protection of natural resources, assisting in progress in these areas and contributing to a future where it will be possible to live in harmony with nature."

Tekfen Foundation has provided direct funding to numerous projects furthering its purposes and it has supported other foundations and associations with the same goals. In 2004, Tekfen Foundation acquired official status as an "Institution for the Public Good."

MEB Toros Tarım Necati Akçağlılar Primary School

Tekfen Foundation built a 28-classroom primary school in the town of Sarımazı, Adana, which is home to the Toros Tarım Ceyhan Plant. The Foundation dedicated the school to the memory of the late Necati Akçağlılar, one of Tekfen's three founding partners who passed in 2011. The 477-student school opened 17 September, the start of the 2012-2013 school year. The school staffed by 20 teachers has a laboratory, basketball and volleyball courts, and a soccer field.



Tekfen Philharmonic Orchestra

The Tekfen Philharmonic Orchestra, founded in 1992, is one of Turkey's most outstanding musical initiatives because of its mission, organization and repertoire. With a cadre of musicians from 23 Black Sea, Caspian and Eastern Mediterranean countries, diverse languages and cultures, the orchestra has since its founding made a collective appeal to peace through the universal language of music. Well renowned for its multinational structure, repertoire and commitment to local music instruments, the Tekfen Philharmonic Orchestra celebrated its 20th anniversary in 2012.

According to Nihat Gökyiğit, who played a leading role in the founding of the Tekfen Philharmonic in 1992, the most important message the orchestra has given the world during its 20 years is that peace is possible even under the most difficult of conditions:

"We see the Tekfen Philharmonic Orchestra as a 'voice for peace' because it performs with musicians from 23 countries in the world's most strife-ridden areas and with their own regional instruments. Tekfen Philharmonic is like a 'meeting of civilizations.' Authentic instruments are embraced by a classical orchestra of the West."

The Tekfen Philharmonic hosted state artist and piano virtuoso Gülsin Onay at its 2012 opening concert on 10 April at the İş Sanat Cultural Center. On 9 June, it performed at the 40th International Music Festival, in Hagia Irene, Istanbul. The first stop on the orchestra's 2012 Anatolian mini-tour, which has over the years included outdoor concerts in non-traditional venues, was on 11 June at the Rhodiapolis ancient Lycian settlement near Kumluca, Antalya, where it had performed the previous year. Since 2006, the Kumluca Municipality, the Rhodiapolis Excavation Directorate and the Rhodiapolis Archeological Initiative Group have conducted joint excavations at the ancient settlement and Tekfen Philharmonic has promoted the site's historical importance through two free concerts in successive years. The orchestra's final concert was on 13 June at the Zelve Open-air Museum amidst the enchanting fairy chimneys in the Avanos district of Nevşehir.

The first concert of the fall season was at the International Pipeline and Offshore Contractors Association (IPLOCA) 2012 summit on 11 September at the Çırağan Palace, Istanbul. A second concert

followed at the opening of Çoruh University's Nihat Gökyiğit Convention and Cultural Center on 13 September in Artvin. The Tekfen Philharmonic Orchestra gave its winter concert on 1 December at Istanbul's Lütüfi Kırdar Convention and Exhibition Center, with the Chinese violin virtuoso Ning Feng as guest performer.

Mersin Festival

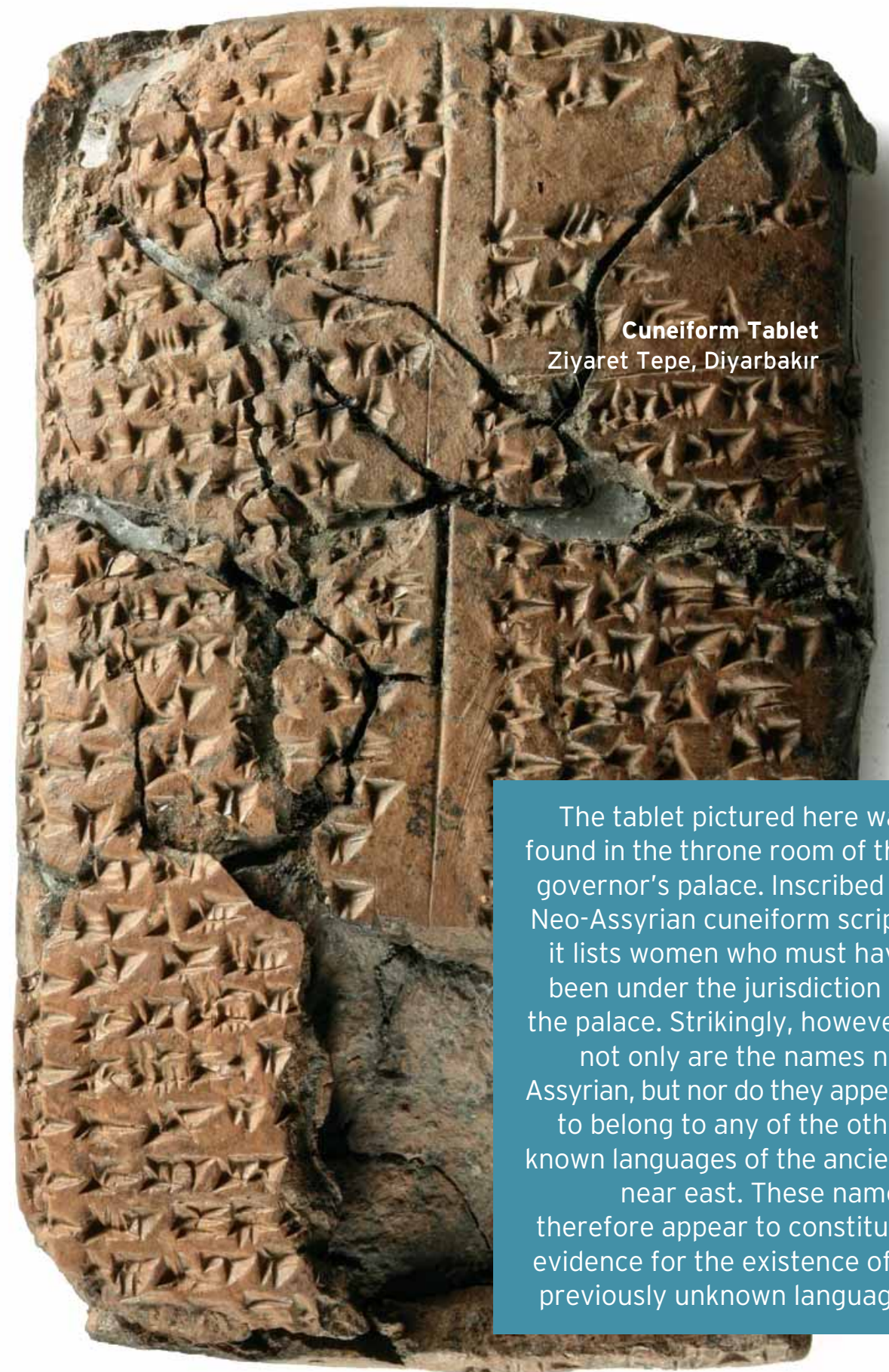
Tekfen Foundation began its support for the International Mersin Music Festival from 2012, replacing the event's long-term sponsor Toros Tarım. The Mersin Festival, held for the 11th time, between 30 April-18 May 2012, has been highly respected internationally since 2002, since when it has made enormous contributions to the city's promotion.

Support for Ephesus Excavations

The Tekfen Foundation sponsored restoration of the Lion's Room, providing funds to support the Ephesus Foundation's archeological work. The Lion's Room, named from its floor mosaic, is in the Terrace Houses section, once home to Ephesus' wealthy elite. The Tekfen Foundation financed restoration of the bird and flower motif wall frescos.

Ziyaret Tepe Excavation

In 2012, Tekfen Foundation took up sponsorship of the Ziyaret Tepe Tumulus excavations, southeast of Bismil near Diyarbakır, which were started in 2000. Ziyaret Tepe holds the ruins of Tuşhan, a center of the Assyrian Empire on the Tigris. The site will be submerged when the Ilisu Dam is impounded in 2015. An international team of experts from Akron University (US), Marmara University (Turkey), Mainz University (Germany) and Cambridge University (UK) are excavating at a rapid pace. Tekfen Foundation's support has enabled the Ziyaret Tepe excavation program to discover valuable information about the Assyrian Empire and reveal artifacts that have created a sensation in the world of archeology.



Cuneiform Tablet
Ziyaret Tepe, Diyarbakır

The tablet pictured here was found in the throne room of the governor's palace. Inscribed in Neo-Assyrian cuneiform script, it lists women who must have been under the jurisdiction of the palace. Strikingly, however, not only are the names not Assyrian, but nor do they appear to belong to any of the other known languages of the ancient near east. These names therefore appear to constitute evidence for the existence of a previously unknown language.



Tekfen Philharmonic Orchestra
celebrated its 20th anniversary.

Support for the Van Earthquake Survivors

Tekfen sent 50 prefabricated housing units to Dağönü village, devastated in the 2011 earthquake in Van province. In 2012, it aided the Eymir Cultural Foundation to construct a dormitory for 192 girls in Van. In recognition of this support, two rooms of the dormitory, opened 9 November 2012, were named after Tekfen Foundation.

Minik TEMA

Tekfen Foundation is a supporter of Minik TEMA, a nature education programme, which TEMA (the Turkish Foundation for Combating Soil Erosion) is jointly conducting with the Ministry of Education's Directorate General of Basic Education. The purpose of the Minik TEMA (Junior TEMA) programme is to raise the sensitivity of preschool children, 5-6 years old, to their environment so that future generations can be more at peace with nature. Under this project, TEMA reached 19,650 children in 345 schools in 34 provinces in 2012. Tekfen Foundation's support includes meeting 12 schools' 2012-13 spring semester expenses.

Tekfen Construction

Turkish Cemetery in Azerbaijan

At the behest of the Turkish Embassy in Azerbaijan, Tekfen Construction built a memorial to three Turkish soldiers buried in the Salyan Cemetery near Baku.

The soldiers were members of the Caucasian Army of Islam that the Ottoman state sent in support of Azerbaijan's 1918 independence struggle. The memorial was unveiled on 14 September at a ceremony with the Turkish ambassador and local officials in attendance.

Assistance to the Kocaeli-Körfez Technical and Industrial Vocational High School

The Körfez Technical and Industrial Vocational School, with 2,000 students and 150 personnel, is the largest school in Kocaeli province. Tekfen Construction met the school's need for a cafeteria, bathroom renovation, garden paths and a new workshop entrance in 2012. Many of those working at Tekfen's Tüpraş construction site are graduates of the school, which plays an important role in meeting the need for intermediate level workers in the area.

Toros Tarım

Responsible Use of Fertilizers

Fertilizer consumption levels in Turkey have remained unchanged for many years despite a growth in agricultural land. In response to this and with support from the Ministry of Agriculture, Toros Tarım has initiated a project entitled "Correct and Balanced Use of Fertilizers," one of Turkey's most

comprehensive projects of its kind. In partnership with Turkish farmers, this two-year project seeks to demonstrate the yield increase the correct fertilizer can achieve compared with that of farmers' traditional fertilizer choices by using them side-by-side in 26 regions on extensive experimental cropland for corn, cotton and sunflowers. Through Agriculture Days at harvest time, local farmers are invited to see the difference the right use of fertilizers can make.

In 2012, at the end of the first year, a performance report was prepared on the field experiments with industrial crops. This report provided data on nine field experiments - 5 corn, 3 cotton and 1 sunflower - and an economic analysis. In the second part of the project experimenting with grains, fields and producers were selected, the grains were sown and nitrogen-based fertilizer was utilized. The results obtained from harvesting these crops will be announced in a separate report to be prepared in 2013.

Good Agricultural Practices Training

The Good Agricultural Practices Training program continued in 2012. A Toros Tarım project held in conjunction with the Kozan and Vicinity Social and Cultural Foundation, the programme has trained about 530 farmers, including many women, in cultivation, harvesting, transportation, packaging, storage and marketing, and all received certificates from the Ministry of Education. One of the important aims of the programme was to improve citrus production, an important source of livelihood in the district.

Support to the Kozan Vocational College

Toros Tarım supported the establishment of a collection garden irrigation system for use as a training field by Kozan Vocational College, an affiliate of Çukurova University. In the collection garden, students gain practical experience in soil, plant nutrition, cultivation and irrigation.

Farmer training meetings

Toros Tarım held 17 training programmes around the country in 2012. Five were on special products, seven on standard products and five were held on the basis of participation in a television programme. The Company has conducted such meetings and television programmes continuously since 1990, reaching hundreds of thousands of farmers.

Necati Akçağlılar Anadolu High School

Toros Tarım is building a new, 24 classroom Anadolu High School in Samsun, Tekkeköy. The foundations of the school were laid on June 25, 2012.

Support for Education

Toros Tarım also places great importance on non-agricultural educational activities to prepare children and young people for a better future. One of the projects it supports is the Toros Gübre (Fertilizer) High School in Adana and the Toros Gübre Primary School in Kurtpınar, Ceyhan. Efforts to develop these schools, attended by, respectively, 1,450 and 232 students, and to create better educational conditions continued in 2012.

Mother Earth Documentary

Even more farmers saw the eight-part documentary series "Mother Earth," commissioned by Toros Tarım in 2011 for its 30th anniversary, as local television channels throughout Turkey included it in their programming.

Sponsorships

Toros Tarım supports all efforts to raise farmer awareness and agricultural productivity. Accordingly, it sponsored a number of events in 2012:

- Main sponsor of the 2nd National Irrigation and Agricultural Systems Symposium, at Ege University's Faculty of Agriculture, 24-25 May,

- Main sponsor of the 1st International Agriculture, Food and Gastronomy Congress, in Belek, Antalya, 15-19 February.



Salyan Turkish War Cemetery, Azerbaijan.

Corporate Governance

BOARD OF DIRECTORS' & EXECUTIVE MANAGEMENT'S CV's

LIST OF TEKFEH GROUP COMPANIES

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

LEGAL ISSUES

STATE INCENTIVES & SUBSIDIES

DIVIDEND POLICY

REPORT OF THE BOARD OF DIRECTORS

STATUTORY AUDITARS' REPORT



"Foreign investors are very much interested in Tekfen Holding. This interest should be interpreted as the result of positive feelings and impressions created by Tekfen's operations in a number of countries and delivery of quality work. However, at the same time, this interest imposes on us the responsibility of acting at international standards of corporate governance. I believe we have fulfilled this responsibility due to our efforts in the area of institutionalisation."

Dr. Osman Reha Yolalan

Tekfen Holding Vice President
Corporate Affairs

Board of Director's CVs

Feyyaz Berker

Chairman and Managing Director

Born in 1925 in Mersin, Feyyaz Berker received his BA from Robert College in 1946 and his MA in Civil Engineering from the University of Michigan in 1948.

In 1956, he founded, with his partners, Nihat Gökyiğit and Necati Akçağlılar, the company FNN Müşavir Mühendislik (Consultant Engineering), which was the seed of Tekfen Holding. Since then, he has served either as a member or the chairman of the Boards of Directors of more than 50 of Tekfen's group companies.

He served as Chairman of the Board of Directors of the Turkish Industrialists' and Businessmen's Association (TÜSİAD), of which he is a founding member, between 1971 and 1980, and Vice-Chairman of its High Advisory Council between 1980 and 1994, before becoming Chairman of the Council between 1995 and 1997. He has been Honorary Chairman of TÜSİAD since 1997.

He served as Founding Vice-Chairman and Executive Board Chairman of the Foreign Economic Relations Board (DEİK) between 1986 and 1997, DEİK Council Chairman between 1997 and 1999, and he has been an Honorary Member of DEİK since 1999.

He is a founder of the Turkish Family Health and Planning Foundation (TAPV) and served as Vice Chairman of its Board of Directors between 1985 and 1995. He was Chairman of the Board of Directors of TAPV between 1996 and 1999 and Chairman of its Board of Trustees and a member of its Board of Directors between 1999 and 2007. He is currently a member of the TAPV Board of Trustees.

He has been Chairman of the Board of Directors of Hisar Education Foundation since 1985, and is a retired member of the Robert College Board of Trustees, a member of the Robert College Alumni Association and a member of the Bosphorus University Board of Advisors.

Berker is also a member of the American Conference Board (New York), Stanford Research Institute, the High Advisory Board of the Turkish Employers' Association of Metal Industries, the High Advisory Board of the Turkish Confederation of Employers' Associations, and founder of the Third Sector Foundation of Turkey and a member of its Board of Trustees.

He is also a trustee of the Turkish Foundation for Combatting Erosion, for Reforestation and Protection of Natural Habitats, a founding member of DenizTemiz Turmepa (the Turkish Marine Environment Protection Association), founder and trustee of Turkish Education Volunteers Foundation and founder and trustee of the Turkish Technological Development Foundation.

Ali Nihat Gökyiğit

Vice Chairman and Managing Director

Born in Artvin in 1925, Nihat Gökyiğit received his BA at Robert College in 1946 and his MA in Civil Engineering at the University of Michigan in 1948.

In 1956, he founded, with his partners, Feyyaz Berker and Necati Akçağlılar, the company FNN Müşavir Mühendislik (Consultant Engineering), which was the seed of Tekfen Holding. Since then, he has served either as a member or chairman of the Boards of Directors of more than 50 of Tekfen's group companies.

For 35 years, he has served as Chairman of the Advisory Board of AIESEC-Turkey, the world's largest student organization. A member of the Turkish Industrialists' and Businessmen's Association (TÜSİAD) and the Foreign Economic Relations Board (DEİK), Gökyiğit was a member of the Boards of Directors of DEİK between 1988 and 2005 and of TÜSİAD between 1985 and 1987. He worked for 10 years as Chairman of the Turkish-CIS Business Council, under the auspices of DEİK, and as the Turkish Representative on the Black Sea Business Council. Gökyiğit is the Honorary Consul of Georgia and Kyrgyzstan and an honorary citizen of Georgia. He is still an Honorary Member of DEİK and a member of TÜSİAD.

Gökyiğit is the Founding Honorary Chairman of the Turkish Green Building Council and the Turkish Foundation for Combatting Erosion, for Reforestation and Protection of Natural Habitats (TEMA). He helped TEMA to launch its first projects, related to the environment, protection of natural resources and rural development. One of these, the Camili Region Sustainable Development Project, won an award at the 2002 Johannesburg World Summit on Sustainable Development.

Through the ANG Foundation, which bears his name, he established the Nezahat Gökyiğit Botanical Garden on 50 hectares of land in Istanbul in memory of his wife. He is also the founder of the Tekfen Philharmonic Orchestra, an important cultural institution that also serves world peace.

Gökyiğit is an active member of many international organizations concerned with water, energy, the environment and natural resources. He is the founder and co-chairman of the East Meets West International Energy Conference, which has been held annually for the past 10 years in Istanbul.

Gökyiğit was given the Environmental Service Award by Akdeniz University and has received an honorary doctorate from Çukurova, Bosphorus and Gazi Osman Paşa Universities.

Nihat Gökyiğit was awarded the Order of Merit by the Turkish President in 1997, the Order of Merit by the Turkish Parliament in 2010, and he was named the Schwab Foundation Social Entrepreneur of the Year by Ernst&Young in 2009.

Cansevil Akçağlılar

Vice Chairman and Managing Director

Born in 1930 in Istanbul, Cansevil Akçağlılar graduated from Ankara College in 1950.

Between 1979 and 2006, Akçağlılar was a member of Board of Directors of Tekfen Holding A.Ş. She has served as a member and Vice-Chairman of the Board of Directors since 2007.

Dr. M. Ercan Kumcu

Board Member

Ercan Kumcu was born in Istanbul in 1955. He received his undergraduate degree from Bosphorus University in 1977 and then obtained his Ph.D. in Economics from Boston College. Kumcu taught macroeconomics, monetary theory, international economics and finance at Boston College, Eastern Michigan University and the State University of New York at Binghamton. He worked as guest researcher at the Central Bank of the Republic of Turkey; then General Secretary for a brief period, and served as Vice-Chairman between 1988 and 1993.

He was Vice-Chairman of the Board of Directors at Tekfenbank (Eurobank Tekfen) between 1995 and 2008, and then Chairman of the Board. He is currently a member of the Board of Directors of Tekfen Holding.

Kumcu has taught economic policy at Kadir Has University and he has published many articles. He is the author of the books *İstikrar Arayışları (In Pursuit of Stability) Krizleri Nasıl Çıkardık? (How Did We Create Crises)* (with Mahfi Eğilmez), *Ekonomi Politikası: Teori ve Türkiye Uygulaması (Economic Policy: Theory and Practice in Turkey)* (with Mahfi Eğilmez), *Kadın Matematikçiler (Female Mathematicians)* and *Krizler, Para ve İktisatçılar (Crises, Money and Economists)*.

Işık Zeynep Defne Akçağlılar

Board Member

Born in 1964 in Ankara, Defne Akçağlılar graduated from the Department of Television and Film Production at Pepperdine University in 1986. Between 1985 and 1992, she worked as a producer and assistant director of the News Department at CSOP Channel 13, later called UPN-Channel 13. Between 1993 and 1994, she was a scenario evaluator at the P.R.O. film company.

She returned to Istanbul in 1995 and, with the founding of the Golden Horn production company, prepared game shows for Kanal D and ATV.

After the birth of her son in 1996, Akçağlılar returned to the United States. Since 2000, she has been restaurant manager of a group of five leading restaurants in California.

Murat Gigin

Board Member

Murat Gigin was born in Istanbul in 1952 and graduated from the University of Bradford in Civil Engineering in 1974. He got his master's degree in Mechanical Engineering at the University of London in 1975. He then received his Ph.D. in Oceanic Engineering from the Department of Mechanical Engineering at University College London.

He began his career at Tekfen Construction in 1977 as civil engineer at the Company's project in Kuwait. Upon his return to the Company's headquarters in Istanbul in 1983, he worked as coordinator on several international projects and in the New Business Department until he was appointed Deputy General Manager in 1986. Gigin was General Manager of Tekfen Construction between 1988 and 1998 and Board Member of several Tekfen Contracting Group companies until 2000. Gigin is currently Member of the Boards of Directors of Tekfen Holding and Tekfen-OZ Real Estate Development.

Since 1998, Gigin has served as Chairman of the Board and Executive Director at Viem Ticari ve Sanayi Yatırımları Ltd. Şti. Group of Companies (Tekzen Ticaret ve Yatırım A.Ş., Agromak Makine İmalat Sanayi ve Ticaret A.Ş., Maxlines Maksimum Lojistik Hizmetleri A.Ş., Viem İletişim Yayıncılık Reklam Turizm Hizmetleri Yatırım Ticaret A.Ş., Ekozey Ekolojik ve Organik Tarım Gıda Hayvancılık ve Turizm Taşımacılık İthalat İhracat İnşaat Sanayi Ticaret A.Ş., İmbroz Tarım Hayvancılık Gıda Sanayi Turizm ve Ticaret Ltd. Şti., Galipoli Gıda Ürünleri Sanayi ve Ticaret Ltd. Şti., ENAT Endüstriyel Ağaç Tarımı Sanayi ve Ticaret A.Ş., and Temarı Gıda Sanayi ve Ticaret A.Ş.). At the same time, he is Vice-Chairman of the Board of Directors of ANG Yatırım Holding A.Ş.

An activist in a number of NGO's in the past, Gigin was Chairman of IPLOCA (International Pipeline and Offshore Contractors' Association) between 1995 and 1996 and is currently Member of the Board of Trustees of TEMA Foundation.

Erhan Öner

Board Member, Tekfen Group Companies President, CEO

Born in Izmir in 1946, Erhan Öner graduated from Middle East Technical University in 1968 with an undergraduate degree in Mechanical Engineering, and he got his master's degree in the same field at the University of Miami. In 1969, he participated in a certificate program in Pipeline Engineering at the University of Texas. He began his career as a Project Engineer at Tekfen Construction in 1969. Having become Project Director in 1976 and Assistant General Manager in 1979, Öner was appointed General Manager at Toros Gübre in 1980. He became Executive Director of the Tekfen Group of Companies in 1991 and he held this position for seven years. He became General Manager of Tekfen Construction in 1998. Öner has been Chairman of the Tekfen Holding Group of Companies since 2000. He has also continued to serve in the capacity of Chairman or member of the Boards of Directors of various companies. He worked as Chairman of the World Fertilizer Manufacturers Association from 1993 to 1995. Öner is a former chairman of the Turkish-Spanish and Turkish-Portuguese Business Councils operating under the auspices of the Foreign Economic Relations Board. Öner was honored with the Spanish Royal Order of Merit in 2004 for his work in developing economic relations between Turkey and Spain. In 2011, Öner was bestowed the Order of Wissam Alaoui by the King of Morocco.

Dr. Rüşdü Saraçoğlu

Independent Board Member

Born in Ankara in 1948, Rüşdü Saraçoğlu graduated from the Department of Economics and Statistics at Middle East Technical University in 1971. He got his Ph.D. in Economics at University of Minnesota in 1990.

While studying at University of Minnesota, Saraçoğlu taught at the Department of Economics. He obtained a research position in 1975 at the Minneapolis Central Bank, where he worked until 1977. Between 1977 and 1979, he was assistant professor at the Department of Economics at Boston University. In 1979, he took up a position as economist at the International Monetary Fund (IMF), working, in succession, in the Middle East and Research Departments.

Saraçoğlu returned to Ankara in 1984 to assume the position of Research, Planning and Educational Director of the Central Bank of the Republic of Turkey. He was appointed Vice-Chairman of the Central Bank in 1986. After working in various positions in research, monetary policies, and relations with international organizations, Dr. Saraçoğlu was made Chairman of the Central Bank of the Republic of Turkey in 1987. During his tenure as Chairman, Saraçoğlu initiated important reforms in the finance sector, which resulted in the convertibility of the Turkish lira, thereby assuming a leadership role in the country's economy during a period of change.

Saraçoğlu served for six years as Chairman of the Central Bank of the Republic of Turkey, a position from which he resigned in 1993. He then went on to found the Makro Danışmanlık (Consultancy) Company with Dr. M. Ercan Kumcu, who was assistant chairman at the Central Bank while he was there.

In 1994-1995, he not only worked at Makro Danışmanlık Company, but also served on the boards of directors of such institutions as Goldman Sachs, İsviçre Hayat Sigorta (Life Insurance) and Turkish Growth Fund Group (Luxemburg Alliance Capital).

Saraçoğlu was elected to Parliament at the 1995 general elections as a Deputy for Izmir and he became State Minister Responsible for the Economy in the 53rd Government. He decided to return to the private sector and therefore did not participate in the 1999 general elections. In 2002, he joined Koç Holding as Finance Group Chairman and he was made Chairman of the Koçbank Board of Directors. With the purchase of Yapı Kredi Bank by the Koç Group Saraçoğlu was made Chairman of the Board of Directors of Yapı Kredi Bank, a position he held until his retirement from the Koç Group in 2007. He also headed the team that conducted the purchase of the Tüpraş Refinery on behalf of Koç Group.

Saraçoğlu is currently a member of the Italian Aspen Institute Trilateral Commission, and the Carnegie Economic Reform Network. Since 2007, he has been an independent member of the Board of Directors of Tekfen Holding.

Şefika Pekin

Independent Board Member

Born in 1947 in Fethiye, Şefika Pekin graduated from the Izmir American College for Girls in 1966. She got her undergraduate degree in Liberal Arts at the Sorbonne in Paris. She graduated from the Faculty of Law at Istanbul University in 1982.

After completing her internship at the Istanbul Bar, she began working as an attorney, registered with the Istanbul Bar, in 1983.

Pekin became a founding partner in the Pekin & Bayar Law Firm in 1983 in Istanbul, and began providing consultancy service to clients in such areas as mergers and acquisitions, public tenders, conflict resolution, international arbitration, real estate, capital markets and foreign investment.

In addition to her work in the legal profession, Pekin is known for her contributions in the field of education. Having served on the Board of Trustees of Bilgi University between 2006 and 2008, Pekin currently serves on the Board of Trustees and is a member of the Board of Directors of Hisar Education Foundation and serves on the Board of Trustees of Robert College.

Prof. Dr. Emre Gönensay

Independent Board Member

Emre Gönensay was born in 1937 in Istanbul and graduated from Columbia University with a BA in Humanities in 1957 and a master's degree in Economics in 1960. He received his Ph.D. in Economics in 1965 at the London School of Economics (LSE).

Gönensay was a faculty member in the Departments of Economics at LSE between 1964 and 1967 and Bosphorus University between 1967 and 1992. He was Dean of the Faculty of Economics and Administrative Sciences at Bosphorus University between 1971 and 1976, Economic Advisor, along with Alan Walters, to the British Prime Minister between 1980 and 1983. Gönensay served as Ambassador-at-Large and Chief Advisor to the Prime Minister of Turkey in 1992, as Ambassador-at-Large and Chief Advisor to the President of Turkey in 1993, and as Ambassador-at-Large and Chief Advisor to the Prime Minister of Turkey in matters involving the Economy and Oil Pipeline Policies Coordination between 1994 and 1995.

He was elected to Parliament in the 1995 general elections and served as Minister of Foreign Affairs in 1996.

Gönensay left politics with the 1999 general elections and began consultancy work. Throughout his career, he has served as executive director, consultant and member of the boards of directors of major companies and banks in Turkey, such as Koç Holding, Enka Holding and Chemical Mitsui Bank and Caspian Energy.

An erstwhile columnist for various newspapers in Turkey, Gönensay has many academic publications, both in Turkey and abroad, on macroeconomics, international economic policies, economic policy, monetary theory and banking.

Gönensay was appointed Honorary Ambassador to the European Union in 2003 by the Ministry of Foreign Affairs.

Gönensay has been Professor of Economics since 2004 at the Faculty of Economics and Administrative Sciences at Işık University.

Prof. Dr. Ahmet Çelik Kurtoğlu

Independent Board Member

Born in 1942 in Ankara, A. Çelik Kurtoğlu graduated in 1965 from the Department of Economics and Finance at the Faculty of Political Sciences at Ankara University where he began his academic career. He received his master's degree in 1968 from Cambridge University, did post doctoral research at Yale University and got his Ph.D. in 1973 from the Faculty of Political Sciences at Ankara University. He retired from the Faculty of Economics at Istanbul University in 1995, but was a faculty member between 1997 and 2006 at Galatasaray University.

Kurtoğlu acted as consultant to the Ministry of Foreign Affairs between 1978 and 1982; and worked as research director at the OECD Development Center in Paris between 1983 and 1986. Starting as advisor to Jak Kamhi, the first Turkish member of the European Roundtable of Industrialists (ERT), Kurtoğlu is currently acting as Bülent Eczacıbaşı's advisor at the same organization.

In 1987, Kurtoğlu took an active role in the founding of the Foreign Economic Relations Board (DEİK) and became its director, a position he held until 1995. He subsequently served on the Board of Directors until 2008. Meanwhile, he also served as General Secretary of the Black Sea Economic Cooperation (BSEC) since 1992.

Kurtoğlu served at Global Menkul Değerler A.Ş. in 1995, then set up Kurdoğlu Consultancy in 1999 and İyi Şirket Danışmanlık A.Ş. in 2003, to give financial and legal consultancy services. Between 2000 and 2007, Kurtoğlu also worked as a consultant for Mitsui Trading Company in strategy and business development in Turkey.

Kurtoğlu was elected to the Nine Bank Board of Directors created by the newly founded Banking Regulation and Supervision Agency for 2001. He was a member of the Tekfenbank Board of Directors between 2002 and 2007 and served as Chairman of the TEMA Foundation between 2007 and 2008. Kurtoğlu is currently continuing his work at Kurdoğlu Consultancy.

Executive Management's CVs

Erhan Öner (Please see Board Directors' CVs on page 104)

Group Companies President & CEO

Ümit Özdemir

Vice President - Contracting Group

Born in Niğde in 1948, Ümit Özdemir graduated from the Istanbul Technical University Civil Engineering Faculty in 1973. He got his master's degree from the Istanbul Technical University Soil Mechanics and Foundation Engineering Department in 1975.

He started his professional career at Tekfen Construction in 1975. He served at construction sites abroad as Project Engineer, Site Manager, Project Manager and Project Coordinator.

In 1988, he was appointed Deputy General Manager in charge of operations. Since 2000, he has served as Tekfen Holding Vice President in charge of the Contracting Group and as Tekfen Construction's General Manager.

Mr. Özdemir also serves as President of the Board of Directors of the Contracting Group Companies. Ümit Özdemir is a member of the Supreme Advisory Board of Turkish Contractors' Association.

Dr. Ahmet İpekçi

Vice President - Investment and Service Companies Group

Born in Istanbul in 1944, Ahmet İpekçi graduated from the Istanbul University Academy of Economic and Commercial Sciences in 1968, and he got his PhD from the Istanbul University School of Economics in 1972. In 1977, he got the title of Assistant Professor at the Istanbul University School of Management. He started his career as an Assistant at the Academy of Economic and Commercial Sciences in 1968 and served as Assistant Professor between 1977 and 1982.

Dr. İpekçi joined Tekfen in 1982, as Tekfen Construction's Deputy General Manager in charge of finance and administration and served in this post until 1992. In 1992, Dr. İpekçi became a Board Member of Hallesche Mitteldeutsche Bau AG (HMB) and, in 1994, he became the Finance Coordinator of Tekfen Holding.

Since 2000, Dr. İpekçi has served as Tekfen Holding's Vice President in charge of investment and service companies. Dr. İpekçi is also a Board Member of several Group companies, including Tekfen Construction, Toros Tarım and Eurobank Tekfen as major ones.

Dr. Osman Reha Yolalan

Vice President - Corporate Affairs

Born in Istanbul in 1961, Dr. Osman Reha Yolalan graduated from the Istanbul Technical University in 1984 with an undergraduate degree in Industrial Engineering. He got his master's degree in the same field at the Bosphorus University in 1987 and his PhD in Management Science at Université Laval, Canada, in 1990. In 2000 Dr. Yolalan was awarded the title of Associate Professor in Operations Research.

Dr. Yolalan started his professional career as a Specialist in the Strategic Planning Group of Yapı ve Kredi Bankası A.Ş. in 1991. Between 2000 and 2004, he served as the Executive Vice President in charge of Financial Analysis and Credit Risk Management and then as Yapı ve Kredi Bankası A.Ş. Chief Executive Officer between 2004 and 2005. He has also served as Board Member of the bank's financial affiliates in Turkey and abroad.

Since 2006, he has served as Tekfen Holding Vice President in charge of Corporate Affairs.

Esin Mete

Vice President - Agri-Industry Group

Graduated from the Bosphorus University with an undergraduate degree in Chemical Engineering, Esin Mete started her career as a Chemical Engineer at Tekfen Construction in 1973 and she worked in this position until 1980, when she was transferred to Toros Gübre.

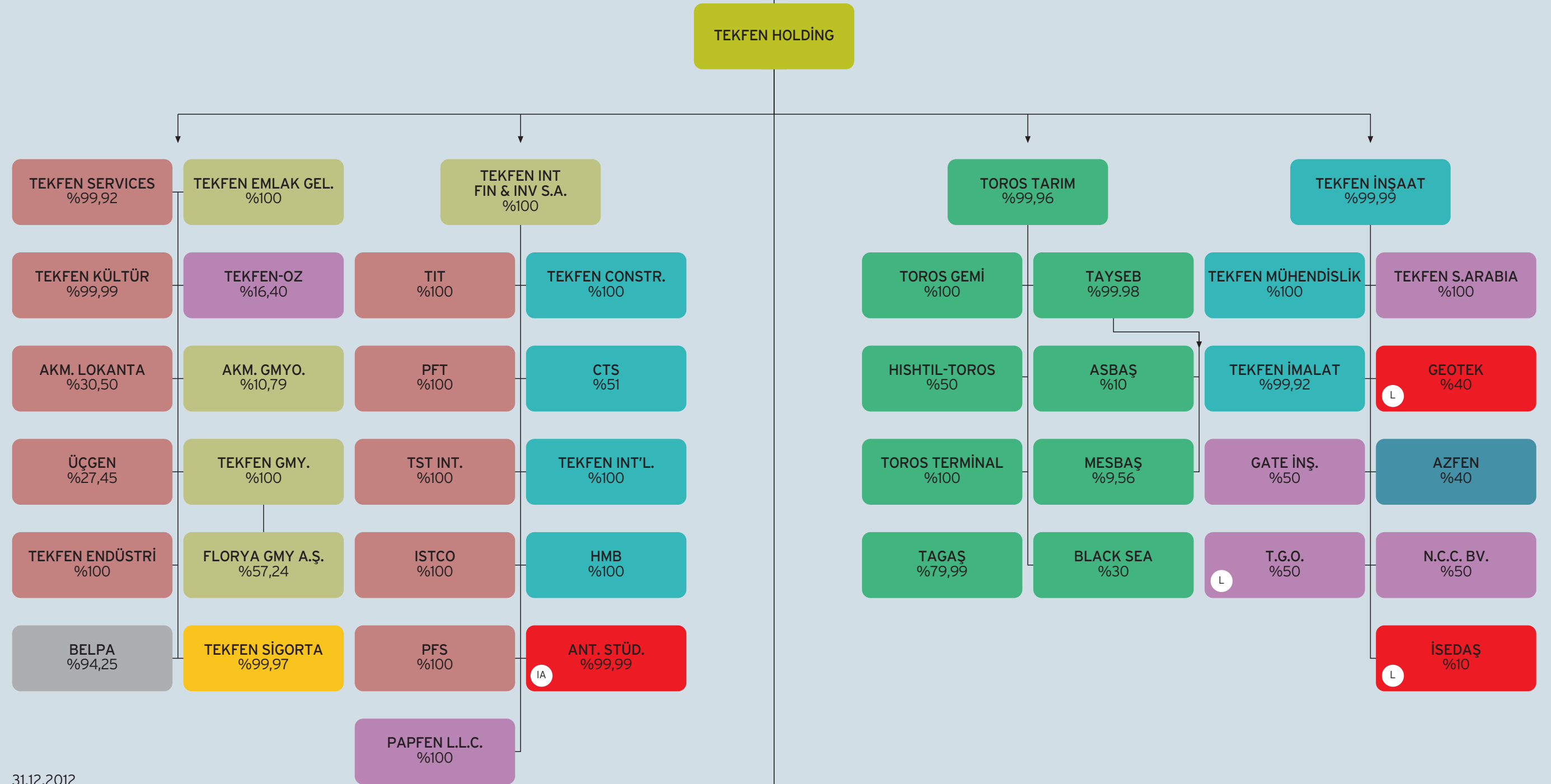
Between 1980 and 1984, she has served as Deputy General Manager and between 1985 and 1991 as Senior Deputy General Manager. In 1991, she was appointed General Manager of Toros Gübre, presently known as Toros Tarım. In 2000, she was appointed Tekfen Holding Vice President in charge of the Agri-Industry Group.

In April 2010, Mrs. Mete was appointed Chairman of Toros Tarım and CEO of Tekfen Agri-Industry Group. At the same time, Mrs. Mete is Vice Chairman of Toros Tarım and Hishtil-Toros and is also serving as Chairman of all other Agri-Industry Group Companies.

Between 2002 and 2004, Mrs. Mete has served as the International Fertilizer Industry Association's (IFA) Vice President in charge of the Middle East and, since 2007, as the Vice President of IFA's Executive Management Group.

In 2011 Esin Mete was bestowed the Order of Wissam Alaoui by the King of Morocco.

List of Tekfen Group Companies



31.12.2012

- IA Inactive
- L Liquidation in Progress

Corporate Governance Alignment Report

1. Corporate Governance Principles Compliance Statement

The Tekfen Group has deep-rooted values and strong corporate foundations and it faithfully adheres to the principles of corporate governance. It believes that doing so enables it to maintain successful business practices and makes Tekfen shares an attractive investment instrument for current shareholders and potential investors. Even before becoming a publicly traded group of companies in 2007, Tekfen Group had been built upon the principles of equality, transparency, accountability and responsibility - corporate governance principles that are the basis of its relations with management, its partners, employees and third parties. In this respect, it has wholeheartedly adopted the Capital Markets Board Corporate Governance Principles and it is committed to implementing them properly. The Tekfen Group maintains the interests of shareholders and stakeholders on equal footing and aims at maximizing its market value.

The Tekfen Group closely monitors new approaches and regulations in the area of Corporate Governance. It is scrupulous in adapting to legal and regulatory changes as quickly and flawlessly as possible. Accordingly, it has internalized all of the mandatory principles of the Corporate Governance Principles Communiqué issued by the Capital Markets Board at the end of 2011 and The Tekfen Group is implementing these principles completely.

Moreover, in 2012, the job descriptions and working methods of the committees that had to be created in accordance with the New Communiqué - the Risk Detection Committee, the Nomination Committee and the Remuneration Committee - were determined and they were organized under the auspices of the Corporate Governance Committee. Of these, early risk detection activities were not new to Tekfen Group and nor were they solely concerned with profitability. Risk detection has been concurrent with a determined and well implemented stable growth policy. Furthermore, our Remuneration Policy, which details the principles for remunerating members of the Board of Directors and senior managers was presented in 2012 in writing to shareholders at the General Assembly.

Our Group has adopted most of the discretionary measures in the Capital Market Board's Corporate Governance Principles because they were already largely covered by Tekfen's long-applied conservative management philosophy. Our plans are, how-

ever, to implement the limited number of noncompulsory principles that we currently do not practice and, to do so, we shall make the necessary organizational changes and internal company regulations.

Section 1 / Shareholders

2. Investor Relations Department

2.1 Investor Relations and Corporate Governance Department

Investor Relations and Corporate Governance Department is responsible for ensuring that the practice of shareholder rights in our Company complies with CMB Corporate Governance Principles and all relevant legislation and to provide communication between existing and potential shareholders and the Board of Directors concerning the exercise of shareholder rights. This department reports to The Corporate Governance Committee and to Assoc. Prof. Reha Yolalan, Vice-President in charge of Corporate Affairs.

The Investor Relations and Corporate Governance Department can be contacted as follows:

Investor Relations and Corporate Governance Coordinator: Çağlar Gülveren, CFA

Tel: +90 (212) 359 34 20
Fax: +90 (212) 257 00 81
Email: cgulveren@tekfen.com.tr or investor@tekfen.com.tr

The Investor Relations Department can also be reached via the contact form on the Company's official website: www.tekfen.com.tr.

Investor Relations and Corporate Governance Coordinator Çağlar Gülveren, who holds all licenses issued by CMB, is responsible for the Company's compliance with all obligations arising from capital market regulations and coordinating corporate governance applications.

2.2 Investor Relations and Corporate Governance Department Responsibilities

The main regulatory responsibilities of the Investor Relations Department are as follows:

To keep shareholder records in a sound, current, and secure manner and to respond to written shareholder requests to the fullest extent possible while not divulging non-public confidential or trade information;

To ensure that the General Assembly is convened in accordance with the current legislation, the articles of association, and other internal Company regulations;

To prepare, in cooperation with other Company departments, the General Assembly documents for shareholders;

To keep records of voting and to send the relevant reports to any shareholders who may request them;

To supervise and monitor all matters related to informing the public, including issues such as legislation and the disclosure policy of the Company.

In addition, the Investor Relations Department carries out the following activities:

To supervise and monitor the implementation of obligations arising from capital market regulations;

To monitor and update on a regular basis the contents of "Investor Relations" section of the website;

To respond to investors' and analysts' information requests regarding Holding and its Group companies, to conduct one-on-one talks when necessary or to attend conferences and meetings organized on this subject;

To supervise and monitor all matters related to public disclosures, including preparing and sending announcements of material events as required to the Istanbul Stock Exchange (ISE);

To obtain financial and operational data required by analysts for their research reports provided this data has been previously disclosed to the public and does not contain any trade secrets, to ensure the preparation of research reports from complete, accurate and current data and to examine and monitor these reports prepared in this context;

To answer by telephone or electronic mail the questions and requests for information of existing and potential local and foreign investors to the degree that legal regulations allow;

To organize teleconferences and meetings with the participation of Company senior managers for investors and analysts following announcements of quarterly Financial Reports to the public;

To prepare detailed quarterly presentations regarding the activities and financial condition of the Company with the support of the relevant departments;

Within the framework of regulations related to public announcements of material events, to prepare lists of those with insider information and to keep this list up to date;

To keep up with the information contained in the Registry System held by the Central Registration Agency.

2.3 Activities of the Investor Relations and Corporate Governance Department in 2012

A large percentage of the publicly traded portion of the Company's capital is held by foreign institutional investors. Consequently, many existing and prospective foreign institutional investors and brokerage companies' analysts who render services to such investors request visits to the Company. The department strives to meet these requests by facilitating the active participation of the Company's senior management. In this context, in 2012 in addition to conferences attended, the Department conducted face to face interviews with 50 investors, and held seven teleconferences. In addition, the Department participated in five conferences and two roadshows organized in Turkey and abroad and conducted individual talks with 118 representatives of institutional investors during these meetings that lasted a total of seventeen days.

Additionally, four teleconferences open to all interested investors and analysts were held regarding the quarterly activities and financial results of our Company and "Investor Presentations" regarding these quarterly results are posted on the Company website in both Turkish and English. Information regarding attendance at these teleconferences to evaluate quarterly financial results is posted on the Company website at least two weeks in advance and sent by email to everyone who wants to be on our distribution list.

3. The Use of Shareholders' Rights to Obtain Information

3.1 Right to Obtain Information

All requests for information from shareholders that reach the Investor Relations Departments are answered without prejudice in a fair and equal way provided that this information has been previously disclosed to the public and does not contain any trade secrets.

In addition, investors can obtain accurate and current information and data from the "Investor Relations" section of the Company's website (www.tekfen.com.tr) which appears in both English and Turkish. No information or explanation that could affect the use of shareholder rights was posted on the Company's website during this reporting period.

Since, in accordance with the Turkish Commercial Code and the Capital Markets Law, shareholders have the right to request the appointment of a statutory auditor, there is no provision in the Company's articles of association for the appointment of a special auditor.

No request to make such an appointment was received during this reporting period.

4. Information about the General Assembly

Our financial reports are prepared on a consolidated basis according to International Financial Reporting Standards since our Company is a publicly traded company subject to the Capital Markets Law.

Consequently, annual financial reports prepared on a consolidated basis according to the Capital Market Regulations and the associated independent auditors report are sent within 14 weeks after the end of the accounting period to CMB and ISE. Taking into consideration the legal period allowed for the shareholders to examine the General Assembly invitation and documents related to this invitation, our Company's Annual Ordinary General Assembly Meeting takes place not within the three months following the accounting period in compliance with Article 21 of the Turkish Commercial Code and Articles of Association, but in the shortest possible period of time within the limits set by the Capital Market Regulations.

Accordingly, our Company's Ordinary General Assembly was held on 28 May 2012 at 11:00 in the

Conference Hall of Tekfen Tower located at Büyükdere Cad. No. 209, 4. Levent-Istanbul. The date, place, agenda, dividend distribution table and the dividend policy approved by the Board of Directors was announced to the public on 12 April 2012.

The General Assembly Disclosure Document, containing detailed explanations pertaining to the items of the agenda, annual report, financial tables and reports, dividend distribution recommendations and a copy of the power of attorney, were presented for shareholder inspection at Company headquarters and on our Company's website (www.tekfen.com.tr) at least three weeks prior to the General Assembly.

The shares that represent the issued capital of our Company are all registered bearer shares. The Invitation to the Ordinary General Assembly is issued in compliance with all regulations and the Company's Articles of Association within the specified period of time, and together with a sample proxy form and the agenda, is published in the Turkish Commercial Gazette and one of Turkey's leading national newspapers.

At the General Assembly Meeting, out of a total number of shares of 370,000,000 representing TRY 370,000,000 in shareholders' equity, 227,751,598 shares (61,55 % participation ratio) were in attendance.

The meeting was not attended by the press or other stakeholders other than shareholders.

According to Article 24 of our Company's Articles of Association, voting at General Assembly Meetings is done by raising hands, with proxies showing the appropriate documents as per the Capital Markets Board directives. At the meeting, each item is voted upon separately. However, shareholders owning 10% of the capital represented at the meeting may request secret voting although up to now there has been no such request.

A report on the donations made in 2011 and the recipients of these was submitted to shareholders by adding an additional article to the General Assembly Agenda.

At the General Assembly Meeting, shareholders have the opportunity to ask questions and these questions are answered by Company managers attending the meeting. At the General Assembly Meeting, no proposals were made by shareholders.

The agenda of the General Assembly Meeting, together with the register of attendance and meeting notes may be obtained from Company headquarters or from our website (www.tekfen.com.tr).

5. Voting Rights and Minority Rights

5.1 Voting Rights

Prior to our Company's IPO, privileged rights were removed by an amendment of the Articles of Association in compliance with the CMB's Corporate Governance Principles. Currently there are no privileged rights. As a result, every share carries a single vote; this point is clearly stated in our Company's Articles of Association.

In line with the CMB's regulations, shareholders may use their voting rights directly or via a duly authorized proxy.

The Company's capital contains no cross ownership.

5.2 Minority Rights

The Company's Articles of Association contain no provision for the representation of minority shareholders in the management of the Company or about utilization of the method of cumulative voting.

6. Dividend Right

Company dividend policy is determined according to the Turkish Commercial Code, Capital Markets Law; Capital Markets Board Regulations and Directives, Tax Laws, other relevant legislation, and the Company's Articles of Association. Our Company's "Dividend Policy" which was approved by the Board of Directors on April 4, 2008 was presented to our shareholders at the General Assembly Meeting on May 8, 2008. Our Company's Dividend Policy is given in our Annual Report and on our company website.

According to our Articles of Association, a first dividend equal to 30% of distributable net income after deducting all legal obligations is paid to our shareholders.

On the other hand, Capital Market Regulations require our Company to prepare consolidated fi-

ancial statements. The amount of the net distributable profit, as long as it can be met by legal reserves, is calculated from the "net profit of the year" found in the financial statements prepared in accordance with Capital Market Regulations and International Financial Reporting Standards. Otherwise it is possible to pay out a dividend within the limits of the legal reserves.

Taking into consideration the legal period of time following the completion of the General Assemblies of our subsidiaries and partnerships included in the consolidated financial statements, dividend payment recommendations are announced to the public in accordance with relevant legislation upon the resolution of the Company's Board of Directors.

The basic principles of profit distribution are announced to investors on the Company's official website: www.tekfen.com.tr.

At the General Assembly Meeting held on May 28, 2012, it was resolved to payout dividends in the amount of TRY 70,166,800 and dividends were distributed on May 29, 2012.

7. Transfer of Shares

The Company's Articles of Association place no limitations on the transfer of shares (cf. Article 6) within the limits set by the Capital Markets Law.

Section 2 / Public Disclosure and Transparency

8. Company Information Disclosure Policy

The Company's Disclosure Policy was developed by the Board of Directors in accordance with the CMB's Corporate Governance Principles and was announced to the public, together with material disclosure on April 30, 2009, on the Company's website (www.tekfen.com.tr)

The main headlines of Tekfen Holding's Disclosure Policy are as follows:

[The disclosure means and methods used by the Company,](#)

Principles concerning disclosure or deferral of inside information and measures to be taken to maintain confidentiality until inside information is disclosed,

Persons authorized to make material disclosures, Principles concerning disclosure of financial reports, Principles concerning disclosure concerning the use of shareholder rights,

Rumor control,

Persons with administrative responsibility, Persons Authorized to make Press Announcements and Public Disclosures,

Principles concerning monitoring of analyst reports,

Principles concerning use of the Company's website for investor disclosures,

The Company's Investor Relations and Corporate Governance Department is responsible for supervising and applying the disclosure policy.

9. Company Website and Its Content

Our Company's website, www.tekfen.com.tr, under Investor Relations, details the provisions of the Capital Markets Board Corporate Governance Principles. In addition, the same information is available on our Company's English website for the benefit of international investors.

10. Annual Report

Our Company's annual report has been prepared as the Turkish Commercial Law and the Capital Market Regulations require and in such a way that full and accurate information about our Company's activities reach our shareholders, the public and all other stakeholders.

Section 3 / Stakeholders

11. Informing Stakeholders

The Holding informs stakeholders of important Company developments via internal correspondence, meetings, the intranet and internet, press meetings, briefings, and other written and visual media.

Stakeholders, investors, and analysts can access financial reports, annual reports and other presentations and information regarding the Holding via the official Company website.

Because the Company is a holding company, it is not directly involved in commercial activities. However, depending on the business area of the

Holding's companies, stakeholders (such as customers who have affiliation with the Company, franchisees, and suppliers) are informed about issues of interest to them, via franchise meetings or training sessions.

Employees are informed via various events, periodical meetings with managers, and the intranet. Some important announcements and messages are communicated to all employees via email. Tekfen Holding places great emphasis on dialogue between the employees and managers and facilitates such an information flow.

It is the duty of the Audit Committee to see that legal regulations are complied with and that the Corporate Governance Committee, to examine the complaints from partners and stakeholders about matters pertaining to corporate governance and to resolve these issues.

12. Participation of Shareholders in the Management

No structure for the involvement of stakeholders in the Company's management has been established. However, managers evaluate requests and recommendations emanating from meetings held with the employees and other stakeholders and thus, relevant policies and applications are developed.

13. Human Resources Policy

The Human Resources Policy of Tekfen Holding and group companies are formulated on the following principles:

Continuous customer and employee satisfaction is a guarantee of the present and future success of a company.

To minimize any possibility of damage to employees, third parties, property, or the environment, Tekfen Holding arranges all its operations according to the following work principles, presented in order:

Abide by all relevant laws, regulations and directives regarding Health, Safety, the Environment, and Quality for which all managers and employees are responsible.

Keep strict adherence to standards and customers' specifications so as to eliminate or minimize customer complaints, and repeat and maintenance charges.

Increase the effectiveness of management systems and continuously monitor and improve applications, Tekfen Holding is not only concerned with managing its own human resources policy effectively, but in investing in Turkey's future. In this regard, social, cultural, and environmental protection activities, as well as the Company's scholarship program for successful students (which we have undertaken since the Company's foundation) are among the tasks that are covered by the policy and that carry Turkey to a brighter future.

This management concept is based on a belief in people's unlimited potential to succeed and an understanding that a brighter future can only be attained through technology and science. Therefore, investing in human intelligence and skills is essential. The fact that no complaint of discrimination came from the employees in 2012 indicates the objective attitude of Tekfen Group towards its employees. Its employees are the Company's most valuable assets and their quality is the most important guarantee of the quality of our services and products. The Company shows the same diligence for employee development programs as it does for employee selection.

Employee development programs develop the employees' ability to act in a coordinated fashion, to develop recommendations, and to make rational decisions. The Human Resources and Personnel Units take active roles in managing relations with employees.

14. Ethical Rules and Social Responsibility

The Tekfen Group sees ethical rules as a cornerstone of corporate culture; it also actively exercises its social responsibilities with awareness of its role in social and economic life and mindful of the goal of developing society and the economy. In Tekfen's relations with employees, suppliers, customers, shareholders, other stakeholders and the public, honesty, and a sense of responsibility and respect for rights are essential. The Tekfen Group's Ethical Principles, which were formed on these bases and put in writing, are made public via our website (www.tekfen.com.tr).

As a socially responsible company, Tekfen uses a portion of its earnings on projects that benefit the public and it actively supports efforts to improve the social and natural environment in which it operates. The social, cultural and environmental preservation activities in which Tekfen has engaged

since its founding comprise an essential part of its corporate culture. It established the Tekfen Foundation for Education, Health, Culture, Art and the Protection of Natural Resources, in short Tekfen Foundation, in 1999 to further its contribution to social and cultural activities and to assist in the creation of a livable future. The social responsibility projects carried out under Tekfen are done so either by individual Group companies or through the Tekfen Foundation.

Our Activities in 2012

Tekfen Foundation

Tekfen Foundation's two main activities are its scholarship program, which supports high school and university students who are successful and are of sound character, and the Tekfen Philharmonic Orchestra. In the 2012-13 academic year, the previous scholarship contingent of 250 was doubled to 500. Of the applications received in 2012, 376 met the scholarship criteria and were awarded a scholarship. On the 20th anniversary of its establishment, the Tekfen Philharmonic gave concerts in each season of the year.

Moreover, the Tekfen Foundation constructed a 28-classroom primary school in Sarımazı, where the Toros Tarım Ceyhan Production Facilities are located in Adana, in the name of the late Necati Akçağlılar, one of the three founders of Tekfen whom we lost in 2011.

Operating as a non-profit organization since 12 April 1999, Tekfen Foundation also provides various degrees of financial support to NGOs and CSR projects. It is within this framework that in 2012 the Foundation supported the Mersin Festival, the Ephesus Excavations in support of the Ephesus Foundation, the Ziyaret Tepe excavations, which are being carried out by an international team of archeologists, the 192-bed girls dormitory built in Van by the Eymir Cultural Foundation, the nature education program Minik TEMA, which is being conducted by TEMA in collaboration with the Ministry of Education's Department of Elementary Education, and celebrations of the 40th anniversary of the Istanbul Foundation for Culture and Art.

Tekfen Construction

As part of its support to communities in regions where it does business, in 2012, Tekfen Construction built a memorial to three Turkish soldiers buried in Salyan Cemetery near Baku and it assumed responsibility for various maintenance, repair and renovation needs of the Körfez Technical and Vocational School in the province of Kocaeli.

Toros Tarım

Focusing its CSR activities on agriculture and those who work in agriculture, Toros Tarım, in collaboration with the Ministry of Agriculture, began the "Correct and Balanced Use of Fertilizer" project, which is planned to last two years.

In 2012, Toros Tarım continued the "Good Agricultural Practices Training" project, which it is carrying

out with the Kozan and Vicinity Social and Cultural Foundation. It also supported the creation of an irrigation system for the collection garden used as a practice field by the Kozan Vocational College, which is affiliated with Çukurova University.

Toros Tarım is building a new, 24 classroom Anadolu High School in Samsun, Tekkeköy. The foundations of the school were laid on June 25, 2012.

Toros Tarım held its Farmer Training Meetings in 2012, as it has continuously for many years. It organized 17 training meetings, countrywide. It became the permanent sponsor of Toros Gübre Primary School in the Kurtpınar district of Ceyhan and of the Toros Gübre High School in Adana.

The showing of the eight-part documentary Toprak Ana (Mother Earth), which was prepared in 2011 for the 30th anniversary of Toros Tarım, was repeated in 2012 so as to reach an even greater audience of farmers.

Toros Tarım provides all kinds of support for raising farmers' awareness and to increase agricultural productivity. As part of its efforts, it sponsored many activities with this objective.

Tekfen Industry

Tekfen Industry held seminars in Büyükçekmece district and Private Alev Schools in Istanbul to raise public and students' awareness of energy conservation.

Section 4 / Board of Directors

15. Structure of the Board

The Company's administration is undertaken by a Board of Directors of between nine to eleven members chosen by the General Assembly. By a decision of the General Assembly on 28 May 2012, our Company's Board of Directors consists of the following members for one year:

Tekfen Holding Board Of Directors

NAME SURNAME	POSITION
Feyyaz Berker	Chairman and Managing Director
Ali Nihat Gökyiğit	Vice Chairman and Managing Director
Cansevil Akçağlılar	Vice Chairman and Managing Director
Işık Zeynep Defne Akçağlılar	Board Member
Murat Gıgın	Board Member
Mehmet Ercan Kumcu	Board Member
Erhan Öner	Board Member and CEO
Rüşdü Saraçoğlu	Independent Board Member
Emre Gönensay	Independent Board Member
Şefika Pekin	Independent Board Member
Ahmet Çelik Kurtoğlu	Independent Board Member

Board of Directors' member Erhan Öner is also President of the Tekfen Group of Companies and CEO.

According to the Company's Articles of Association, the Board of Directors executes the tasks given to it within the Turkish Commercial Code, the Articles of Association, and the decisions of the Company's General Assembly. The Board can delegate some or all of its authority and responsibilities, including its authority to represent the Company, to a committee made up of its own members or to managing director(s) or manager(s).

During the first Board meeting held after the ordinary Annual General Meeting, the authority and responsibilities of the board members are determined and announced and a circular documenting the authority and responsibilities of the board members is prepared.

In this regard, Feyyaz Berker was appointed Chairman and Managing Director of the Board of Directors and Ali Nihat Gökyiğit and Cansevil Akçağlılar were appointed as Vice Chairman and Managing Directors for 2012.

Rüşdü Saraçoğlu, Emre Gönensay, Şefika Pekin and A. Çelik Kurtoğlu, who were determined to have met the criteria for independence contained in the Corporate Governance Committee report dated 12 April 2012 and as per the Capital Markets Board Corporate Governance Principles, were declared as independent member candidates for the Board of Directors. Their candidacy was approved by the Board of Directors on 12 April 2012 and this decision

was announced to the public on the same day for submission to the General Assembly.

They were elected as independent members of the Board of Directors at the General Assembly held on 28 May 2012. Written affidavits of independence from each of the independent members are available.

Up to the end of the period covered by this report, no situation arose that undermined the independent status of these members.

To allow board members take positions in other Group companies, it was decided in the ordinary Annual General Meeting that the board members would not be subject to the prohibitions and limitations outlined in articles 334 and 335 of the Turkish Commercial Code numbered 6762. In this regard, board members are not limited in any way from taking positions outside the Company for the period covered by the General Assembly's decision.

Information pertaining to the other positions that Board of Directors' members hold at Tekfen Group Companies and companies not belonging to Tekfen Group is as follows.

NAME SURNAME	TEKFEN GROUP COMPANIES	NON-GROUP COMPANIES
Feyyaz Berker	<ul style="list-style-type: none"> Tekfen Insurance and Brokerage Co. Inc., Chairman and Managing Director Tekfen Construction Co. Inc., Vice Chairman and Managing Director 	<ul style="list-style-type: none"> Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş. Vice Chairman
Ali Nihat Gökyiğit	<ul style="list-style-type: none"> Tekfen Insurance and Brokerage Co. Inc. Vice Chairman and Managing Director Tekfen Construction Co. Inc., Chairman and Managing Director 	-
Işık Zeynep Defne Akçağlılar	<ul style="list-style-type: none"> Tekfen Construction Co. Inc., Board Member 	-
Murat Gigin		<ul style="list-style-type: none"> Tekzen Ticaret ve Yatırım A.Ş. Agromak Makine İmalat Sanayi ve Ticaret A.Ş. Maxlines Maksimum Lojistik Hizmetleri A.Ş. Viem İletişim Yayıncılık Reklam Turizm Hizmetleri Yatırım Ticaret A.Ş. Ekozey Ekolojik ve Organik Tarım Gıda Hayvancılık ve Turizm Taşımacılık İth. İhr. İnş. Sanayi Ticaret A.Ş. İmbroz Tarım Hayvancılık Gıda Sanayi Turizm ve Ticaret Ltd.Şti. Galipoli Gıda Ürünleri Sanayi ve Ticaret Ltd. Şti. ENAT Endüstriyel Ağaç Tarımı Sanayi ve Ticaret A.Ş. Temarı Gıda Sanayi ve Ticaret A.Ş. Chairman and Managing Director ANG Yatırım Holding A.Ş., Vice Chairman
Mehmet Ercan Kumcu	<ul style="list-style-type: none"> Tekfen Insurance and Brokerage Co. Inc., Board Member Toros Tarım Industry and Trade Co. Inc., Board Member 	-

NAME SURNAME	TEKFEN GROUP COMPANIES	NON-GROUP COMPANIES
Erhan Öner	<ul style="list-style-type: none"> Tekfen Insurance and Brokerage Co. Inc., Vice Chairman and Managing Director Toros Tarım Industry and Trade Co. Inc., Vice Chairman and Managing Director Tekfen Construction Co. Inc., Vice Chairman and Managing Director Tekfen Manufacturing Co. Inc., Chairman and Managing Director Tekfen Engineering Co. Inc., Chairman and Managing Director 	<ul style="list-style-type: none"> Öner Yatırım İç ve Dış Ticaret A.Ş. Chairman Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş. Board Member
Rüşdü Saraçoğlu	-	<ul style="list-style-type: none"> Allianz General Insurance and Allianz Life and Pension Co. Inc., Chairman
Şefika Pekin	-	<ul style="list-style-type: none"> Pekin ve Bayar Law Firm Founding Partner

Currently, none of the Board members is engaged in any activity that would constitute a conflict of interest or would be deemed as competing in the Company's area of business.

16. Principles of Activity of the Board of Directors

Issues related to the Board's meeting frequency and quorum are defined in the Company's Articles of Association. Accordingly, the Board of Directors must convene as often as business and operations necessitate, but at least four times a year.

The quorum required for a Board meeting to commence is half the membership plus one and all decisions require a majority. Board decisions may also be made by obtaining the written decision of each member provided that none of the members demands a discussion of the subject in a meeting.

The Legal Department acts as secretariat of the Board of Directors. The agenda of the meetings are determined by discussing the proposals of the Tekfen Group Companies President with the Chairman of the Board. Supporting documents are prepared by the secretariat of the Board of Directors and submitted in a single dossier to the members at least ten days before the meeting date.

The 15 meetings held in 2012 made 24 decisions; average attendance rate at the meetings in the year was 87%.

All Board decisions were passed unanimously, so no dissenting view is recorded in the Resolution Book. Should it arise, all details of dissenting views would be recorded in the Resolution Book.

In cases where the Capital Markets legislation so requires, important Board decisions are publicly announced with a disclosure of material events.

The board members do not have privileges such as controlling a vote or a negative right of veto.

17. The Number, Structure and Autonomy of Committees Formed by the Board of Directors

During the initial public offering, two committees, namely the Audit Committee and the Corporate Governance Committee, were formed upon Board decisions dated November 22nd, 2007.

In addition, the Nomination Committee, the Risk Detection Committee and the Remuneration Committee, all of which are a legal requisite in compli-

ance with Corporate Governance Principles, were formed within the framework of the Corporate Governance Committee. Their respective duties were assigned while assumed in their entirety by the Corporate Governance Committee. The Duties and Working Principles that apply to the Nomination Committee, the Risk Detection Committee and the Remuneration Committee, which were organized under the Corporate Governance Committee, took effect upon the decision of our Board of Directors dated 2 March 2012, after which they were disclosed to the public. In addition, the Duties and Working Principles, which designate the general procedures pertaining to the activities that must be conducted by all committees, were announced to stakeholders on our Company's website.

These committees meet at least once every three months and at least four times per year.

In the present structure of the committees, no member of the Board of Directors serves on more than one committee.

17.1 Audit Committee

The Audit Committee consists of two independent members of the Board of Directors; Rüşdü Saraçoğlu is serving as Committee Chairman and A. Çelik Kurtoğlu as Committee Member.

In line with Capital Markets Legislation, the Audit Committee is responsible for supporting the Board of Directors by overseeing the Company's accounting system, the public disclosure of financial information, the independent auditing, and by monitoring the effectiveness and performance of the internal audit mechanism, and for reporting on its evaluations to the Board of Directors.

17.2 Corporate Governance Committee

An independent board member, Mr. Emre Gönensay was selected to head the Corporate Governance Committee, and Mr. Murat Gigin, a non-executive board member, was selected as a Committee Member.

In line with Capital Markets Legislation, the Corporate Governance Committee is responsible for monitoring the Company's compliance with the CMB's Corporate Governance Principles, proposing improvements in compliance, and making recommendations on compliance issues to the Board of

Directors. Moreover, in addition to these duties, because the Nomination Committee, the Risk Detection Committee and the Remuneration Committee are organized under the Corporate Governance Committee, these committee duties are by extension performed by the Corporate Governance Committee.

18. Risk Management and Internal Control Mechanism

In accordance with the applicable laws and given its structure, Tekfen Holding A.Ş.'s financial tables are prepared on a consolidated basis. The main operating groups - Contracting, Agri-Industry and Real Estate Development - prepare IFRS-based financial tables on a quarterly basis using their internal control mechanisms. At the Holding level, transactions between groups are eliminated and consolidated financial tables are prepared. The financial results and performance of all companies included in the consolidation are analyzed by the operating group to which they belong and they are included in the consolidated financial reporting. The Audit Committee conducts the internal control activities of Tekfen Holding A.Ş. in coordination with the Financial Affairs Directorate as per the relevant legal regulations. The relevant Group Vice-Presidents monitor the financial reporting of the three main operating groups. Prior to public disclosure of quarterly financial tables, consolidated financial tables are being checked and approved by the Audit Committee before they are presented to the Company Board of Directors. Tekfen Group of Companies' major financial indicators such revenues, EBIDTA, net profit, net operating capital and net liabilities to banks are periodically monitored and reported to senior management.

The Board of Directors, meeting periodically and with the participation of the relevant Group Vice-Presidents, evaluates the degree to which objectives are achieved against the companies' finalized and reported operational results. The above-mentioned financial tables are subject to partial and comprehensive auditing periodically within the same year.

Tekfen Holding and all Tekfen Group Companies have monitored and managed risks in their areas of operation as part of their long-standing and cautious management approach. So while the new Turkish Commercial Code that went into effect on 1 July 2012 makes risk management compulsory for publicly traded companies, it is simply a written affirmation of the Company's approach. It is for

this purpose that Tekfen Group Companies, under Tekfen Holding's coordination, have developed a common approach and reporting standard for managing risks they face. Tekfen Holding and Group Companies have prepared written documents detailing and explaining how they will manage their own risks and establishing the rules with which they will comply in doing so. These documents, which will enable risks to be monitored and that will be prepared every two months, have begun to be presented to the Tekfen Holding Board of Directors. An organizational task sharing that will carry out the risk management and reporting in each Group Company has also been determined. Moreover, the Holding's Board of Directors has made the Corporate Governance Committee, which operates under its auspices, the competent authority to monitor and assess the risks of Group Companies. Every two months, the Committee will examine the risks documents coming from the companies and prepare a Committee Report containing its own opinions and assessments, and submit it to Board of Directors, which will review the risks. When deemed necessary, the Board of Directors will ask the relevant Group Companies to take measures to address the risks. The first risk report to the Holding's Board of Directors Corporate Governance Committee as part of this mechanism was submitted for consideration to the Board in September 2012. After this date, Group companies submitted risk reports every two months and the Holding's Board of Directors are monitoring these risks. A copy of each Corporate Governance Committee report is sent regularly to the Independent Auditor.

19. Strategic Objectives

Our Company's Board of Directors assesses and monitors the quarterly performance of Group companies on the basis of budget targets. Senior executives representing each operations group attend these meetings. The financial and operating results of the preceding quarter are compared with the budget and other target indicators are evaluated. In addition, new recommendations are made in the light of developments in the area of operation and in strategic matters.

20. Remuneration of the Members of the Board of Directors

In line with the Company's Articles of Association, board members receive an annual or monthly stipend or a certain fee per meeting, as determined by the General Meeting. At the Annual Ordinary

General Assembly held on May 28, 2012 it was resolved to pay a gross fee of TRY20,000 per month to Executive Directors and TRY7,500 per month to the other members.

Dividends may be distributed to board members according to the amounts and provisions set by the Board. However, they may not exceed 2% of the profit after deduction of legal reserves and the amounts to be distributed under the Company's articles of association.

In accordance with the profit distribution proposal accepted at the General Assembly Meeting on 28 May 2012, it was decided that members of the Board of Directors would not receive a share of the 2011 profit.

In 2012, the remuneration provided to Senior Managers, which consists of President and Vice-Presidents of Tekfen Group of Companies, and to members of the Board of Directors is as follows:

	Remuneration Total (TRY)
Board Members	2,610,864
Senior Managers	6,306,184

Financial benefits are not determined and granted in line with a performance-based system but paying dividends out of profits can be accepted as a performance based awarding system.

No board member or manager may obtain loans or guarantees, such as letters of guarantee, directly or via a third person from the Company.

Legal Issues

Legal issues that could impact the company's financial situation or operations and their anticipated outcomes:

Tekfen Group was facing lawsuits totaling TRY62,236,000 as of 31 December 2012.

Upon consultation with lawyers, TRY8,265,000 was reserved for financially significant lawsuits which may go against the Group. No financial provision was made for cases which, in the opinion of legal counsel, posed no financial risk to the Group.

A lawsuit opened against Tekfen in 2012 for TRY21,040,000 concluded with no loss of financial resources.

Government Incentives and Subsidies

In 2012, Toros Tarım Sanayi ve Ticaret A.Ş. and Hishtil-Toros Fidecilik A.Ş., both Agri-Industry Group companies, received the following government incentives and support:

Domestic-Certified Seed Production Support

Toros Tarım benefits from certified seed production support for its certified wheat and potato seeds to the sum indicated in the "Domestic-Certified Seed Production Assistance" communiqué published in the Official Gazette.

Every year before harvest the Ministry of Agriculture announces in Official Gazette the amount of assistance per kilogram that it will make. The unit prices for wheat announced in 2011 for the 2012 harvest period was TRY0.10/kg while that for potatoes was TRY0.08/kg.

As of 31 December 2012, the income derived from wheat support was TRY830,000 and from potatoes TL147,000, for a total of TL977,000.

Agricultural Business Credit

Ziraat Bank provides credit to agricultural businesses. As of 31 December 2012, Hishtil-Toros Fidecilik, as a seedling producer, had received a one-year term TRY1,250,000, zero-interest agricultural business loan.

Investment Incentive Certificate

On 3 April 2013, Toros Tarım's Samsun Plant had received the Investment Incentive Certificate from the Ministry of Economy for its "Large-scale Investment" status. The incentive consists of insurance premium employer share support, reduced tax, and VAT and customs duty exemptions.

Dividend Policy

Company dividend policy is determined according to the Turkish Law of Commerce, the CMB's legislation and its regulations and decisions, the tax laws, other relevant legislation, and the Company's articles of association.

1- Article 28 of the Holding's Articles of

Association reads as follows:

Profit will be distributed as outlined below from the net profit stated in the Holding's balance sheet and reached after deducting the general expenditure of the Company, various amortization costs, and mandatory taxes. The relevant provisions of the Capital Markets Law and notifications of the Capital Markets Board will be followed during the process of profit distribution.

First level legal reserves:

a) Legal reserves at a rate of 5% will be allocated. First Dividend:

b) To the remaining amount, grants delivered during the year, if any, are added, from this total at least 30% first dividends are allocated provided the rate or the amount is not below those set by the Capital Markets Law.

c) A maximum of 3% of the remaining amount will be allocated to the Tekfen Foundation for Education, Health, Culture, Art and Protection of Natural Habitat.

d) After the above mentioned deductions, the General Assembly has the right to decide on an allocation of dividends that does not exceed 2% of the remaining profit to members of the Board (in line with the limits and principles set by the Board).

Second Dividend:

e) The General Assembly is entitled to distribute the amount remaining (after the deduction of the items outlined in a, b, c, and d, above) from the net profit as second dividends or allocate it as extraordinary legal reserves.

Second level legal reserves:

f) Subject 3 of paragraph 2 of Article 466 of the Turkish Law of Commerce and the provisions of the paragraph of the same article do not apply to the Holding.

g) No decision may be made to set aside profits for other reserves to transfer profits to the following

year, or to distribute dividends to the founders or dividend right certificate holders, board members or Company officials, workers or foundations or other similar real/legal entities established for specific purposes, unless the first dividend is paid as provided and unless the reserves required to be set aside as required by law have been so set aside.

h) Dividends shall be distributed to all the existing shares as the end of the accounting period without taking into account the date of issue or acquisition of such shares.

The decision as to how and when the annual profit will be distributed to the shareholders will be decided by the General Assembly upon the recommendation of the Board and in accordance with the provisions of the Turkish Tax Laws and the Capital Markets Law. Profit distributed according to the provisions of the Articles of Association cannot be recovered.

2- The place and date of dividend payments are set in accordance with Capital Market Board Regulations.

3- Within the framework of Article 29 of the Company's Articles of Association, if the Company General Assembly so authorizes the Board, interim dividend payments may be made (for that specific year only). The Capital Markets Law is taken into account during this process.

Tekfen Holding A.Ş. Board of Directors' Annual Report

Esteemed Shareholders,

Tekfen Group does business in various specialized fields through many companies, domestically and internationally. The Holding's operations are grouped into four strategic areas under the Contracting Group, the Agri-Industry Group, the Real Estate Development Group and Other Activities. The combined performance of these four groups appears in Tekfen Holding's consolidated financial results.

Tekfen Holding's consolidated financial results for 2012 show increases in Group revenue and net profit. The Group's revenue, which was TRY3,211 million in 2011, grew to TRY4,076 million in 2012, while its net profit of TRY243 million in 2011 climbed to TRY300 million in 2012.

Tekfen Group Companies do not focus solely on growth and profits. For years, they have been cautiously managed, taking into consideration the possible risks in their business sectors. This is the principle reason for the Group's gradual, but determined and stable growth over its nearly 60 years. Therefore, when the new Turkish Commercial Code made risk management mandatory for publicly traded companies, Tekfen Group saw this as confirmation of an approach that is already an important part of existing company policy.

Tekfen Holding's Board of Directors monitors the risks borne by Group companies through its Corporate Governance Committee, the members of which are also Board Members. The companies present to the Corporate Governance Committee details of risks that become apparent through assessments made every two months, their likely impact, and measures taken to manage them. This Committee examines this information and prepares a report, which it brings to the Board of Directors' agenda. This information is also submitted to the independent auditor.

The Contracting Group, which in revenue terms is Tekfen Holding's largest line of business, operates extensively internationally in a geographical area that stretches from North Africa to Central Asia.

Like any contractor doing business on such a large scale, the Group carefully assesses natural risks arising from the planning, management and execution of the enormous construction projects it undertakes, and does regular reporting. The Agri-Industry Group, which is Tekfen Group's second largest line of business, like any other industry, must keep careful track of the procurement and supply of raw materials and foreign exchange movements, collection of receivables and stay abreast of any risks associated with them. Tekfen Group Companies prepare for these risks by making provisions for them in their financial tables.

What has made Tekfen Holding one of Turkey's leading Groups is a principle that has remained unchanged since the Group's foundation, "Do the job you know in the best way possible." Concentrating its operations in areas where it has expertise enables it to plan and work towards its targets carefully. On the other hand, values that our Group has always cherished, such as transparency, honesty, institutionalism, quality and living up to one's reputation, have earned Tekfen great respect at home and abroad, making the Group a sought-after business partner. Having played a crucial role in Tekfen's past success, these factors guarantee the continued consolidation of Tekfen as a global brand in its areas of business.

Looking forward, we are confident that 2013 will be a prosperous year for our Group Companies, employees, shareholders, business partners and country.

Summary Balance Sheet	2011	2012
Current Assets	2,538,876	2,977,883
Non Current Assets	1,208,854	1,155,329
Total Assets	3,747,730	4,133,212
Current Liabilities	1,695,794	1,824,300
Non Current Liabilities	164,330	197,647
Equity Attributable to Owners of the Parent	1,856,920	2,081,480
Minority Interest	30,686	29,785
Total Shareholders' Equity and Liabilities	3,747,730	4,133,212

Summary Income Statement	2011	2012
Revenue	3,211,241	4,075,911
Gross Profit	501,459	411,397
Operating Profit	295,261	175,332
Profit Before Taxation	311,496	367,112
Net Profit for the Year	242,655	300,304

Important Ratios	2011	2012
Liquidity		
Current Ratio	1.50	1.63
Liability and Indebtness		
Total Liabilities / Equity Attributable to Owners of the Parent	1.00	0.97
Current Liabilities / Total Liabilities	0.91	0.90
Profitability		
Gross Profit Margin	%15.62	%10.09
EBITDA Margin	%11.28	%6.94
Net Profit Margin for the Year	%7.56	%7.37

Proposal for Profit Distribution

The net profit for 2012, according to CMB regulations and standards, deducting non-controlling interests' share was TRY299,305,000 (according to legal records, TRY316,077,172.22).

As per the provisions of Article 28 of our Company's Articles of Association, we hereby submit the following to the approval of the General Shareholders' Assembly:

Setting aside TRY9,312,815.64 as First Series of Legal Reserves representing 5% of the net profit for the period realized;

Setting aside TRY88,820,697.06 representing 30% of the First Dividend Base of 293,820,697.06 established according to the provisions of the Capital Markets Board Communiqué Series XI and No. 29 as well as the provisions of the Company's Articles of Association, as the First Dividend;

Setting aside a profit share of TRY6,055,379.26 representing 3% of the remaining profit for Tekfen Foundation for Education, Health, Culture, Arts and Protection of Natural Resources, which is the holder of redeemed shares according to the provisions of the Capital Markets Board Communiqué Series XI and No. 29 as well as the provisions of the Company's Articles of Association;

Not distributing the distributable profit share of up to 2% to the Members of the Board of Directors out of the remaining profit;

Setting aside TRY44,073,290.88 representing 15% of the net distributable income as Second Dividend Base;

Distributing the profit shares set aside as specified above to the holders of redeemed shares and other shareholders in cash, and setting the date for profit distribution as 14 May 2013.

We submit the above to the information and approval of our shareholders and wish the year to be prosperous for our company as well as our country.



Feyyaz Berker
Chairman of the Board & Managing Director

Tekfen Holding Co., Inc. Annual Report of the Statutory Auditors

TO THE CHAIRMAN OF TEKFEN HOLDING CO., INC.
GENERAL ASSEMBLY

Title : TEKFEN HOLDING CO., INC.

Headquarter : Kültür Mahallesi, Tekfen Sitesi, Aydınlık Sokak
A Blok, No.7, 34340 Beşiktaş - ISTANBUL

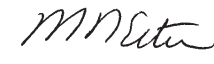
Capital : TRY370,000,000

We have reviewed the accounts and transactions of Tekfen Holding Company Incorporated for the period 1 January 2012 to 31 December 2012 according to the Turkish Commercial Code, the Articles of Association, other regulations and generally accepted accounting principles and standards.

It is our opinion that the contents of the attached Balance Sheet, dated 31 December 2012, which we have approved, accurately represent the financial status of the Company on that date, and that the Profit & Loss Statement for the period 1 January 2012 to 31 December 2012 authentically reflects the Company's operational results.

We submit to your approval the Balance Sheet and the Income Statement, and the absolution of the Board of Directors. April 11, 2013.

STATUTORY AUDITORS



Mehmet N. Erten
Auditor



Mehmet Killi
Auditor

Tekfen Holding Co., Inc.

Kültür Mahallesi, Tekfen Sitesi,
Aydınlık Sokak, A Blok, No: 7,
34340, Ulus-Beşiktaş / İstanbul, Turkey
Telephone : (90.212) 359 33 00
Fax : (90.212) 359 33 05
E-mail : tekfen@tekfen.com.tr
Web site : www.tekfen.com.tr

**Tekfen Foundation for Education, Health,
Culture, Art & Protection of Natural Resources**

Kültür Mahallesi, Tekfen Sitesi,
Aydınlık Sokak, A Blok, No: 7,
34340, Ulus-Beşiktaş / İstanbul, Turkey
Telephone : (90.212) 359 33 51
Fax : (90.212) 359 33 05
E-mail : tekfenvakfi@tekfen.com.tr
Web site : www.tekfen.com.tr

CONTRACTING GROUP

Tekfen Construction & Installation Co., Inc.

Tekfen Tower, Büyükdere Caddesi, No: 209,
34394, 4. Levent / İstanbul, Turkey
Tel : (90.212) 359 35 00
Fax : (90.212) 359 35 08
E-mail : business@tekfen.com.tr
Web site : www.tekfeninnsaat.com

Tekfen Engineering Co., Inc.

Kültür Mah. Tekfen Sitesi,
Aydınlık Sokak, C Blok, No: 1,
34340, Ulus-Beşiktaş / İstanbul, Turkey
Tel : (90.212) 357 03 03
Fax : (90.212) 357 03 09
E-mail : posta@tekfenmuhendislik.com
Web site : www.tekfenmuhendislik.com

Tekfen Manufacturing & Engineering Co., Inc.

Tekfen Tower, Büyükdere Caddesi, No: 209,
34394, 4. Levent / İstanbul, Turkey
Tel : (90.212) 357 00 60
Fax : (90.212) 357 00 61
E-mail : timas@tekfenim.com
Web site : www.tekfenim.com

Hallesche Mitteldeutsche Bau - A.G. (HMB)

Magdeburger Strasse 27 (06112)
Halle Saale / Germany
Tel : (49.345) 511 62 39
Fax : (49.345) 511 68 13
E-mail : ausland@hmb-ag.de
Web site : www.hmb-ag.de

Azfen J.V.

Istiglaliyat Street 31,
Baku / Azerbaijan
Tel : (99.412) 492 58 35 - 57 25
Fax : (99.412) 492 57 27
E-mail : azfen@azfen.com
Web site : www.azfen.com

Cenub Tikinti Services ASC

Sabail Rayonu, Cenub Köprüsü AZ1003
Baku / Azerbaijan
Tel : (99.412) 491 18 82
Fax : (99.412) 447 41 28

GATE Construction & Trade Co., Inc.

Tekfen Tower, Büyükdere Caddesi, No: 209,
34394, 4. Levent / İstanbul, Turkey
Tel : (90.212) 359 37 50
Fax : (90.212) 357 10 03

AGRI-INDUSTRY GROUP

Toros Agri Industry and Trade Co., Inc.

Tekfen Tower, Büyükdere Caddesi, No: 209,
34394, 4. Levent-Şişli / İstanbul, Turkey
Telephone : (90.212) 357 02 02
Fax : (90.212) 357 02 31
E-mail : toros@toros.com.tr
Web site : www.toros.com.tr

Toros Terminal & Maritime Services Co., Inc.

Tekfen Tower, Büyükdere Caddesi, No: 209,
34394, 4. Levent-Şişli / İstanbul, Turkey
Telephone : (90.212) 357 02 02
Fax : (90.212) 357 02 31
E-mail : toros@toros.com.tr
Web site : www.toros.com.tr

**TAYSEB - Toros-Adana-Yumurtalık Free Trade
Zone Founder and Operating Co., Inc.**

Sarımazı, Ceyhan 01920 / Adana, Turkey
Telephone : (90.322) 634 20 80
Fax : (90.322) 634 20 90
E-mail : tayseb@tayseb.com
Web site : www.tayseb.com

Toros Ship Agency Services Co., Inc.

Tekfen Tower, Büyükdere Caddesi, No: 209,
34394, 4. Levent-Şişli / İstanbul, Turkey
Telephone : (90.212) 357 02 02
Fax : (90.212) 357 02 31
E-mail : toros@toros.com.tr
Web site : www.toros.com.tr

Hishtil-Toros Seedling Industry & Trade Co., Inc.

Tekke Köyü, Pürenli Mevkii, 10. km
Serik / Antalya, Turkey
Telephone : (90.242) 717 40 45
Fax : (90.242) 717 41 99
Web site : www.toros.com.tr

TAGAŞ - Turkish Arabian Fertilizer Co., Inc.

Tekfen Tower, Büyükdere Caddesi, No: 209,
34394, 4. Levent-Şişli / İstanbul, Turkey
Telephone : (90.212) 357 02 02
Fax : (90.212) 357 02 31
E-mail : toros@toros.com.tr
Web site : www.toros.com.tr

REAL ESTATE DEVELOPMENT GROUP

Tekfen Real Estate Development Investment

Kültür Mahallesi, Tekfen Sitesi,
Aydınlık Sokak, D Blok, No: 2,
34340, Ulus-Beşiktaş / İstanbul, Turkey
Telephone : (90.212) 357 10 10
Fax : (90.212) 357 10 15
E-mail : iletisim@tekfenemlak.com
Web site : www.tekfenemlak.com

Tekfen Tourism & Facility Management Co., Inc.

Tekfen Tower, Büyükdere Caddesi, No: 209,
34394, 4. Levent-Şişli / İstanbul, Turkey
Telephone : (90.212) 357 00 00 (10 hat)
Fax : (90.212) 357 00 12
E-mail : info@tekfenservices.com
Web site : www.tekfenetower.com

INVESTMENT & SERVICE COMPANIES GROUP

Tekfen Industry & Trade Co., Inc.

Kültür Mahallesi, Tekfen Sitesi,
Aydınlık Sokak, D Blok, No: 2,
34340, Ulus-Beşiktaş / İstanbul, Turkey
Telephone : (90.212) 359 37 80
Fax : (90.212) 359 37 90
E-mail : tekfen@tekfenendustri.com.tr
Web site : www.tekfenendustri.com.tr

Papfen Joint Stock Company

Yakkasarayskiy Rayon,
Ul: Vasiit Vahidov, No: 41
Tashkent / Uzbekistan
Telephone : (99.871) 120 40 82
Fax : (99.871) 120 40 81
E-mail : papfen@papfen.com

Tekfen Insurance Brokerage Services Co., Inc.

Kültür Mahallesi, Aydnlık Sokak, No: 6,
34340, Ulus-Beşiktaş / İstanbul, Turkey
Telephone : (90.212) 359 38 80
Fax : (90.212) 359 38 81
E-mail : musterihizmetleri@tekfensigorta.com.tr
Web site : www.tekfensigorta.com.tr

Antalya Studios Co., Inc.

Kültür Mahallesi, Tekfen Sitesi,
Aydınlık Sokak, A Blok, No: 7,
34340, Ulus-Beşiktaş / İstanbul, Turkey
Telephone : (90.212) 359 33 00
Fax : (90.212) 359 33 05
E-mail : info@antalyastudios.com
Web site : www.antalyastudios.com



TEKFEN HOLDING CO., INC.

Kültür Mahallesi, Tekfen Sitesi, Aydınlık Sokak, A Blok, No: 7, 34340 Ulus, Beşiktaş/İstanbul-Turkey
Phone: (90 212) 359 33 00 (pbx) Fax: (90 212) 359 33 05 (pbx) www.tekfen.com.tr