Annual Report 2012

EGE PROFİL
TİCARET VE SANAYİ A.Ş.

Table of contents

Ergün Çiçekci
General Manager

Dear investors,

As you know, the economic crisis affected this country too in 2012, causing it to suffer certain problems as did all the other industries. In spite of one of those problems i.e. the continuous increase of raw material prices and of the economic crisis, we accelerated our momentum of growth last year as we did in the previous years, and performed successful management crisis to enjoy a firmer position.

In 2012, this company was selected by Deceuninck selected to be its export base for Asia, Africa and South America thanks to our success graphic achieved in the long term, professional management skills and strong human resources. We founded warehouses in India and in Chili this year thanks to our hard working Export Department, and started to expand our sales there through a wide network of dealers. We will continue to work hard on the selected countries in accordance with the strategies we set for them in 2013.

The 6 Sigma, EFQM and Lean Production projects we started approximately two years ago to improve this company and to ensure the difference we represent to be distinguished more against the harsh competition, were in progress in 2012. We are proud of the fact that the auditors increase the ratings they give to our projects every year thanks to the efforts we make.

We strive to create a sustainable future, and use our Innovation, Ecology and Design concept to make the world a better place for our factories, employees and dealers. We aim to provide all of our customers with support to ensure them to use energy with higher efficiency in their buildings. Therefore all of our products provide high insulation, have a long service life and need lesser maintenance. Our products are manufactured consuming minimum energy and using recyclable materials to protect nature.

We undertake the mission of creating an open, honest and warm work environment for employees and all business partners, and maximizing the customer satisfaction. I believe the efforts, high performance and success graphic we achieved in 2012 would be continued in 2013, and it is my pleasure to thank all of our employees and all of our business partners for the support they always provided.

With my best regards,

Tamer Özen
Marketing and Sales Manager (Egepen Deceuninck)

2012 turned out to be a quite difficult year for us. The economic crises suffered in Europe were indirectly reflected to us, causing negative impact on both this country and this company. Furthermore, the bad weather elements suffered in the first quarter of that year had further negative impact on this industry as it did on many other industries. In the following months, high brand recognition, good quality products, wide network of dealers and professional management team of Egepen Deceuninck ensured us to achieve the targets we had set. We managed to leave 2012 behind with not so bad results thanks our success in crisis management, which we always considered as one of our best skills and our pride. The sales volumes of our laminated products and accessories increased by 16% and 11% respectively in 2012 versus 2011. ın 2012, the share of our brands Egepen Deceuninck and Flora within our total sales volume increased by 5%.

The EFQM, 6 Sigma and Lean Production (5 S, Autonomous Maintenance and Virtual Factory) projects we introduced in 2011 were in progress in last year. In addition to them designed to improve our customer-oriented brand approach, we developed the Egepen Deceuninck Listens to Customers project to survey the satisfaction levels of our dealers. We used the results of said survey to prepare major action plans.

We believe our brand, considered one of the most important players in this industry, will leave 2013 behind as a successful year thanks to our success in performing good management in times of crisis and turning them into opportunities.

With my best regards,

Vehbi Cem Korkmaz
Marketing and Sales Manager (Winsa)

Respecting from the heart all the basic values of both of its employees and its business partner customers, and being passionately devoted to its brand, Winsa Family is proud of having managed to achieve and surpass its targets in last year.

2012 turned out to be a year when the building industry grew by only 1% in real terms, growth of the national economy stalled at 3%, and at international platform various countries suffered an economic crisis. Having achieved a growth by 12% in such a year, our brand once again proved the importance of the value and sustainability of a brand. The sustainable trend of growth we have been achieving for a long time is the natural outcome of our principles of innovation, financial discipline, entrepreneurship, high performance, specialist teams and customer-oriented approach.

240 dealers spread across this country and 500 showrooms flying the corporate colors of Winsa prove that Winsa is rather a brand known all over this country than a city or region.

Planning and realizing its investments to create a better environment, more ecological products, more innovative designs, and high quality and endurable products ensuring high efficiency, this company introduced many new products and applications including the 76 mm 6-chamber high thermal insulation Dorado Gold series, and the Dorado Shield, and Dorado Gold Shield aluminum cover systems to its customers.

Although private sector businesses are basically started to make profit and a living, only the ones which would achieve the said targets by creating value-added, contributing to improvement of their industries and their countries, and not making a concession on the basic values and principles of their customers will survive in the long run. That is the basic belief and objective of us as the Winsa brand.

With my best regards,

Title	: Ege Profil Ticaret ve Sanayi A.Ş.
Report Period	: 01 Ocak - 31 Aralık 2012
The upper limit of registered capital	: 120.000.000,00 TL
Issued Capital	: 59.566.900,00 TL
Registry Date	: January 13, 1981 Turkey
Registered Office	: Atatürk Organize Sanayi Bölgesi 10003 Sok. No: 5 Çiğli - İzmir
Tax Department and Number	: Hasan Tahsin & 325 005 4933
Trade Register Number	: Karşıyaka 10289 / K-2159
The Registry of Commerce	: İzmir
Institutional Web Site	: www.egeprofil.com.tr
Production Site	: **İzmir Factory** Atatürk Organize Sanayi Bölgesi 10003 Sok. No: 5 Çiğli - İzmir T. +90 232 398 98 98 F. +90 232 376 98 99
Production Site	: **İzmit (Kocaeli) Factory** Kızılcıklık Mah. İnönü Cad. Suadiye Yolu Üzeri No:1 Kartepe - İzmit (Kocaeli) T. +90 262 371 57 27 F. +90 262 371 57 28
India Branch	: C/o hellmann, Kuthambakkam Village Poonammalle taluk 602107 Chennai INDIA T&F. +919717707732

About Ege Profil and its Subject of Activity

Ege Profil Ticaret ve Sanayi A.Ş. (company) is registered company in Izmir. The main subject of activity of the company is to manufacture and sell all kinds of plastic pipe and spare parts and all kinds of profiles and plastic items.

Ege Profil which was established in 1981 and has been the leading institution of PVC Profile Sector in Turkey, has sustained ıts investments with the power comes from its quarter century history. The pulse of the sector was changed as Deceuninck Group, which is the biggest PVC profile manufacturer beyond dispute in 2000, became biggest shareholder of our company.

Trust and market knowledge of Egepen Deceuninck and Winsa, integrated with customer focused approach and high technology and quality understanding of Deceuninck Group.

Deceuninck NV, which is worldwide integrated community, has specialized in compound, design, development, extrusion, finish and recycling subjects. Community summarizes its targets and understanding of quality and service with passion of perfection.

Ege Profil has achieved sustainable growth and showed high performance since the year of 2001. Market experience they have and employee motivation they provide have important roles behind the achieved success. Company is using horizontal organization model and employees at each position are supported by management at the subjects of using initiative, sharing authority and responsibility.

Young and dynamic personnel of Ege Profil sustain to create trends which determine the market in Turkey in relation with leadership mission of Deceuninck in the world.

Education opportunities they provide for employees, to give importance to research and development activities, quality policy which is performed and big information sharing created by community make the success indispensable.

Our company realizes its activities in pvc profile sector with its two brands as Egepen Deceuninck and Winsa. Products of each two brands are created with different production sites, different sales and marketing branches. Egepen Deceuninck branded products are being manufactured in 15.000 m^2 of closed area with 50.000 tones capacitated machine park in Izmir factory with environment friendly process and by making no compromises from world standard production quality. Winsa branded products are being manufactured in 16.000 m^2 of closed area with 15.000 tones capacitated machine park in Kocaeli (Izmit) factory. Also both brands have regional offices in İzmir, İstanbul, Ankara and Adana.

Egepen Deceuninck and Winsa brands are giving service with its wide branch web within the country, so customers are able to reach to products without having difficulties. Customer expectations are being preeminently provided by means of new products, technological developments, branch education seminars, applied business trainings and technical publications.

Our company, which has the biggest product range of the sector today, makes production with over three hundred molds which were developed by own. Our sales, which have been increased as a result of faith of our branches to our brand and our effort to supply customer expectations at maximum levels, make our competitors feel our dominance.

European countries, American Countries, Asian countries, African countries and Australian continent are some of the countries which being imported.

Europe, Middle East, Turkic Republics, Africa, South Asia, Australia, South America and Ocean countries are some of the countries which being exported.

Strategical Targets, Mission and Vision of the Company

For a sustainable future,

Why? Our main target;

Innovative and Leading
Our target is to produce innovative and quality products, put them in your places and increase your life comfort by the helps of our background information and expert employees. We are working intensely in order to protect your place and your friends from negative environmental effects, and we are presenting our new products by keeping technology closely. As manufacture, assemblage and care of our products are so easy, all our products are being manufactured to provide maximum customer satisfaction and to provide your needs at the top level.

Ecology
Our target is to support to all our customers to use energy productive at building constructions. For this reason, our productions provide high isolation, they are long lived and need only a few care. Our products are being manufactured by using minimum energy and with recyclable structure to protect natural form and to leave an ecologic trace minimum.

Design
Our target is to help you to reflect your style in architecture and to glamorize your places with our different designs. Our products have time independent design, which provides your expectations and includes the color of the nature, with unique surface quality, natural smells and large scale of color.

Our Employees and Customers
We create open, honest and intimate working area with our employees and customers. Therefore we keep the satisfaction of customer and customer at the top level by creating long term business association. We are working with team sprit by giving importance to quality, safety, environment and people.

How? Our Basic Values

Honesty
We are always telling the whole truth as it is and we behave open and intimate at all communication processes. We realize feedback directly and positively with our collaborates at our communication. We move with team sprit with our employees and customers. We define mistakes openheartedly, and defend the truth with actuality while we take regulatory and preventer precautions. What we say and what we think cannot be different from each other. This is our freedom.

High Performance
Our performance is being evaluated regularly by our employees, customers, society and our shareholders. We always make effort for development at our all business processes with our passion to reach perfectness and we follow our way successfully without departing from our main targets, values and vision. We make what we say, we share what we make; this is our understanding of responsibility and discipline. When we aim high performance, our priorities are Human, Environment, Quality, Service and Income (HEQSI). Profit is needed for a company which is continued. Every day we are working to increase our performance at all processes from production to after sale and at all levels.

Entrepreneurship
We are open to the world and all ideas. We see opportunities and use them. We create an environment of trust to use authority, see risks beforehand and we manage successfully all processes by using initiative. We embrace our work as it our own. We respect the ideas of all our employees, courage them to take responsibilities and then we appreciate them.

What? Our Passion

Our Culture
Our all employees and business partners are proud to work with us together as a result of company culture that we have made. They sustain their all works according to principles of honesty, high performance and entrepreneurship.

Long-lived, Environment Friendly Products
We are working in order to produce highly isolated, long-lived, quality, durable and recyclable products.

Leadership at Sector
Our company is one of the leading institutions of the sector. It is among the first three companies with its broad market share. Behind this success, there is customer relationships which are based on quality, service, high performance and mutual trust.

A Strong Financial Structure
Our company has a strong sustainable financial structure. It turns all our activities to financial targets and we achieve our targets with success.

Capital and Partnership Structure

Issued Capital:

Capital and partnership structure of the company is as follows as of the date of December 31, 2012 and 2011:

	December 31, 2012		December 31, 2011	
	TL	**Share (%)**	TL	Share (%)
Deceuninck	**58.100.520**	**97,54**	58.100.520	97,54
Public offer	**1.466.380**	**2,46**	1.466.380	2,46
Issued capital at Legal records	**59.566.900**	**100,00**	59.566.900	100,00
Inflation adjustments different	**7.840.703**		7.840.703	
	67.407.603		67.407.603	

Issued capital cost of the company is 59.566.900 TL as of the date of December 31, 2012 and 2011, this cost consists of 5.956.690.000 shares of which each equals to 1 kurus.

2.46% of the company shares are traded at stock exchange market of Istanbul as of the date of December 31, 2012.

Main partner Deceuninck NV pledge the complete of 28.100.250 shares which represent 97.5382% of the company capital in favor of Fortis Bank NV/SA which moves with the title of assurance representative for refinancing according to share pledge agreement signed at the date of August 16, 2012 as Credit Contract signed at the date of September 11, 2009 was modified (Note 17).

The number of personnel which are working at categorical levels is as follows as of the date of December 31, 2012 and 2011:

	December 31, 2012	December 31, 2011
Managerial	**149**	150
Production	**466**	434
	615	584

Oue Members Who Took Charge at Management or Inspection Boards Within the Year of Activity:

Members of management and inspection boards were determined at ordinary meeting of the general assembly dated on June 19, 2012; they were elected till the next ordinary meeting of the general assembly which is related with the activities of 2012.

Executive Board

Clement Edmont De Meersman	Chairman of the Executive Board
Tom A. Debusschere	Member of the Executive Board
Ergün Çiçekci	Member of the Executive Board
Marcel Klepfisch	Member of the Executive Board (Independent Member)
Fatma Çağlayan Orhaner Dündar	Member of the Executive Board (Independent Member)

Supervisor

Ekrem KAYI	Supervisor

Audit Committee

Marcel Klepfisch	Member of the Executive Board (Independent Member)
Fatma Çağlayan Orhaner Dündar	Member of the Executive Board (Independent Member)

Early Detection of Risk Committee

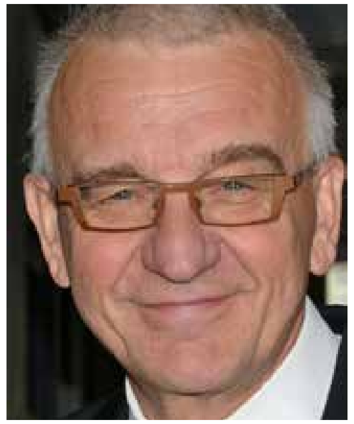
Marcel Klepfisch	Member of the Executive Board (Independent Member)
Koen Kurt Vergote	Financial Analysis and Budget Manager

Corporate Governance Committee

Marcel Klepfisch	Member of the Executive Board (Independent Member)
Tom A. Debusschere	Member of the Executive Board

Head Supervisor of Responsible Shareholder and Independent Audit Company
Güney Bağımsız Denetim ve SMMM A.Ş.
Head Supervisor of Responsible Shareholder: E. Ethem Kutucular

Personal Backgrounds of Executive Board Members



Clement Edmond De Meersman

Prof. Dr. Ir. Clement E. De Meersman

Prof. Dr. Ir. Clement E. De Meersman received his bachelor degree of construction engineering (specialization: electromechanic)and phd of applied sciences from Belgium, Leuven Catholic University (KU Leuven). After he worked as an assistant in the university for a year, he took his first step to business career with Michelin which is the international wheel and technical product manufacturer of France. Then he went to Netherlands and he started to work for 8 years in DSM which is international active chemical company of Netherlands. At this company he took charges in many positions from Research and Development Manager to CEO of final products department and products for automobile and transportation sector. He became the CEO of the company Deceuninck NV in the year of 1994.

From the year of 2009 to 2011, he took a role as a member responsible from special projects in executive boards. Since the year of 2011, he has been the chairman of the executive board of Deceuninck Turkey, USA and Ireland.

He also represents many companies such as Elia, ANL, Verhelst, Rf-T, PlasticVision, Lano, Darvan and Smartroof.

Clement De Meersman is giving a lecture as professor in KU Leuven University at the subjects of strategy, innovation and leadership.

Tom Debusschere

Tom Debusschere Comm. V, CEO permanent representative

Tom Debusschere is an Electro-mechanic engineer and he received post graduate Industrial Engineering. He started to his career as Logistic Manager of Deceuninck in the year of 1992. Since 1995 he took charge in American department of Dayton Technologies and he was promoted to Operation vice presidency.

He switched to Belgium Company Unilin Group in 2004 as a president of Unilin Décor which is the supporter of furniture parts of Mohawk Group.

He became Deceuninck Marketing and Sale Vice President in December 1, 2008.

Executive Board charged him as Deceuninck CEO on the date of 6th February 2009. Debusschere who is also the member of Belgium Corporate Management Commission continued to active works at executive boards of some institutions such as EPPA (Europa PVC Window Profile and Related Construction Products Union), EuPC (Europa Plastic Recycling) and Essenscia (Belgium Chemistry and Life Sciences Union).

Ergün Çiçekci

He was born in Odemis in 1954.

He graduated from Istanbul Technical University, the department of Machine Engineering in 1975.

He completed his post graduate in Aston University which is located in Birmingham in 1979.

After military service, he started to work is plastic sector in 1981, he continued his business life in Mazhar Zorlu Group by taking different duty and responsibilities.

Since the year of 1994 he has continued his business life as General Manager in Ege Profil A.Ş.

Since 2001 he has been the member of executive board as well.

Marcel Klepfisch

(Independent Member)

Marcel Klepfisch (1951) SARL Permanent Representative

Marcel Klepfisch graduated from Antwerp University, the department of Trade Engineering.

Klepfisch, who has lots of experience at the subject of crisis management, worked as reconstruction manager in Deceuninck NV in 2009.

He worked as CEO in Ilford Imaging, member of executive committee in Vickeres Plc, financial affairs manager in BTR Power Drives and President of executive board in Pack2Pack.

Klepfisch has still continued to carry the duties of membership of management consultation board in Tower Brook which is located in London, Presidency of Executive Board of Volution in England and Presidency of GSE group which is located in France.

Fatma Çağlayan Orhaner Dündar
(Independent Member)

She graduated from Ankara University, the department of Law in 1996. After she continued her education in Warwick University, Faculty of Law, she completed bachelor degree of Law at that university in 1999. After that, she made post graduate degree about International center of arbitrary judgment over the solution of Investment disagreement (ISCID).

She took the first step of her business career at Orhaner & Orhaner Law Office as a third generation representative of the family on business, she also make consultation and attorney ship at the subjects of especially trade law and company laws.

In addition to company institution of local and foreign capital, she also consults at the facility of amalgamation and transfer of business and joint venture. At this frame, she consults at opening and closing of the companies, ordinary and extraordinary meeting of the general assembly, share capital increase, transfer of shares, issuing of share and executive board books. In addition to those, she also is giving service about preparation and negotiation of many trade contracts such as franchising, distribution, licenses of intellectual and industrial property rights and technology transfer.

She is also giving service to many local and foreign institutions (before Sweden Chamber of Commerce and ICC) or people with her consultancy about conflict resolution or establishing of all kinds of contract or with representation services on behalf of judicial authorities as well.

Trading and Competition Prohibition of Members of Executive Board with the Company

There are no adjustments at the main contract of the company related with trading and competition prohibition for president and members of executive board within the company during period; they cannot make any transactions about company directly or indirectly for behalf of their own or anybody else without the permission of general committee. If a transaction is determined, related provisions of Turkish Trade Law will be used.

As a result of proposals which are given at General Committee of our company, authorities which are defined at articles 395 and 396 of Turkish Trade Law for the members of executive board are given to members of executive board.

During the year of 2012, members of executive board had no transaction about company and they didn't make any attempt to create competition.

Chapter 2
Benefits Which are Supplied for Managers with Managing Body

Qualifications of Members of Executive Board and Authority and Responsibilities of Managers

There are no adjustments at the main contract of the company about the criteria of electing members of executive board within the company during period; and our current members of executive board should consist of people who have qualifications defined at corporate government principles. There are some provisions about duties and responsibilities of executive board. Duties and responsibilities of other managers are not at the main contract, and definitions of positions which show duties and responsibilities including senior management personnel are determined.

Personnel who are in charge at senior management level in our company and distribution of tasks are as follows:

Ergün ÇİÇEKCİ	Member of Executive Board and General Manager
Nurcan GÜNGÖR	Financial Affairs Manager
Hüseyin KARAAHMET	Logistic and Purchasing Manager
Koen Kurt VERGOTE	Financial Analysis and Budget Manager
Tamer ÖZEN	Marketing And Sales Manager (Egepen Deceuninck)
Vehbi Cem KORKMAZ	Marketing And Sales Manager (Winsa)
Ethem GÖKMEN	Business Manager KYS Representative (Egepen Deceuninck)
Nuri ASLAN	Factory Manager (Winsa)
Ernis ALCA	General Manager Consultant (Egepen Deceuninck)
Moez MOHAMMEDALI	Export Manager (Egepen Deceuninck)
Ziynet GİTMEZ	Human Resources Manager

Benefits Which are Supplied for Members of Executive Board and Senior Management Personnel

The sum of the payment and related money which are supplied at current period to some senior management personnel such as president and members of executive board, general manager, general coordinator, vice presidents in the years which end on the dates of December 31, 2012 and 2011 is 3.903.158 TL. (December 31, 2011 - 3.429.983 TL.)

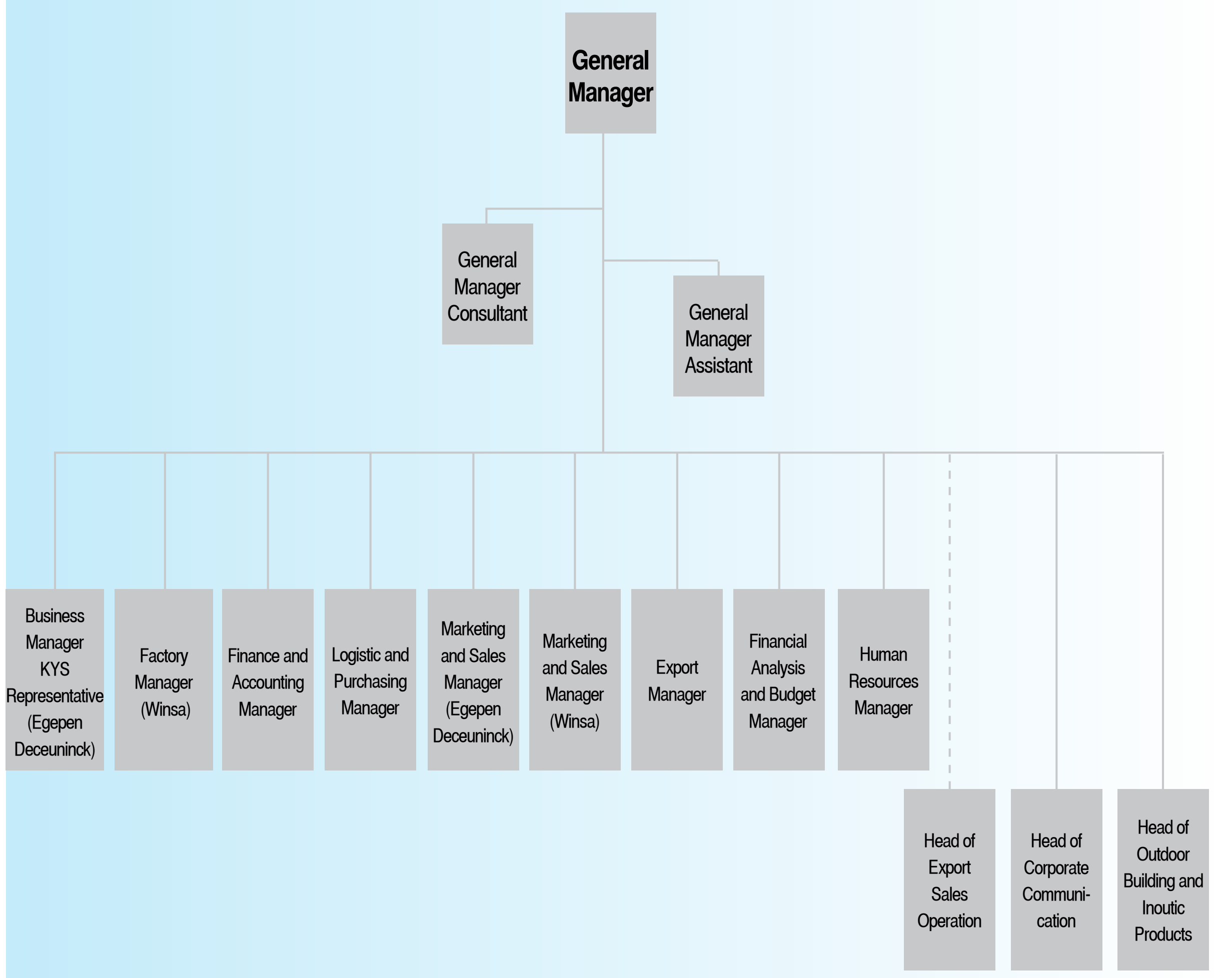
Chapter 3
Research and Development Studies

Our company has Research and Development projects by taking energy policy applied in Turkey and the world into consider in order to develop some products consume less energy as a result of our sensitivity to environment and as a part of our productivity works.

Our research and development payments in 2012 are 265.941 TL. (2011 - 315.555 TL)

Chapter 4
Company Activities and Important Developments About its Activities

Organization Scheme



Investment Activities

The amount of 15.182.000 TL (7.051.000 €) was paid to real estates during 2012. There is also field price which was bought Menemen Plastic Industry with the amount of 4.402.000 TL (2.390.000 €) to build a new factory.

1000 EURO&TL	31.12.2012	31.12.2011	CHANGE %
EURO	7.051	5.079	39
TL	15.182	11.489	32

Internal Audit Department

Internal audit of our partner Deceuninck Group is being made within the frame of annual audit plan which is determined every year and findings of this audit are being reported. There are lots of internal audits in order to see whether transactions or activities made in company are appropriate for legal regulations or company policy.

Internal audit department transfer its findings at the inspection that they made in June 2012 and they determined development areas. Action about these development areas are provided imminently. Articles about monitoring the findings were added to audit plan of the next year.

It is also periodically controlled with internal inspections in our company whether the qualifications of TS EN ISO 9001 Quality Management, TS EN ISO 14001 Environment Management, TS 18001 Occupational Health and Safety Management Systems are performed or not and developmental processes are started if they are needed.

On the other hand, our company, which aims to improve progressively by using lean production and six sigma techniques, evaluates coordination and order in company at team levels with 5s inspections which they made every month.

Dangerous situations are being inspected with field inspections we have made with our occupational safety specialists and needed precautions are being taken in order to provide occupational health safety in company.

Information About Share Rates and Direct or Indirect Participation

It hasn't got.

Information About Own Shares Acuired by Company

It hasn't got.

Chapter 4

Company Activities and Important Developments About its Activities

Information About Public Supervision and Private Supervision Made Within the Activity Year

Our company didn't have any public supervision during the year of 2012.

Informations About Files Charged Against the Company and Their Possible Results

Situations from which our company were or will be responsible were discussed with our legal advisors. There are no important file charged against our company or obligations and liabilities related with our company.

Informations About Important Administrative Sanctions and Penalties Which are Taken for the Company or Executive Board Because of Implications Against Legialation Provisions

Company pressed a charged against tax assessments and penalties, which are announced with the amount of 3.605.914 TL to company at the date f April 2, 2007, at 4 Tax court of Izmir at the date of April 30, 2012 according to reports made as a result of tax inspection which was realized about the year of 2007 in 2011 by Ministry of Finance revenue administration.

As a result of hearing held on the date of December 6, 2012, 2.358.150 TL was deleted according to court decision. It hasn't been given a hearing date for the rest of the debt till now. It is proposed that it will be in favor of the company according to current legal situation, as they are not against to legislation provisions and evidences.

Company saved the amount of 536.260 TL on the dates of December 31, 2012 and 2011at its financial scales for circumspection.

Legal and Environmental Risks

Our group is subject to different legislations in many different countries where they continued operations. As a group, we continue to develop or environmental policies and procedures in ourselves in order to follow environmental and local laws.

We are making periodical supervisions in order to define these environmental risks and we continue to build new systems to take these risks under control.

Our accordance with legal and environmental regulations which are one of the most important policies for us prevents us to be faced with administrative or legal sanction about our company or with any governing body because of improper activities of us. We weren't faced with any administrative or legal sanctions which were applied for managing body or company because of behaviors against legislation provisions within the activity year of 2012.

Targets Defined in Previous Periods, Informations and Evaluations About Decisions of General Committee

We have achieved or targets by following high values added investments and sustainable development by practicing all our decisions of general committee within the year of 2012.

We achieved net 296.000 TL endorsement in 2012.

We made investment with amount of 11.053.000 in 2012.

We opened a branch in India in order to publicize our brand in a new market at the end of the year of 2012.

Extraordinary General Committee Meetings Made Within the Activity Year

It hasn't got.

Expenditures Made for Donation, Help and Social Responsibility Projects Within the Activity Year

Our company may support and donate to foundations, associations, education institutions and public institution and foundations which have activities of social, cultural, education, sport, etc. aimed with the approval of management according to principles which are defined at capital market board and Turkish Trade Law.

When the donation or support is being made, first of all we care to adjustments of Ministry of Finance about the subject, it is cared they are among the institutions which are exempted from tax.

Accordance to social responsibility criteria is supervised to elect the civil society institution, agency and foundations to determine the amount and type of donation. Apart from these, it is possible to donate institution, agency and foundations which are built to carry on business about the activity subject of the company.

Donation and supports of the company made within the year of 2012 consist of the donations made to Turkish Education Foundation and Municipality of Kocaeli within the frame of policy of donation and supports.

DONATIONS	**31.12.2012**	31.12.2011
TL	**9.750**	4.364

Relations with Flagship Company and a Company Attached to Flagship Company

According to enterprise and interest of Ege Profil Ticaret ve Sanayi A.Ş. it wasn't made without any response. It is made as if it was made among foreign third person at all these legal transactions.

There aren't any precautions which are taken in favor of Deceuninck NV or any related company or avoided to be taken.

Plastic Sector in Turkey and in World

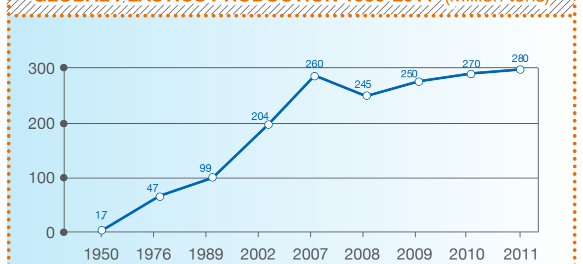
Industry Profile for 2012	Plastic Raw Materials	Plastic Products
Number of Businesses	6.000	
Employment	205.500	
Production	870,00 tons	6,7 million tons
Consumption	5,59 million tons	6,03 million tons
Exports	492,200 tons/ USD 894 million tons	1,16 million tons/ USD 3,5 billion tons
İmports	5,2 million tons/ USD 9,9 billion tons	483,000 tons/ USD 2,6 billion tons

Approximately 6,000 businesses are involved in the plastics industry to manufacture hundreds of different products. Since said businesses report their production capacities in such different units as ton, meter, m^2, m^3, piece or pair, it is not possible to define the total present capacity in a single unit. Considering the production and capacity use ratios, however, it is estimated that this industry's total present capacity is 8.5 million tons as of the end of 2011.

In 2011, total volume of plastics raw materials manufactured increased by 6.1% to reach 870,000 tons, while total volume of plastics products manufactured increased by 11.6% to reach 6.7 million tons. Also in 2011, total volume of plastics raw materials and plastics products consumed was 5.6 and 6.03 million tons respectively.

Total volume of plastics raw materials and plastics products manufactured at global scale was 280 and 235 million tons respectively in 2011.

GLOBAL PLASTICS PRODUCTION 1950-2011 (Million tons)



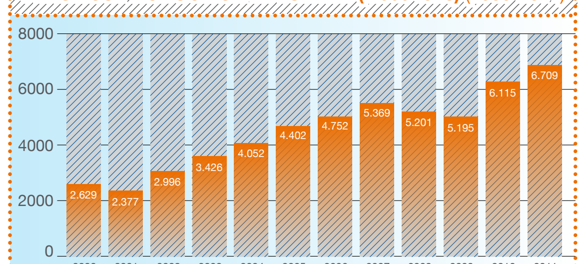
Source: Plastic Europe "Plastics-The Facts 2012

PLASTICS CONSUMPTION IN TURKEY (1.000 tons) (2007-2011)

Year	Plastic Raw Materials	Change (%)	Plastics Products	Change (%)
2007	4.689	-	4.453	-
2008	4.531	-3,4	4.647	4,4
2009	4.676	3,2	4.616	-0,7
2010	5.050	8,0	5.446	18,0
2011	5.546	9,8	6.034	10,8

Source: Turkish Plastics Manufacturers Research Development Training Foundation

PLASTICS PRODUCTION IN TURKEY (1.000 tons) (2000-2011)



Source: Turkish Plastics Manufacturers Research Development Training Foundation

PLASTICS RAW MATERIALS MANUFACTURED IN TURKEY (Ton) (2010-2011)

Product	2011	2012	Share (%)
LDPE (AYPE)	185.000	185.000	21
LDPE (AYPE-T)	121.000	121.000	14
HDPE (YYPE)	84.000	84.000	10
S-PVC	153.000	153.000	17
PP-HOMOPOLYMER	127.000	127.000	15
PET	150.000	150.000	17
PS	-	50.000	6
TOTAL	820.000	870.000	100

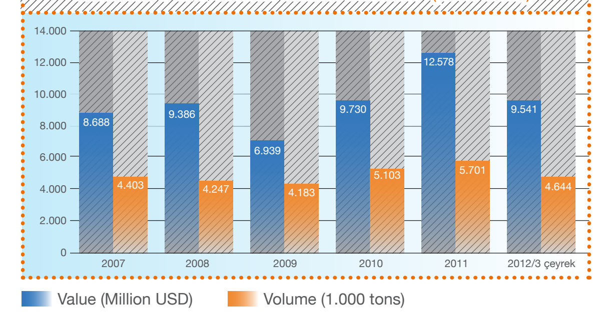
Source: Petkim and other manufacturers

Total volume of plastics raw materials manufactured increased by 6.1% in 2011 vs. 2010. Both imports and exports of them increased by 12%.

Foreign trade deficit for plastics raw materials increased to 4,71 million tons. In 2011, 56% of the plastics raw materials manufactured in Turkey was exported, and 94% of the domestic demand for the same was met by imports.

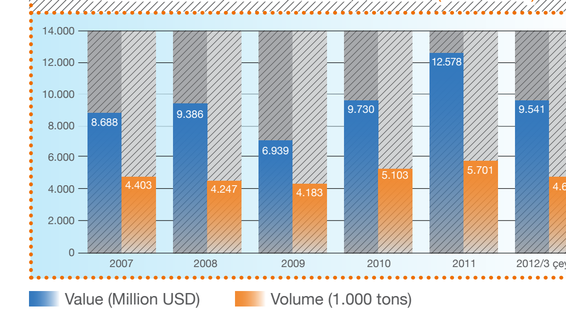
For plastics raw materials, the total volume of imports represent 9.4% of the total volume of exports.

PLASTICS EXPORTED FROM TURKEY (2007-2012)



Source: International Trade Center

PLASTICS IMPORTED FROM TURKEY (2007-2012)



Source: International Trade Center

In Turkey, local production of plastics raw materials considerably depend on imported input, but most of the local consumption of plastics products is supplied by domestic production.

Total value of the plastics raw materials and plastics products exported from Turkey was USD 4.58 billion in 2011, and USD 3.75 billion in the first nine months of 2012. Plastics products exported represented USD 3.49 billion of the above mentioned total value in 2011. Plastics products are exported from Turkey to approximately 200 countries. In 2011, Top Ten importers represented 56% and 55% of the exports from Turkey in terms of volume and value respectively. In the last two years Top Ten importers of plastics products from Turkey are Iraq, Germany, and Russia.

Chapter 5

Financial Situation

Audıtor's Report

Ege Profil Ticaret ve Sanayi A.Ş.
To partners;

Balance sheets and statements of profit and loss of Ege Profil Ticaret ve Sanayi Anonim Şirketi (Company) were supervised by considering standards, principles and fundamentals of auditing determined according to Turkish Trade Law as of the date of December 31, 2012.

According to this result, I would like to be seen as confirmation of Balance sheets and statements of profit and loss as of the date of December 31, 2012.

Yours Sincerely,
March 11, 2013
Ekrem Kayı
Auditor

Independent Audit Report

Ege Profil Ticaret ve Sanayi A.Ş.
to Executive Board and Shareholders

We have supervised summary and footnotes of important financial policies, cash flow statements, statement of changes in equity, statement of comprehensive income, statement of financial situation which is on attachment and prepared as of the date of December 31, 2012 and belonged to Ege Profil Ticaret ve Sanayi Anonim Şirketi (company).

Responsibility of Business Management About Financial Statements

Company management is responsible from preparing financial statements according to the financial statement standards published by capital market board (SPK) and presenting honestly. This responsibility includes that financial statements should be prepared without any important mistakes sourced from fault, deception and irregularity, needed internal audit should be designed in order to reflect the truth honestly, needed financial predictions should be made and proper financial policies should be chosen.

Responsibility of Independent Audit Association

Our responsibility is to express opinion about financial statements according to independent audit we made. Our independent audit was made in accordance with to independent audit standards which were published by capital market board. These standards requires that etic principles should be followed and internal audit should be planned and made in order to prove proper safety about the topic whether it reflects the truth in a proper way or not.

Our independent audit includes that independent audit techniques should be used in order to collect evidence about amount and footnotes at financial statements. Selection of independent audit techniques is made according to our occupational opinion which covers evaluation of risks including whether the financial statement are sourced from fault, deception and irregularity or not. On this risk evaluation, internal control system of the company is considered. But our aim is not to give about effectiveness of internal control system; it is to present relationship between internal control system and financial statements prepared by business management. Our independent audit also includes the evaluation of accordance of presentation of financial statement as a whole and important financial predictions made with finance policies accepted by business administration.

We believe that evidences, we have gained during independent audit, are sufficient and proper ground to determine our opinion.

Opinion

According to our opinion, attached financial statements reflect financial situation and financial performance and cash flow of Ege Profil Ticaret ve Sanayi Anonim Şirketi as of the date of December 31, within the frame of financial reporting standards which were published by capital market board honestly and correctly.

Ethem Kutucular, SMMM
Engagement Partner

March 8, 2013
İstanbul, Turkey

Ege Profil Ticaret ve Sanayi Anonim Şirketi

Financial Statements and Independent Auditor's for the year-ended December 31, 2012

Chapter 6

Ege Profil Ticaret ve Sanayi Anonim Şirketi

Statement of Financial Position as of December 31, 2011
(Currency - in Turkish Lira ("TL") unless otherwise indicated)

	Notes	Current period Audited December 31, 2012	Prior period Audited December 31, 2011
Assets			
Current assets		**241.775.861**	206.396.042
Cash and cash equivalents	4	**33.339.561**	14.631.180
Trade receivables			
- Due from related parties	7	**8.980.288**	11.069.870
- Other trade receivables	7	**172.744.121**	140.998.567
Other receivables	8	**409.741**	251.746
Inventories	9	**21.633.829**	30.758.269
Other current assets	16	**3.902.092**	7.995.063
		241.009.632	205.704.695
Non-current assets held for sale	23	**766.229**	691.347
Non-current assets		**90.429.569**	73.795.805
Other receivables	8	**159.079**	158.992
Tangible assets	10	**83.164.813**	64.977.829
Intangible assets	11	**6.251.654**	6.380.680
Goodwill	12	**655.883**	655.883
Other non-current assets	16	**198.140**	1.622.421
Total assets		**332.205.430**	280.191.847

The accompanying policies and explanatory notes form an integral part of the financial statements.

Ege Profil Ticaret ve Sanayi Anonim Şirketi

Statement of Financial Position as of December 31, 2012
(Currency - in Turkish Lira ("TL") unless otherwise indicated)

	Notes	Current period Audited December 31, 2012	Prior period Audited December 31, 2011
Liabilities and equity			
Current liabilities		**144.769.726**	131.876.223
Financial liabilities	5	**53.526.114**	69.797.136
Other financial liabilities	6	**50.840**	-
Trade payables			
- Due to related parties	7	**63.847**	53.304
- Other trade payables	7	**44.908.748**	29.289.215
Other payables	8	**38.711.812**	27.472.187
Income tax payable	13, 24	**410.231**	622.018
Provisions	13	**2.133.603**	1.828.627
Other current liabilities	16	**4.964.531**	2.813.736
Non-current liabilities		**30.788.977**	24.475.845
Financial liabilities	5	**22.666.667**	18.572.880
Employee termination benefits	15	**2.831.587**	2.275.561
Deferred tax liability	24	**5.290.723**	3.627.404
Equity		**156.646.727**	123.839.779
Paid-in share capital	17	**59.566.900**	59.566.900
Inflation adjustments to paid in capital	17	**7.840.703**	7.840.703
Fixed assets revaluation fund	17	**19.127.795**	6.350.915
Restricted reserves	17	**13.531.183**	13.531.183
Retained earnings	17	**36.863.888**	25.813.291
Net income for the period	17	**19.716.258**	10.736.787
Total liabilities and equity		**332.205.430**	280.191.847

The accompanying policies and explanatory notes form an integral part of the financial statements.

Ege Profil Ticaret ve Sanayi Anonim Şirketi

Comprehensive Income Statement for the year ended December 31, 2012
(Currency - in Turkish Lira ("TL") unless otherwise indicated)

	Notes	January 1 - December 31, 2012	January 1 - December 31, 2012
			Yeniden sınıflanmış (Not 2)
	Notes	Audited	Audited
Net sales	18	**296.041.699**	254.179.403
Cost of sales (-)	18	**(215.656.881)**	(192.671.184)
Gross profit		**80.384.818**	61.508.219
Selling, marketing and distribution expense (-)	19	**(32.325.480)**	(27.858.066)
General and administrative expense (-)	19	**(19.321.126)**	(15.545.019)
Other operating income	21	**2.730.478**	2.111.172
Other operating expense (-)	21	**(238.948)**	(624.278)
Operating profit		**31.229.742**	19.592.028
Financial income	22	**11.724.302**	18.619.241
Financial expense (-)	22	**(18.293.523)**	(24.769.777)
Net income before taxes from continuing operations		**24.660.521**	13.441.492
Tax income/expense for continuing operations			
- Current income tax expense	13, 24	**(4.402.538)**	(3.947.803)
- Deferred tax income/expense	24	**(541.725)**	1.243.098
Net income from continuing operations		**19.716.258**	10.736.787
Net income		**19.716.258**	10.736.787
Other comprehensive income/(loss)			
Change in fixed assets revaluation fund	17	**13.898.474**	(244.436)
Deferred tax effect	17, 24	**(1.121.594)**	40.739
Other comprehensive income/(loss) (after tax)		**12.776.880**	(203.697)
Total comprehensive income		**32.493.138**	10.533.090
Earnings per share	25	**0,3310**	0,1802

The accompanying policies and explanatory notes form an integral part of the financial statements.

Ege Profil Ticaret ve Sanayi Anonim Şirketi

Statements of changes in equity for the year ended December 31, 2012
(Currency - in Turkish Lira ("TL") unless otherwise indicated)

	Notes	Paid-in share capital	Inflation adjustment to paid in capital	Restricted reserves allocated from profits	Fixed assets revaluation fund	Retained earnings	Net income for the period	Total
Balance as at January 1, 2011		59.566.900	7.840.703	3.886.921	6.554.612	19.548.851	15.705.005	113.102.992
Net income for the year		-	-	-	-	-	10.736.787	10.736.787
Other comprehensive income/(loss)	17	-	-	-	(203.697)	-	-	(203.697)
Total comprehensive income/(loss)	17	-	-		(203.697)	-	10.736.787	10.533.090
Transfer to retained earnings		-	-	-	-	15.705.005	(15.705.005)	-
Transfer to reserves		-	-	9.644.262	-	(9.644.262)	-	-
Transfer to fixed assets revaluation fund	17	-	-	-	-	203.697	-	203.697
Balance as at December 31, 2011		59.566.900	7.840.703	13.531.183	6.350.915	25.813.291	10.736.787	123.839.779
Net income for the year	**17**	**-**	**-**	**-**	**-**	**-**	**19.716.258**	**19.716.258**
Fixed asset revaluation adjustment	**10, 17**	**-**	**-**	**-**	**13.027.928**	**-**	**-**	**13.027.928**
Other comprehensive income/(loss)	**10, 17**				**(251.048)**	**-**	**-**	**(251.048)**
Total comprehensive income/(loss		**-**	**-**	**-**	**12.776.880**		**19.716.258**	**32.493.138**
Transfer to retained earnings		**-**	**-**	**-**	**-**	**10.736.787**	**(10.736.787)**	
Transfer to reserves		**-**	**-**	**-**	**-**	**-**	**-**	
Transfer to fixed assets revaluation fund	**17**	**-**	**-**	**-**	**-**	**313.810**	**-**	**313.810**
Balance as at December 31, 2012		**59.566.900**	**7.840.703**	**13.531.183**	**19.127.795**	**36.863.888**	**19.716.258**	**156.646.727**

The accompanying policies and explanatory notes form an integral part of the financial statements.

Ege Profil Ticaret ve Sanayi Anonim Şirketi

Statement of cash flow for the year ended December 31, 2012
(Currency - in Turkish Lira ("TL") unless otherwise indicated)

		Current period	Prior period
		Audited	Audited
	Notes	**January 1- December 31, 2012**	January 1 - December 31, 2011
Cash flows from operating activities			
Income before provision for taxes		**24.660.521**	13.441.492
Adjustments to reconcile net income to net cash flows from operating activities			
(Income)/loss of fixed asset sales	21	**28.286**	(96.538)
Depreciation and amortization expense	10, 11, 20	**7.549.643**	7.506.802
Provisions for inventory impairment	9	**83.236**	145.848
Allowance for doubtful receivables	7	**5.423.272**	4.088.530
Provision for employee termination benefits	15	**556.027**	497.624
Provision for unused vacation	13	**229.152**	172.693
Forward (income)/los) accrual	6	**50.840**	(521.350)
Unrealised foreign exchange (gain)/loss		**(699.960)**	(3.761.620)
Interest income	22	**(2.882.481)**	(1.953.922)
Interest expense	22	**8.628.553**	7.190.865
Accrued income	16	**(1.229.713)**	(12.220)
Provision for litigation	13	**-**	(59.563)
Warranty provision	13	**75.824**	64.580
Operating profit before working capital changes		**42.473.200**	26.703.221
Inventories	9	**9.041.204**	(11.880.496)
Trade receivables (including related parties)	7	**(37.184.128)**	(32.594.495)
Trade payables (including related parties)	7	**15.630.076**	3.121.843
Other current liabilities	16	**2.799.178**	3.611.073
Other liabilities	8	**11.239.625**	3.149.313
Other current receivables	8	**(157.995)**	(103.570)
Other non-current receivables	8	**(87)**	(29.985)
Other non-current assets	16	**1.424.281**	(1.569.532)
Other current assets	16	**5.322.684**	(7.978.856)
Non-current assets held for sale, net		**(74.882)**	73.636
Collection of doubtful receivables	7	**2.104.884**	1.463.824
Taxes paid	13	**(4.614.325)**	(3.325.785)
Employment termination benefit paid		**(648.384)**	(164.136)
Net cash provided/(used) by operating activities		**47.355.331**	(19.523.945)
Investment activities			
Purchase of tangible assets	10	**(11.615.604)**	(10.709.492)
Purchase of intangible assets	11	**-**	(29.034)
Proceeds from sale of tangible assets		**192.001**	198.517
Interest received		**2.882.481**	1.953.922
Net cash used in investing activities		**(8.541.122)**	(8.586.087)
Financing activities			
Proceeds from bank borrowings, net	5	**(11.368.971)**	12.469.184
Interest paid		**(8.736.857)**	(4.699.751)
Proceeds from forward transactions	6	**-**	(110.100)
Net cash used in financing activities		**(20.105.828)**	7.659.333
Cash and cash equivalent			
Net (decrease)/increase in cash and cash equivalents		**18.708.381**	(20.450.699)
Beginning of the period	4	**14.631.180**	35.081.879
End of the period	4	**33.339.561**	14.631.180

The accompanying policies and explanatory notes form an integral part of the financial statements.

Ege Profil Ticaret ve Sanayi Anonim Şirketi

Notes to financial statements for the year ended December 31, 2012
(Currency - in Turkish Lira ("TL") unless otherwise indicated)

1. Corporate Organization and Activities

Ege Profil Ticaret ve Sanayi A.Ş. (the Company) is a company registered in İzmir. The main operations of the Company are manufacturing and sales of all types of plastic pipes, spare parts, and all types of profiles and plastic goods.

The registered addresses of the Company are as follows:

Atatürk Organize Sanayi Bölgesi, 10003 Sokak, No:5, Çiğli - İzmir

As of December 31, 2012 and 2011, the details of the Company's shareholding structure of the Company is as follow

	December 31, 2012	December 31, 2011
Name	**Share percentage**	Share percentage
Deceuninck N.V.	**% 97,54**	% 97,54
Public offering	**% 2,46**	% 2,46
Total	**% 100,00**	% 100,00

As of December 31, 2012, %2,46 of the Company shares is listed on Istanbul Stock Exchange ("ISE").

The main partner Deceuninck NV, acting as a loan receiver, has pledged all of its shares amounting to 58,100,520 representing 97,5382% of the Company's share capital in favor of Fortis Bank NV/SA, which is acting as assurance agent for refinancing purposes in accordance with the Share Pledge Agreement made on August 16, 2012 upon the amendment of the Loan Contract dated September 11, 2009 on July 16, 2012 (Note 17).

As of December 31, 2012 and 2011, the number of personnel by category is as follows:

	December 31, 2012	December 31, 2011
Administrative	**149**	150
Production	**466**	434
Total	**615**	584

The financial statements of December 31, 2012 were approved by the Board of Directors of the Company and authorized for issue on March 8, 2013. The general assembly and certain regulatory bodies have the power to amend the statutory financial statements.

2. Basis of Preparation Financial Statements

(i) The main accounting policies used for preparing the Company's financial statements are stated below:

Basis of presentation of the financial statements

The financial statements of the Company have been prepared in accordance with the accounting and reporting principles published by the CMB, namely "CMB Financial Reporting Standards".

The CMB regulated the principles of preparation, presentation and announcement of financial statements prepared by the entities with the Communiqué XI, No: 29, "Principles of Financial Reporting in Capital Markets" (the "Communiqué"). The Communiqué is effective for the annual periods starting from January 1, 2008 and supersedes Communiqué XI, No: 25, "The Accounting Standards in the Capital Markets".

According to the Communiqué, entities shall prepare their financial statements in accordance with International Financial Reporting Standards ("IAS/IFRS") endorsed by the European Union. Until the differences of the IAS/IFRS as endorsed by the European Union from the ones issued by the International Accounting Standards Board ("IASB") are announced by Turkish Accounting Standards Board ("TASB"), IAS/IFRS issued by the IASB shall be applied. Accordingly, Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/TFRS") issued by the TASB, which do not contradict with the a forementioned standards shall be applied.

As the differences of the IAS/IFRS endorsed by the European Union from the ones issued by the IASB have not been announced by TASB as of the date of preparation of these financial statements, the financial statements have been prepared within the framework of Communiqué XI, No: 29 and related promulgations to this Communiqué as issued by the CMB, in accordance with the CMB Financial Reporting Standards which are based on IAS/IFRS. The financial statements and the related notes to them are presented in accordance with the formats recommended by the CMB, at April 14, 2008.

The Company maintains its books of account and prepares its statutory financial statements in accordance with the Turkish Commercial Code and Tax Legislation.

The financial statements have been prepared from statutory financial statements of the Company and are presented in accordance with communiqué of the CMB in Turkish Lira (TL) with adjustments and certain reclassifications for the purpose of fair presentation in accordance with CMB Financial Reporting Standards.

Financial statements have been prepared under the historic cost convention, excluding land, land improvements, buildings and forwarded exchange deals.

Functional and Reporting Currency

Functional and reporting currency of the financial statements is Turkish Lira (TL). The financial statements for the year ended December 31, 2012 and all data related with the previous years' financial statements are presented in Turkish Lira (TL).

2. Basis of Preparation Financial Statements (continued)

(ii) Adjustments of Financial Statements During Hyper-Inflationary Periods:

IAS 29 deals with the effects of inflation on financial statements and requires that financial statements prepared in the currency of a high inflation economy be stated in the terms of the measuring unit current at the reporting date and that corresponding figures for previous periods be restated in the same terms. As per the resolution of the Capital Market Board (CMB) dated March 17, 2005 Nr 11/367, the application of inflation adjustment of the financial statements has ended in 2005. For that reason, the financial statements are stated at the purchasing value of the Turkish Lira as at December 31, 2004. Additions to non-monetary items subsequent to January 1, 2005 are stated at their nominal values.

(iii) Adjustments

The accompanying financial statements have been prepared in accordance with IAS/IFRS with the below mentioned adjustments which are not stated in the statutory records.

- Adjustment of depreciation and amortization based on the useful lives of tangible and intangible assets
- Adjustments related to discounting the cost values of land and buildings to their market values
- Provision for doubtful receivables
- Warranty provision for sales
- Provision for litigation
- Adjustment on provision for termination indemnity and leaves
- Adjustment related to bonus earnings
- Provision for bonus payments
- Inventory provision
- Rediscount calculation on maturity cheques, notes receivable, notes payable, customers, and suppliers
- Deferred tax adjustment

(iv) Comparative Information and Adjustment of Prior Period Financial Statements:

The statements of financial position as of December 31, 2012 and 2011 and the related notes as well as the statements of comprehensive income, changes in equity, and cash flows for the periods January 1 - December 31, 2012 and January 1 - December 31, 2011 have been presented comparatively.

a) Sale premiums and commissions amounting to TL 2.711.223 reflected in the selling, marketing and distribution expenses account for the year ended December 31, 2011, has been netted off in the net sales account.
b) Discount expense/income(net) on the receivables amounting to TL 2.069.604 in the cost of sales account for the year ended December 31, 2011, has been netted off in the net sales account.
c) Discount income/expense(net) on the payables amounting to TL 127.311 in the cost of account for the year ended December 31, 2011 has been netted off in the net sales account.
d) Customer complaint expenses amounting to TL 98,162 reflected in the selling, marketing and distribution expenses account for the year ended December 31, 2011, has been netted off in the net sales account.

2. Basis of Preparation Financial Statements (continued)

(v) Offsetting:

Offsetting financial assets and liabilities can only be made under the conditions where the offsetting transaction is legally allowed and the company has an intention in this respect or where the acquisition of assets and fulfilment of liabilities are realized simultaneously.

(vi) Changes and Errors in Accounting Policies and Accounting Estimates:

The Company has applied its accounting policies consistent with the prior year. Significant changes in the accounting policies and significant accounting errors are accounted for retrospectively and the prior period financial are revised. In the event that changes in the accounting estimates are related to one period only, they are applied only to the period in which the change has been made; however, if they are related to the future periods, they are applied both the period in which the change has been made and the future periods.

The preparation of financial statements in accordance with CMB standards, require the Company's management to make judgments, estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those judgments, estimates and assumptions. Those judgments, estimates and assumptions are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the periods in which they become known. Significant judgments, estimates and assumptions used in the preparation of these financial statements are presented in the related disclosures. These are mainly as follows:

a) The liability of defined benefit plans is determined using actuarial valuations which involve making assumptions about discount rates, future salary increases and employee turnover. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Further details about the assumptions used are given in Note 15.

b) The allowance for doubtful receivables is an estimated amount that management believes to be adequate to absorb possible future losses on existing receivables that may become uncollectible due to current economic conditions and inherent risks in the receivables. When evaluating the impairments of the receivables, credibility and prior performance of the other debtors in the market, performance of related asset from the balance sheet date to financial statement and revised conditions are also considered. As of related balance sheet date, doubtful receivable allowance is performed in Note 7.

c) The Company's management has made certain important assumptions based on experiences of their technical personnel in determining useful economic life of the tangible and intangible assets.

d) The Company makes slow moving inventory analysis and records impairment for those which are expected to be not used. In determination of the net realizable value of the inventories, data of average discount rates determined in the year and listed sales price are used and certain estimations related with selling expenses are also made in the analysis.

2. Basis of Preparation Financial Statements (continued)

e) The Company tests for impairment by using the discounted cash flow method. For this purpose, certain estimations on the result of future operations and the discount ratio are used in the analysis. According to impairment tests realized for the year ended December 31, 2012 the Company has concluded that there is no impairment on the non-financial assets.

f) Deferred tax assets are recognized for all deductible temporary differences and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilized. When defining the deferred tax amounts, necessary forecasts and appreciations should be made (Note 24).

g) In determining of provision for litigations, the Company considers the probability of legal cases to be resulted against the Company and the Company management books a provision in accordance with their best estimates (Note 13).

h) In accordance with a tax inspection for 2007, Company calculates the future liability amount, for a probable liability which may occur. The amount is calculated by making its best estimate according to Company's tax consultant's opinion (Note 13).

(vii) New and amended standards and interpretations:

The accounting policies adopted in preparation of the (consolidated) financial statements as at December 31, 2012 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of January 1, 2012. The effects of these standards and interpretations on the Company's financial position and performance have been disclosed in the related paragraphs.

The new standards, amendments and interpretations which are effective as at January 1, 2012 are as follows:

IAS 12 Income Taxes: Recovery of Underlying Assets (Amendment)

IAS 12 has been updated to include i) a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale and ii) a requirement that deferred tax on non-depreciable assets, measured using the revaluation model in IAS 16, should always be measured on a sale basis. These amendments will be applied retrospectively. Adoption of this amendment did not have any impact on the financial position or performance of the Company.

IFRS 7 Financial Instruments: Disclosures - Transfers of Financial Assets (Amended)

The purpose of this amendment is to allow users of financial statements to improve their understanding of transfer transactions of financial assets (e.g. securitizations), including understanding the possible effects of any risks that may remain with the entity which transferred the assets. The amendment also requires additional disclosures if a disproportionate amount of transfer transactions are undertaken

2. Basis of Preparation Financial Statements (continued)

around the end of a reporting period. Comparative disclosures are not required. The amendment affects disclosures only and will not have any impact on the financial position or performance of the Company.

Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the financial statements are as follows. The Company will make the necessary changes if not indicated otherwise, which will be affecting the financial statements and disclosures, after the new standards and interpretations become in effect.

IAS 1 Presentation of Financial Statements (Amended) - Presentation of Items of Other Comprehensive Income

The amendments are effective for annual periods beginning on or after July 1, 2012, but earlier application is permitted. The amendments to IAS 1 change only the grouping of items presented in other comprehensive income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time would be presented separately from items which will never be reclassified. The amendments will be applied retrospectively. The amendment affects presentation only and will have no impact on the financial position or performance of the Company.

IAS 19 Employee Benefits (Amended)

Amended standard is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. With very few exceptions retrospective application is required. Numerous changes or clarifications are made under the amended standard. Among these numerous amendments, the most important changes are removing the corridor mechanism and making the distinction between short-term and other long-term employee benefits based on expected timing of settlement rather than employee entitlement. The Company is in the process of assessing the impact of the amended standard on the financial position or performance of the Company.

IAS 27 Separate Financial Statements (Amended)

As a consequential amendment to IFRS 10 and IFRS 12, the IASB also amended IAS 27, which is now limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. Transitional requirement of this amendment is similar to IFRS 10. This amendment will not have any impact on the financial position or performance of the Company.

IAS 28 Investments in Associates and Joint Ventures (Amended)

As a consequential amendment to IFRS 11 and IFRS 12, the IASB also amended IAS 28, which has been renamed IAS 28 Investments in Associates and Joint Ventures, to describe the application of the equity method to investments in joint ventures in addition to associates. Transitional requirement of this amendment is similar to IFRS 11. The Company does not expect that this amendment will have any impact on the financial position or performance of the Company.

2. Basis of Preparation Financial Statements (continued)

IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities (Amended)

The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are to be retrospectively applied for annual periods beginning on or after January 1, 2014. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

IFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities (Amended)

New disclosures would provide users of financial statements with information that is useful in

(i) evaluating the effect or potential effect of netting arrangements on an entity's financial position and
(ii) analyzing and comparing financial statements prepared in accordance with IFRSs and other generally accepted accounting standards.

The amendments are to be retrospectively applied for annual periods beginning on or after January 1, 2013 and interim periods within those annual periods. The amendment affects disclosures only and will have no impact on the financial position or performance of the Company.

IFRS 9 Financial Instruments - Classification and Measurement

As amended in December 2011, the new standard is effective for annual periods beginning on or after January 1, 2015. Phase 1 of this new IFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to IFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. Early adoption is permitted. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

IFRS 10 Consolidated Financial Statements

The standard is effective for annual periods beginning on or after January 1, 2014 and is applied on a modified retrospective basis. This new Standard may be adopted early, but IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities should be also adopted early.

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. A new definition of control is introduced, which is used to determine which entities are consolidated. This is a principle based standard and require preparers of financial statements to exercise significant judgment. The Company does not expect that this amendment will have any impact on the financial position or performance of the Company.

2. Basis of Preparation Financial Statements (continued)

IFRS 11 Joint Arrangements

The standard is effective for annual periods beginning on or after January 1, 2013 and is applied on a modified retrospective basis. This new Standard may be adopted early, but IFRS 10 Consolidated Financial Statements and IFRS 12 Disclosure of Interests in Other Entities should be also adopted early.

The standard describes the accounting for joint ventures and joint operations with joint control. Among other changes introduced, under the new standard, proportionate consolidation is not permitted for joint ventures. The Company does not expect that this standard will have an impact on the financial position or performance of the Company.

IFRS 12 Disclosure of Interests in Other Entities

The standard is effective for annual periods beginning on or after January 1, 2013 and is applied on a modified retrospective basis. This new Standard may be adopted early, but IFRS 10 Consolidated Financial Statements and IFRS 11 Joint Arrangements should be also adopted early.

IFRS 12 includes all of the disclosures that were previously in IAS 27 Consolidated and Separate Financial Statements related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 Interests in Joint Ventures and IAS 28 Investment in Associates. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. Under the new standard the Company will provide more comprehensive disclosures for interests in other entities and has no impact on the financial position or performance of the Company.

IFRS 13 Fair Value Measurement

The new Standard provides guidance on how to measure fair value under IFRS but does not change when an entity is required to use fair value. It is a single source of guidance under IFRS for all fair value measurements. The new standard also brings new disclosure requirements for fair value measurements. IFRS 13 is effective for annual periods beginning on or after January 1, 2013 and will be adopted prospectively. Early application is permitted. The new disclosures are only required for periods beginning after IFRS 13 is adopted - that is, comparative disclosures for prior periods are not required. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

IFRIC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine

The Interpretation is effective for annual periods beginning on or after January 1, 2013 with earlier application permitted. Entities will be required to apply its requirements for production phase stripping costs incurred from the start of the earliest comparative period presented. The Interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. The interpretation is not applicable for the Company and will not have any impact on the financial position or performance of the Company.

2. Basis of Preparation Financial Statements (continued)

Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)

The guidance is effective for annual periods beginning on or after January 1, 2013. The amendments change the transition guidance to provide further relief from full retrospective application. The date of initial application is defined as 'the beginning of the annual reporting period in which IFRS 10 is applied for the first time'. The assessment of whether control exists is made at 'the date of initial application' rather than at the beginning of the comparative period. If the control assessment is different between IFRS 10 and IAS 27/SIC-12, retrospective adjustments should be determined. However, if the control assessment is the same, no retrospective application is required. If more than one comparative period is presented, additional relief is given to require only one period to be restated. For the same reasons IASB has also amended IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities to provide transition relief. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

Improvements to IFRSs

The IASB has issued the Annual Improvements to IFRSs-2009-2011 Cycle, which contains amendments to its standards. The annual improvements project provides a mechanism for making necessary, but non-urgent, amendments to IFRS. The effective date for the amendments is for annual periods beginning on or after January 1, 2013. Earlier application is permitted in all cases, provided that fact is disclosed. This project has not yet been endorsed by the EU.

IAS 1 Financial Statement Presentation:
Clarifies the difference between voluntary additional comparative information and the minimum required comparative information.

IAS 16 Property, Plant and Equipment:
Clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

IAS 32 Financial Instruments: Presentation:
Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes. The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders.

IAS 34 Interim Financial Reporting:
Clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment. Total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual financial statements for that reportable segment.

2. Basis of Preparation Financial Statements (continued)

IFRS 10 Consolidated Financial Statements (Amendment)

IFRS 10 is amended to provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss in accordance with IFRS 9 Financial Instruments. The amendment applies for annual periods beginning on or after January 1, 2014 with earlier application permitted. The Company does not expect that this amendment will have any impact on the financial position or performance of the Company.

(viii) Summary of significant accounting policies and valuation methods:

Financial İnstruments:

Financial instruments consists of the financial assets and liabilities stated below:

i. Cash and cash equivalents

Cash and cash equivalents consist of cash balances on hand, cheques matured at the year-end, cash at banks, and bank deposits with maturities less than 3 months. Acquisition costs and accrued interests of cash and cash equivalents are stated together in a lump sum figure.

Cash is composed of Turkish Lira and foreign currency balances. Turkish Lira balances are stated at their face values and the foreign currency balances are translated to Turkish Lira at the foreign exchange rate issued by the Turkish Central Bank at the reporting date.

Bank accounts consist of demand deposit and time deposit accounts and the related interest accrued. Turkish Lira deposit accounts are stated at their carrying values and foreign currency accounts are translated into Turkish Lira at the foreign exchange rate issued by the Central Bank at the reporting date.

Cheques received are stated among trade receivables with maturities exceeding the reporting period and they are subject to rediscount in the reporting period.

Fair value

As the foreign currency cash and cash equivalents are translated into Turkish Lira at the foreign exchange rates of the reporting date, it is assumed that the fair values of these assets approximate to their book values.

As the recorded values of cash and banksa re converted into cash in very short terms, and there is no risk of value decrease, their book values are assumed to approximate to their fair values.

2. Basis of Preparation Financial Statements (continued)

ii. Trade receivables

The notes and post-dated cheques classified among trade receivables are recognized at their carrying values after provisions for doubtful trade receivables are deducted from the invoice total and they are carried at their net values discounted by using the effective interest rates. Provision is mad efor doubtful receivables if there is clear evidence that the due receivables will not be collectible. The receivables deemed uncollectible are deleted from the records. Provision is the amount estimated by the management to provide fort he potential losses that may arise from economic conditions or from the risk attributed to the account.

Fair value

Discounted trade receivables for which provisions for doubtful receivables are accrued are assumed to approximate to the fair values of these assets.

iii. Related parties

a. A person or a close member of that person's family is related to a reporting entity if that person:

(i) has control or joint control over the reporting entity;
(ii) has significant influence over the reporting entity; or
(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b. An entity is related to a reporting entity if any of the following conditions applies:

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
(vi) The entity is controlled or jointly controlled by a person identified in (a).
(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

(Currency - in Turkish Lira ("TL") unless otherwise indicated)

2. Basis of Preparation Financial Statements (continued)

Fair value

The carrying values of balances due to and from related parties are assumed to approximate to the fair values of these assets and liabilities.

iv. Short and Long Term Bank Loans and Trade Payables:

Short and long term bank loans are stated at the value computed through addition of the principal amount and the interest expenses accrued as of the reporting date, discounted by the effective interest method.

Trade payables, other payables, and post dated cheques given which are recognized in trade payables are stated at their discounted cost values representing the fair value of future billed and unbilled amounts to arise from acquisition of goods and services.

Fair value

The fair values of short and long term bank loans are assumed to be equivalent to the recorded values computed by adding the accured interest liabilities calculated over the effective interest rate as of the reporting dates on the cost of the mentioned financial debts. Similarly, discounted cost values of trade payables are considered to be equivalent to their fair values.

Inventories:

Inventories are stated at the lower of cost or net realizable value. Expenditures made to bring inventory to its current status are accounted for as follows:

The costs of raw materials and supplies are determined by weighted average cost method. The costs of finished and semi-finished goods are determined by weighted average cost method with direct material and labor expenses as well as variable and fixed overhead.

Tangible assets:

Tangible assets are stated at cost less their accumulated depreciation and impairment loss, if any. Tangible assets have been restated using the measuring unit current at December 31, 2004 from the dates of acquisition. Acquisitions subsequent to January 1, 2005 are stated at their nominal values. Depreciation of tangible assets is made by straight-line method over the inflation-adjusted amounts and the nominal values of acquisitions subsequent to January 1, 2005 based on the economic useful lives of assets.

2. Basis of Preparation Financial Statements (continued)

Land and buildings are stated at their market value less accumulated depreciation. The difference between the cost value and the market value is follows up under equity in the "Fixed Assets Revaluation Fund" account. Fair value study was made on June 14, 2012 by Denge Gayrimenkul Değerleme ve Danışmanlık A.Ş. licensed by the Capital Market Board. The fair values of the lands, land improvements and buildings have been determined according to market prices.

Furthermore, the difference between the depreciation based on the restated carrying value of the asset and the depreciation based on the acquisition value of the asset is transferred annually during the course of utilization from the fixed assets revaluation fund account to the retained earnings account.

Tangible assets are subject to depreciation at cost as per the straight line method based on their economic lives.

The depreciation periods used in prior periods and as of the reporting date are as follows:

	December 31, 2012	December 31, 2011
	Period (Years)	Period (Years)
Land improvements	**2-40**	10-40
Buildings	**10-40**	10-40
Furniture and fixtures	**3-10**	4-10
Machinery and equipment	**5-25**	5-25
Motor vehicles	**4-8**	4-8

The cost value of a tangible asset comprises its acquisition price, import taxes, non-returnable taxes, and expenditures to ready the tangible asset for use. The expenses arising after the tangible assets are started to be used, i.e., maintenance and repair costs, are expensed in the period they are constituted. If expenditures provide economic benefit for the future use of the related tangible assets , they are added onto the cost of the asset and made subject to depreciation fort he remaining part of its economic life.

Intangible assets:

Intangible assets are stated at their cost values less accumulated amortisation and impairment losses, if any.

The acquisition values of intangible assets are considered in the restatement of intangible assets as at December 31, 2004. Additions made subsequent to January 1, 2005 are stated at their nominal values. Intangible assets are amortized over their inflaton-adjusted values and the nominal values of additions subsequent to January 1, 2005, as per their useful lives.

(Currency - in Turkish Lira ("TL") unless otherwise indicated)

2. Basis of Preparation Financial Statements (continued)

Intangible assets mainly consist of outsourced licences, trademarks, industrial software, dealer list, software licence right, and other rights and they are capitalized over the market value constituted during the trade operations as per the IFRS 3 "Business Combinations". The positive goodwill arising as a result of the establisment of the related business combination as well as the trademarks, and outsourced licences are not subject to amortisation as their economic lives cannot be estimated; however, the impairment losses in the carrying value, if any, are reviewed each year.

Other intangible assets are software licensing right and other rights which are amortized by straight-line method over an expected economical life of 3-20 years. The carrying values of the said intangibles are analyzed for impairment if and when the conditions change.

Non-current Assets Held for Sale:

The non-current assets held for sale represent assets obtained from deptors in default. These assets are carried at the lower of carrying amount stated in the Company records and their market values assigned to title deeds. When the right of use of an asset is obtained by court decision or by the consent of the customer, the related total of doubtful trade receivables have been set off from the value determined in expertise reports and classified under the non-current assets held for sale account, and the difference between the fair value of the asset and the amount of trade receivable is recognized in the statement of income. The Company does not provide any depreciation for these assets unless they are used in the operations of the Company. When the assets are sold, difference between the sales proceeds and the carrying value of the asset is recognized in the income statement.

Assets and Liabilities in Foreign Currency:

Assets and liabilities in foreign currency are translated into Turkish Lira at the foreign currency rates announced by the Turkish Central Bank at the reporting dates. Transactions in foreign currencies during the period are translated intı Turkish Lira at the actual rates applicable on the transaction date. Exchange gains and losses arising from these transactions are included in the statement of compherensive income.

Exchange rates used at the reporting dates are as follows:

Date	TL / USD	TL / Euro	TL / AUD
Buying rate of Exchange			
December 31, 2012	**1,7826**	**2,3517**	**1,8477**
December 31, 2011	1,8889	2,4438	1,9166

2. Basis of Preparation Financial Statements (continued)

Impairment of Assets:

In the case the book value of an asset exceeds its recoverable value, a provision for impairment loss is taken sa as to bring the book value of the asset down to the level of its fair value and the amount of the provision is recorded as expense in the statements of compherensive income.

On the other hand, the reverable value of cash generating assets is deemed to be the higher of their net sales price and the value in use. The value in use of the said assts is the present value of the future cash flows expected from continuous use and sale of these assets, discounted at a reasonable discounted rate.

In the event that provisions made for impairment in the prior periods are no longer valid or higher then necessary, it is reversed and reflected to the statement of income.

However, the increase in the carrying value of the asset arising from reversal of impairment provision is recognized only under the condition that it does not exceed the value of the asset that would arise in case there is no impairment provision made during the prior years. The loss in carrying value arising from revaluation of fixed assets is initially stated as a liability with the revaluation fund in equity set off; and if there is a subsequent balance left from the total value decrease, it is stated as expense in the statement of income.

Borrowing Costs:

Borrowing costs are stated as expense. The borrowing costs related to the qualifying asset are included directly in the cost of the qualifying asset ready for use are completed, the capitalization of the borrowing costs is ended.

Deferred Taxes:

Deferred taxes are calculated on the temporary differences that arise between the deductible tax base and the book values of assets and liabilities, by using the liability method. The main temporary differences arise from the income and expense items recognized in different periods with respect to the IAS/IFRS and the tax legislation. While deferred tax liabilities are calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated with the assumption that the Company will have taxable income during the future periods.

An enterprise should ofset current tax assets and current tax liabilities if the enterprise has a legally enforceable right to set off the recognized amounts, provided that the tax assets and tax liabilities are subject to the tax legislation of the same jurisdiction.

2. Basis of Preparation Financial Statements (continued)

Income Taxes:

Under the Turkish Taxation Code, a company that has its head office or place of business in Turkey is subject to a corparate tax.

Corparate earnings are subject to corparation tax at a rate of 20%. No witholding is calculated for tax-exempt income provided that it is not distributed. Whether exempted or not, dividends paid in cash to real persons with full liability and real persons and entities with limited liability (non-residents) are subject to income tax witholding at a rate of 15%. Addition of current year and prior year profits (retained earnings) tos hare capital has not been regarded as distibution of profits and therefore no witholding tax is applicable to these earnings. On the other hand, no witholding tax is applicable to entities with full liability in profit distributions.

Further, provisional corporation tax is paid at a rate of 20% on the profits declared for interim periods to be deducted from the corporation tax.

Under the Turkish taxation system, tax losses can be carried forward to be ofset againist future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

As of December 31, 2012 and 2011 income tax provisions have been made in accordance with the prevailing tax legislation.

Employee Benefits:

Under Turkish Labour Law Article 25/II, the Company is required to pay termination indemnities to each employee who completes one year of service and whose employment is terminated upon causes that qualify the employee to receive termination indemnity, is called up for military service, leaves within one year after marriage (women only), and to those employees who retire or die. The amount payable consists of one month's salary for each year of service is TL 3.033,98 as of December 31, 2012 (December 31, 2011 - TL 2.731,85).

The termination indemnity liability stated in the accompanying financial statements has been determined as per the recognition and valuation principles stated in "Employee Benefits" IAS 19. As the characteristics of the termination indemnity liabilities are similar to the "Post Employment Benefit Plans" stated in this standard, these liabilities are calculated and stated in the financial statements on the basis of below mentioned "Proposed Unit Loan Method" and other various assumptions.

• The dates that the employees will gain their pension rights are determined with respect to the prevailing social security laws with consideration to their past employment durations.

2. Basis of Preparation Financial Statements (continued)

• In calculating the current value of future liabilities that may arise due to the retirement or contract termination of an employee, it is assumed that the current salaries and wages or, if higher than the value of the termination indemnity upper limit determined by the Labour Law for December 31, 2012, the termination indemnity upper limit, to remain constant for restatement purposes, and, this value is reduced by the actual discount rate of 3,62% (December 31, 2011-4,66%) calculated based upon the assumption that the expected discount rate will be 8,9% (December 31, 2011-10%) which represents the proposed average interest rate per annum of the government bonds, in order to determine the current net value of the determination indemnity liability at the balance sheet date.

Revenues and Expenses:

The accrual basis of accounting is applied for the recognition of revenues and expenses. The accrual concept requires that revenue, income and profitsshould be matched with costs, expenses and losses belonging to the same period.

Interest revenue accrual is calculated over the effective interest rate. In the event that thaere is unpaid interest accrual before acquisition of a marketable security bearing interest, the interest collected subsequently is allocated to periods before and after acquisition, and only the part that relates to the period after acquisition is recognized as income in the financial statements.

Dividend income is recognized when the right to receive the dividend is established.

Revenue:

Revenue is measured at the fair value of the considerationreceived or to be received.

Revenue from the sale of goods is recognized when the entity has transferred to the buyer the significant risks and rewards of ownership of the goods, when the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, when the amount of revenue can be measured reliably, when it is probable that the economic benefits associated with the transaction will flow to the entity, and when the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Financial Derivatives:

The Company makes forward exchange contracts. The said forward contracts entered into for hedging purposes as per the Company's risk management policies are not deemed sufficient for hedge accounting in accordance with the IAS 39 (Financial Instruments: Recognition and Measurement); hence, they are defined as "held for trading" and stated in the financial statements in the other short term financial liabilities and assets at their market values while the changes in market values are reflected to the statement of income.

2. Basis of Preparation Financial Statements (continued)

Earnings/(Loss) per Share:

Earnings/(Loss) per share is calculated by dividing the net profit or loss for the year by the weighted average number of ordinary shares outstanding during the period.

Enterprises in Turkey can increase their capital through distributing bonus shares to their shareholders proportionate to their shareholding from retained earnings and differences arising from inflation adjustment in shareholder's equity. These bonus shares are regarded as issued shares in calculating earnings/(loss) per share. Hence, retroactive calculation is made to arrive at the weighted average number of shares in respect of the bonus shares.

Events After the Reporting Period:

In case there are subsequent events requiring adjutment, the Company adjusts the amounts stated in the financial statements in light of the prevailing conditions. When there are events after the reporting period which do not require adjustments, they are disclosed, if deemed necessary, in the related period.

Provisions, Contingent Assets and Liabilities:

Provisions

Provisions are recognized only if there is a present obligation as a result of a post obligating event, it is probable that outflow of economic resources is required because of this obligation or the amount of obligation can be reasonably estimated.

Where the effect of the time value of Money is material, the amount of a provision should be the present value of the expenditures expected to be required to setle the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate of the management.

Warranty provisions

The Company provides replacement maintenance and repair services at conditions that conform to certain criteria. Far the said commitmenti the Company makes a provision of 2/1000 of its annual sales based on past experience.

Contingent liabilities and contingent assets

The contingent liabilities are not recognized but disclosed unless the possibility of an outflow of economic resources is remote. Contingent assets are not recognized but disclosed where an inflow of economic benefits is probable.

2. Basis of Preparation Financial Statements (continued)

Leases:

Finance lease

Finance leases transferring all risks and rewards of ownership of the leased asset are recorded at commencement of the lease term at the lower of the fair value of the asset and the present value of the minimum lease payments. Finance lease payments are apportioned between the finance charge and the reduction of the outstanding liability (the finance charge is allocated so as to produce a constant periodic rate of interest on the remaining balance of the liability). Financing expenses are recognised directly in the income statement. Capitalized leased assets are subject to depreciation over the expected useful life of the asset.

Operating lease

Leases where the lessee retains all risks and rewards of ownership are classified as operating leases. Operating lease payments are stated as expense in the statement of income throughout the lease period on straight-line basis.

Segment Reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the steering committee that makes strategic decisions. Board of Directors has been identified as the component authority to decide on the operations of the entity.Company's segments are defined as domestic, export and other . Some assets, liabilities, income and expenses are managed centrally and accordingly they have not been included in the segment reporting.

Business Combinations:

As of October 21, 2004, the Company has acquired from Pilsa A.Ş. (Pilsa) the operations realized under the trade name of "Winsa". The Company has recognized the identifiable assets and liabilities acquired as per the IFRS 3"Business Combinations" at their fair values on the effective date of the contracti that is, on December 1, 2004; and the difference between the acquisition cost and the fair values of the identifiable assets and liabilities are stated as goodwill after deferred tax effect is deducted.

(Currency - in Turkish Lira ("TL") unless otherwise indicated)

3. Segment Reporting

Segment reporting (TL) of the Company as of December 31, 2012 as follows:

				December 31, 2012
	Domestic market*	Export market**	Common***	Total
Sales income	260.324.370	35.717.329	-	296.041.699
Finished goods	230.724.600	30.218.710	-	260.943.310
Trade goods	28.153.033	4.336.023	-	32.489.056
Other	1.446.737	1.162.596	-	2.609.333
Cost of sales (-)	(189.133.792)	(26.523.089)	-	(215.656.881)
Finished goods	(162.978.239)	(22.176.038)	-	(185.154.277)
Trade goods	(23.926.674)	(3.215.213)	-	(27.141.887)
Other	(2.228.879)	(1.131.838)	-	(3.360.717)
Gross profit	71.190.578	9.194.240	-	80.384.818
Research and development expense (-)				
Selling, marketing and distribution expense (-)	(20.750.540)	(5.151.888)	(6.423.052)	(32.325.480)
General and administrative expense (-)	-	-	(19.321.126)	(19.321.126)
Other operating income	-	-	2.730.478	2.730.478
Other operating expense (-)	-	-	(238.948)	(238.948)
Operating profit	50.440.038	4.042.352	(23.252.648)	31.229.742
Financial income	-	-	11.724.302	11.724.302
Financial expense (-)	-	-	(18.293.523)	(18.293.523)
Net income before taxes from continuing operations	50.440.038	4.042.352	(29.821.869)	24.660.521
Tax income/expense for continuing operations	-	-	(4.944.263)	(4.944.263)
- Current tax expense for the period	-	-	(4.402.538)	(4.402.538)
- Deferred tax income/loss	-	-	(541.725)	(541.725)
Net income of continuing operations	50.440.038	4.042.352	(34.766.132)	19.716.258
Net income / (loss)	50.440.038	4.042.352	(34.766.132)	19.716.258

(*) Turkey
(**) European Countries, Middle East Countries, Turkish Republics, African countries, Other Asian countries and Other Countries
(***) Unallocated income (Expense)

3. Segment Reporting (continued)

Segment reporting (TL) of the Company as of December 31, 2011 as follows:

				December 31, 2011
	Domestic market*	Export market**	Common***	Total
Sales income	225.927.142	28.252.261	-	254.179.403
Finished goods	199.484.550	23.402.091	-	222.886.641
Trade goods	23.987.605	2.870.500	-	26.858.105
Other	2.454.987	1.979.670	-	4.434.657
Cost of sales (-)	(171.490.772)	(21.180.412)	-	(192.671.184)
Finished goods	(147.105.785)	(17.241.473)	-	(164.347.258)
Trade goods	(21.127.267)	(2.037.055)	-	(23.164.322)
Other	(3.257.720)	(1.901.884)	-	(5.159.604)
Gross profit	54.436.370	7.071.849	-	61.508.219
Selling, marketing and distribution expense (-)	(18.535.285)	(4.700.941)	(4.621.840)	(27.858.066)
General and administrative expense (-)	-	-	(15.545.019)	(15.545.019)
Other operating income	-	-	2.111.172	2.111.172
Other operating expense (-)	-	-	(624.278)	(624.278)
Operating profit	35.901.085	2.370.908	(18.679.965)	19.592.028
Financial income	-	-	18.619.241	18.619.241
Financial expense (-)	-	-	(24.769.777)	(24.769.777)
Net income/(loss) before taxes from continuing operations	35.901.085	2.370.908	(24.830.501)	13.441.492
Tax income/expense for continuing operations	-	-	(2.704.705)	(2.704.705)
- Current tax expense for the period	-	-	(3.947.803)	(3.947.803)
- Deferred tax income	-	-	1.243.098	1.243.098
Net income of continuing operations	35.901.085	2.370.908	(27.535.206)	10.736.787
Net income / (loss)	35.901.085	2.370.908	(27.535.206)	10.736.787

(*) Turkey
(**) European Countries, Middle East Countries, Turkish Republics, African countries, Other Asian countries and Other Countries
(***) Unallocated income (Expense)

(Currency - in Turkish Lira ("TL") unless otherwise indicated)

4. Cash and Cash Equivalents

Cash and cash equivalents (TL) are as follows:

	December 31, 2012	December 31, 2011
Cash in hand	6.377	4.943
Banks		
- TL demand deposits	378.638	198.648
- Foreign currency demand deposits	507.358	144
- TL time deposits (*)	23.620.000	6.710.000
- Foreign currency time deposits (**)	1.547.789	2.396.325
Checks	7.279.399	5.321.120
	33.339.561	14.631.180

(*) As of December 31, 2012, interest rates of TL time deposits are 8,25% and 8,15% (December 31, 2011 - 11%) and maturity dates are January 2, 2013.

(**) As of December 31, 2012, interest rates of foreign currency time deposits are 0,1% and 2% (December 31, 2011 - 0,30%) and maturity dates are January 2, 2013.

The Company has no blocked cash and cash equivalents as of December 31, 2012 and December 31, 2011.

5. Borrowings

Short term bank borrowings (TL) are as follows:

	December 31, 2012			December 31, 2011		
	Amount in original currency	TL	Interest rate (%)	Amount in original currency	TL	Interest rate (%)
Short-term bank borrowings		27.722.201			67.897.995	
Loans without interest (TL)		361.239			85.153	
Loans (TL)		-			10.000.000	(**) 7,55- 7,75-7,79
Loans (TL)		20.000.000	(*) 7,60 - 14,00		45.000.000	(*) 8,90- 11,00-11,75- 12,50
Loans (TL)		5.000.000	(***) 13,75		-	
Loans (USD)		-		5.500.000	10.388.950	(*) 5,25
Short term loans accrued interest		2.360.962			2.423.892	
Current portion of long term bank borrowings		25.803.913			1.899.141	
Loans (TL)		3.333.333	(***) 13,00		1.256.107	(****) 13,20
Loans (TL)		4.000.000	(**) 10,50		-	
Loans (EUR)	7.600.000	17.872.920	(*) 4,10		-	
Current portion of long term loans accured interest		597.660			643.034	
(Note 27(ii),(iii))		53.526.114			69.797.136	

The carrying value and the market value of the fixed-interest loan is TL 76.192.781 and TL 75.442.113, respectively.

5. Borrowings (continued)

Long term bank borrowings (TL) are as follows:

	December 31, 2012			December 31, 2011		
	Amount in original currency	TL	Interest rate (%)	Amount in original currency	TL	Interest rate (%)
Loans (EUR)		-		7.600.000	18.572.880	(*) 4,10
Loans (TL)		16.000.000	(**) 10,50		-	
Loans (TL)		6.666.667	(***) 13,00		-	
Current period instalments (-)		-	-		-	
(Note 27 (ii),(iii))		22.666.667			18.572.880	

(*) Interest paid at the end of the period: fixed interest rate
(**) Interest paid in every three month: variable interest rate
(***) Interest paid in every six month: fixed interest rate

The Company has not provided any guarantees for the borrowings received as of December 31, 2012 and 2011.

The redemption schedule of long-term bank borrowings at December 31, 2012 and 2011 are as follows:

	December 31, 2012	December 31, 2011
Less than 1 year	25.803.913	1.899.142
1-5 years (*)	22.666.667	18.572.880
Short term portion of long term borrowings (-)	(25.803.913)	(1.899.142)
Total long term financial liabilities	22.666.667	18.572.880

(*) As of December 31, 2012, the long term borrowings is amounting to TL 22.666.667 with maturity varying between 1 - 3 years (As of December 31, 2011, the long term borrowings is amounting to TL 18.572.880 with maturity varying between 1-2 years).

6. Other Financial Assets and Liabilities

Other short-term financial liabilities:

	December 31, 2012	December 31, 2011
Current value of forward exchange contracts (*)	50.840	-
	50.840	-

(*) During the year, the Company has made forward exchange contracts for foreign exchange hedging.

(Currency - in Turkish Lira ("TL") unless otherwise indicated)

6. Other Financial Assets and Liabilities (continued)

As of December 31, 2012, the total nominal values of the undue forward exchange contracts and option agreements are USD 6.495.500 (December 31, 2011: USD 7.000.000). For the open forward contracts, in the accompanying financial statements, the Company has recognized a liability with fair value at TL 50.840 (December 31, 2011 – an asset with fair value at TL 521.350). As of December 31, 2012, the maturities and forward exchange rates of the said contracts are as follows:

Foreign Currency	Nominal Value	Maturity	Forward Exc. Rate
USD	1.515.500	02/01/2013	1,7850
USD	990.000	09/01/2013	1,7867
USD	990.000	16/01/2013	1,7882
USD	990.000	23/01/2013	1,7898
USD	495.000	30/01/2013	1,7916
USD	525.000	01/02/2013	1,7920
USD	495.000	05/02/2013	1,7929
USD	495.000	12/02/2013	1,7945
Total	**6.495.500**		

7. Trade Receivables and Payables

Short term trade receivables (TL) are as follows:

	December 31, 2012	December 31, 2011
Trade receivables from related parties (Note 26(i))	8.980.288	11.069.870
	8.980.288	11.069.870
Trade Receivables	5.569.443	14.419.027
Post dated cheques and notes receivable	161.173.813	130.389.127
Rediscount of receivables (-)		
Rediscount of trade receivables (-)	(39.598)	(78.078)
Rediscount of notes receivables (-)	(923.683)	(1.161.127)
Rediscount of post dated cheques (-)	(1.463.889)	(2.570.382)
Doubtful receivables	25.070.714	13.324.291
Provisions for doubtful receivables (-)	(16.642.679)	(13.324.291)
	172.744.121	140.998.567
(Note 27 (iv))	181.724.409	152.068.437

In the calculation of discounted amount of trade receivables, the effective interest rate used for TL is 6,87% (December 31, 2011 - 11,65%), and for USD and EUR, it is Libor and Euribor.

The average maturity of trade receivables is 104 days (December 31, 2011 - 108 days).

7. Trade Receivables and Payables (continued)

As of December 31, 2012 and 2011 movement of provision for doubtful trade receivables is as follows (TL);

	December 31, 2012	December 31, 2011
Opening balance	13.324.291	10.699.585
Provisions no longer required (Note 21)	(2.104.884)	(1.463.824)
Provisions for current period (Note 19)	5.423.272	4.088.530
Closing balance	16.642.679	13.324.291

As of December 31, 2012 and 2011, the details of overdue trade receivables for no provision is made are as follows (balances due from related parties are included). As the collaterals received from related parties as of December 31, 2012 and 2011 covers the uncollected balances of receivables, there is no additional provision made for these totals in the accompanying financial statements.

			Overdue receivables with no provision made				
	Total	Undue receivables	30 days past due	30-60 days past due	60-90 days past due	90-180 days past due	More than 180 days past due
December 31, 2012	181.724.409	172.239.504	349.681	1.424.842	488.372	5.091.685	2.130.325
December 31, 2011	152.068.437	141.325.185	1.680.065	2.076.627	1.585.488	1.934.454	3.466.618

As of December 31, 2012, the Company has letter of guarantees, guarantee notes, and mortgages amounting to TL 13.794.837, TL 10.562.821 TL and TL 121.087.004 respectively, obtained against receivables. (December 31, 2011: TL 9.685.942 letter of guarantees, TL 8.849.797 guarantee notes, TL 111.899.037 mortgages).

Trade payables are as follows (TL):

	December 31, 2012	December 31, 2011
Trade payables to related parties (Note 26(ii))	63.847	53.304
	63.847	53.304
Trade payables	15.604.999	25.256.286
Notes payables	29.935.113	4.122.412
Rediscount for payables (-)		
Rediscount for trade payables (-)	(128.104)	(83.928)
Rediscount for notes payables (-)	(503.260)	(5.555)
	44.908.748	29.289.215
	44.972.595	29.342.519

The average maturity of trade payables is 88 days (December 31, 2011 - 37 days)

In the calculation of discounted amount of trade payables, the effective interest rate used for TL 6,87% (December 31, 2011 - 11,65%), and for USD and EUR, it is Libor and Euribor.

8. Other Receivables and Payables

Short term other receivables consist of the following (TL):

	December 31, 2012	December 31, 2011
Other miscellaneous receivables	252.860	106.847
Deposits and guarantees given	149.698	144.899
Due from personnel	7.183	-
(Note 27 (iv))	409.741	251.746

Long term other receivables consist of the following (TL):

	December 31, 2012	December 31, 2011
Deposits and guarantees given	159.079	158.992
(Note 27 (iv))	159.079	158.992

Short term other payables consist of the following (TL):

	December 31, 2012	December 31, 2011
Advances received (*)	37.775.162	26.710.522
Other miscellaneous payables	936.650	753.851
Due to personnel	-	7.814
	38.711.812	27.472.187

(*) As of December 31, 2012, the checks and notes received by the Company for the sales to be made to customers in the future periods amount to the TL 37.775.162 (December 31, 2011 - TL 26.710.522). TL 330.677 of this total represents the equivalent of EUR 140.612 (December 31 2011 - TL 197.398 represents the equivalent of USD 15.263 and EUR 68.978).

9. Inventories

Inventories are as follows (TL):

	December 31, 2012	December 31, 2011
Raw materials	5.669.260	10.285.259
Work-in-process (Note 18)	2.166.838	3.852.431
Finished goods (Note 18)	11.289.716	12.548.149
Trade goods (Note 18)	3.186.758	4.667.937
Provision for impairment (-)	(678.743)	(595.507)
	21.633.829	30.758.269

Ege Profil Ticaret ve Sanayi Anonim Şirketi

Notes to financial statements for the year ended December 31, 2012 (continued)
(Currency - in Turkish Lira ("TL") unless otherwise indicated)

9. Inventories (continued)

Changes in inventory provision for the twelve month periods ended as of December 31, 2012 and 2011 is as follows:

	December 31, 2012	December 31, 2011
Opening balance	595.507	449.659
Increase / (decrease) during the period	83.236	145.848
Closing balance	678.743	595.507

10. Tangible Assets

As of December 31, 2012 tangible assets are as follows (TL):

Cost	Opening January 1, 2012	Additions	Transfers	Disposals	Fixed asset revaluation	Closing December 31, 2012
Land	7.686.339	-	-	-	11.054.003	18.740.342
Land improvements	1.104.674	-	68.581	-	46.072	1.219.327
Buildings	25.215.048	-	11.500	(8.000)	3.112.209	28.330.757
Machinery and equipments	90.883.483	-	10.499.505	(1.570.905)	-	99.812.083
Motor vehicles	292.751	-	-	-	-	292.751
Furniture and fixtures	7.998.879	-	138.925	-	-	8.137.804
Construction in progress	3.631.200	11.615.604	(10.718.511)	-	-	4.528.293
Total	136.812.374	11.615.604	-	(1.578.905)	14.212.284	161.061.357
Accumulated depreciation (-):						
Land	-	-	-	-	-	-
Land improvements	(309.094)	(70.606)	-	-	-	(379.700)
Buildings	(5.443.047)	(839.608)	-	3.375	-	(6.279.280)
Machinery and equipments	(59.009.646)	(6.086.364)	-	1.355.243	-	(63.740.767)
Motor vehicles	(280.337)	(7.921)	-	-	-	(288.258)
Furniture and fixtures	(6.792.421)	(416.118)	-	-	-	(7.208.539)
Total	(71.834.545)	(7.420.617)	-	1.358.618	-	(77.896.544)
Net value	64.977.829	4.194.987	-	(220.287)	14.212.284	83.164.813

(Currency - in Turkish Lira (“TL”) unless otherwise indicated)

10. Tangible Assets (continued)

Tangible assets as of December 31, 2011 are as follows:

Cost	Opening January 1, 2011	Additions	Transfers	Disposals	Closing December 31, 2011
Land	7.686.339				7.686.339
Land improvements	1.104.674	-	-	-	1.104.674
Buildings	25.215.048	-	-	-	25.215.048
Machinery and equipments	82.455.426	-	8.547.043	(118.986)	90.883.483
Motor vehicles	292.751	-	-	-	292.751
Furniture and fixtures	7.699.961	-	298.918	-	7.998.879
Construction in progress	1.767.669	10.709.492	(8.845.961)	-	3.631.200
Total	126.221.868	10.709.492	-	(118.986)	136.812.374
Accumulated depreciation (-):					
Land	-	-	-	-	-
Land improvements	(255.541)	(53.553)	-	-	(309.094)
Buildings	(4.661.368)	(781.679)	-	-	(5.443.047)
Machinery and equipments	(53.040.211)	(6.000.213)	-	30.778	(59.009.646)
Motor vehicles	(260.848)	(19.489)	-	-	(280.337)
Furniture and fixtures	(6.275.571)	(516.850)	-	-	(6.792.421)
Total	(64.493.539)	(7.371.784)	-	30.778	(71.834.545)
Net value	61.728.329	3.337.708	--	(88.208)	64.977.829

Land and buildings of the Company were revalued by Lotus Gayrimenkul Ekspertiz Değerleme Anonim Şirketi at 2002 for the first time. Revaluation of assets were made at market value in use.

The Company performed revaluation of its land and buildings in order to determine whether there were any change on the fair value to Lotus Gayrimenkul Ekspertiz Değerleme Anonim Şirketi in 2008. In accordance with the report dated December 26, 2008, since there were not any significant difference occurred between fair value and carrying value of these assets, the Company did not reflect the difference in its records.

Fair value study was made on June 14, 2012 by Denge Gayrimenkul Değerleme ve Danışmanlık A.Ş. licensed by the Capital Market Board. The fair values of the lands, land improvements and buildings have been determined according to market prices.

In case of disposal of revalued assets, the revaluation funds of these assets are transferred to retained earnings. Furthermore, the difference between the depreciation calculated over the revalued asset and the depreciation calculated over the acquisition value of the asset is transferred from the revaluation fund to the retained earnings account during the course of utilization on annual basis.

Had the Company not made revaluation of the aforementioned assets , net book value of the assets in question would be TL 16.055.754 as of December 31, 2012 (December 31, 2011 - TL 1.201.447).

As of December 31, 2012 and 2011, tangible and intangible assets which are fully amortized and still in use are amounting to TL 42.754.700 and TL 37.014.549, respectively.

10. Tangible Assets (continued)

Fixed Assets Revaluation Fund

As of December 31, 2012 and 2011, the items subject to deferred tax stated in equity consist of (TL):

	December 31, 2012	December 31, 2011
Fixed assets revaluation fund	**19.127.795**	6.350.915

The changes in revaluation fund on land and buildings are set out in the table below (TL):

January 1, 2012	6.350.915
Change in revaluation fund of non-current assets (with deferred tax effect)	13.027.928
Depreciation difference calculation over the revalued amounts transferred from revaluation fund to retain earnings (with deffered tax effect)	(251.048)
December 31, 2012	19.127.795

The remaining part of depreciation periods of material tangible assets subsequent to acquisition are as follows:

	December 31, 2012	December 31, 2011
	Period (Year)	Period (Year)
Land improvements	**2-40**	10-40
Buildings	**10-40**	10-40
Furniture and fixtures	**3-10**	4-10
Machinery and equipment	**5-25**	5-25
Motor vehicles	**8**	4-8

Finance Lease

The tangible assets acquired by the Company through finance lease are recorded at commencement of the lease term at the lower of the fair value of the asset and the present value of the minimum lease payments. The net book values of computers purchased through finance lease have been annulled as of December 31, 2008.

Capitalized Financial Expenses

As of December 31, 2012 and 2011, there are no capitalized financial expenses on tangible assets.

Sureties and Mortgages on Assets

As of December 31, 2012 and 2011, there are no mortgages or sureties on tangible assets.

(Currency - in Turkish Lira ("TL") unless otherwise indicated)

11. Intangible Assets

Intangible assets are as follows as of December 31, 2012 (TL):

Cost	January 1, 2012	Additions	Transfers	December 31, 2012
License	859.735	-	-	859.735
Trademark	3.987.406	-	-	3.987.406
Industrial design	71.645	-	-	71.645
Dealer list	2.274.223	-	-	2.274.223
Rights and other	703.642	-	-	703.642
Total	**7.896.651**	**-**	**-**	**7.896.651**
Accumulated amortization (-)				
Industrial design	(71.645)	-	-	(71.645)
Dealer list	(795.978)	(28.428)	-	(824.406)
Rights and other	(648.348)	(100.598)	-	(748.946)
Total	**(1.515.971)**	**(129.026)**	**-**	**(1.644.997)**
Net value	**6.380.680**	**(129.026)**	**-**	**6.251.654**

Intangible assets are as follows as of December 31, 2011 (TL):

Cost	January 1, 2012	Additions	Transfers	December 31, 2012
License	859.735	-	-	859.735
Trademark	3.987.406	-	-	3.987.406
Industrial design	71.645	-	-	71.645
Dealer list	2.274.223	-	-	2.274.223
Rights and other	674.607	29.034	-	703.642
Total	7.867.616	29.034	-	7.896.651
Accumulated amortization (-)				
Industrial design	(71.645)	-	-	(71.645)
Dealer list	(682.267)	(113.711)	-	(795.978)
Rights and other	(627.041)	(21.307)	-	(648.348)
Total	(1.380.952)	(135.018)	-	(1.515.971)
Net value	6.486.664	(105.984)	-	6.380.680

The remaining part of amortization periods of material intangible assets subsequent to acquisition are as follows:

	December 31, 2012	December 31, 2011
	Period (Year)	Period (Year)
Dealer list	**13**	14
Rights and others	**1-3**	1-3

12. Goodwill

As of December 31, 2012 and 2011 goodwill consists of the following (TL):

Transaction Date	**December 31, 2012**	December 31, 2011
October 21, 2004	**655.883**	655.883
	655.883	655.883

As of October 21, 2004, the Company has acquired from Pilsa A.Ş. (Pilsa) the operations realized under the trade name of "Winsa". The Company has recognized the identifiable assets and liabilities acquired as per the IFRS 3 "Business Combinations" at their fair values on the effective date of the contract, that is on December 1, 2004; and the difference between the acquisition cost and the fair values of the identifiable assets and liabilities are stated as goodwill after deferred tax effect is deducted.

As of December 31, 2012 and 2011, the positive goodwill amounts to TL 655.883.

The Company has performed impairment test on the amounts of goodwill, trademark, industrial software, dealer list, software license right and other rights carried as of December 31, 2010 within the scope of IFRS 3 where the trademark of "Winsa" has been regarded as a separate cash generating unit. As a result, it has been determined that there are no grounds for making provision for impairment on the amounts of goodwill, trademark, industrial software, dealer list, software license right, and other rights related to the operations performed under the trade name of "Winsa". The Company valued based on which the said impairment test is performed has been calculated taking as basis the Company's work plan covering a period of ten years which was approved as of November 2008. Cash flows are estimated in EUROs and discount to the relevant currency at a proper rate of exchange. The discount rate used is 6% and subsequent to the ten years period, the growth rate of 3% has been realized taking into account the inflation rate stated in the work plan as well as the estimated economic growth rate of the country. The rate of Weighted Average Cost of Capital (WACC) of Euro cash flows used in cash valuation is 7,24% (December 31, 2011 – 8,37%) tested at a sensitivity of + / - 1%. In the WACC calculation, the beta coefficient advised by Deceuninck NV as 0,86% has been used as an indicator (December 31, 2011 - 0,76 %)

(Currency - in Turkish Lira ("TL") unless otherwise indicated)

13. Provisions, Contingent Assets and Liabilities

Provisions for short-term debt are as follows (TL):

	December 31, 2012	December 31, 2011
Warranty provision	**590.513**	514.689
Provision for vacation pay liability	**696.160**	467.008
Provision for litigation	**310.670**	310.670
Provision for tax penalty (*)	**536.260**	536.260
	2.133.603	1.828.627

(*) In accordance with the reports prepared in light of the tax inspection in 2011 regarding the operations of 2007 by the Ministry of Finance, the Company filed a case at Izmir 4th Tax Court against the tax assessment and tax penalty amounting to TL 3.605.914 announced on 2 April 2012. In consequence of the first trial held on December 6, 2012, TL 2.358.150 of the total tax assessment and penalties communicated to the Company was annuled. No date has yet been communicated to the Company regarding the trial of the rest of the amount. Taking into consideration the current legal status and evidences, the case result is anticipated to be in favor of the Company. The Company has has provided the provision amounting to TL 536.260 in the financial statements on December 31, 2012 and 2011.

Warranty provisions consist of the following (TL):

	December 31, 2012	December 31, 2011
Opening balance	**514.689**	450.109
Charge for the current year	**75.824**	64.580
Closing balance	**590.513**	514.689

Provision for unused leaves consist of the following (TL):

	December 31, 2012	December 31, 2011
Opening balance	**467.008**	294.315
Charge for the current year (Note 19,20)	**229.152**	172.693
Closing balance	**696.160**	467.008

Provision for litigation consists of the following (TL):

	December 31, 2012	December 31, 2011
Opening balance	**310.670**	370.233
Charge for the current year	**-**	(59.563)
Closing balance	**310.670**	310.670

Taxes on profit for the period consist of the following (TL):

	December 31, 2012	December 31,2011
Tax provision for the period (Note 24)	**4.402.538**	3.947.803
Prepaid taxes and funds	**(3.992.307)**	(3.325.785)
	410.231	622.018

13. Provisions, Contingent Assets and Liabilities (continued)

As of December 31, 2012 and December 31, 2011, the Company's guarantees, pledges and mortgages detail is as follows:

	December 31, 2012		December 31, 2011	
	TL	Foreign currency	TL	Foreign currency
Letter of guarantees received				
EUR	**5.138.522**	**2.185.025**	3.152.502	1.290.000
USD	**463.476**	**260.000**	283.335	150.000
TL	**8.192.839**		9.466.000	-
	13.794.837		12.901.837	
Guarantee notes received				
EUR	**305.721**	**130.000**	317.694	130.000
USD	**1.239.938**	**695.578**	1.313.878	695.578
TL	**9.017.162**		4.002.330	-
	10.562.821		5.633.902	
Mortgages received				
EUR	**128.504**	**54.643**	133.537	54.643
TL	**120.958.500**		111.765.500	-
	121.087.004		111.899.037	
Total guarantees and mortgages received	**145.444.662**		130.434.776	
Guarantee given				
EUR	**834.701**	**354.935**	81.867	33.500
USD	**2.432.907**	**1.364.808**	1.079.242	571.360
AUD	**31.562**	**17.082**	-	-
TL	**37.670.084**		6.423.922	-
Total guarantee given (*)	**40.969.254**		7.585.031	

(*) As of December 31, 2012, TL 19.379.469 of the deposit given amounting to TL 40.969.524, consists of bill of guarantee operations and TL 12.000.000 consists of obligation against loan taken from Eximbank.

As of December 31, 2012 and December 31, 2011, the Company's guarantees, pledges and mortgages position are as follows:

Given by the Company	December 31, 2012	December 31, 2011
a. Total amount of guarantees, pledges and mortgages given in the name of legal entity	**40.969.254**	7.585.031
b. Total amount of guarantees, pledges and mortgages given in favour of the parties which are included in the scope of full consolidation	**-**	-
c. Total amount of guarantees, pledges and mortgages given to third parties for their liabilities in the purpose of conducting the ordinary operations.	**-**	-
d. Total amount of other guarantees, pledges and mortgages	**-**	-
Total	**40.969.254**	7.585.031

The Company did not receive or give guarantees, pledges or mortgages from related parties or related parties as of December 31, 2012 and December 31, 2011.

As of December 31, 2012, guarantees, pledges and mortgages given by the Company are equivalent to 26% of the Company's equity (December 31, 2011 - 6%).

(Currency - in Turkish Lira ("TL") unless otherwise indicated)

14. Commitments

a) The Company's export commitments are as follows:

As of December 31, 2012, the Company has export commitments related to export incentives amounting to EUR 8.250.000 and USD 8.692.583 (December 31, 2011 - None).

b) The Company's operations related to operating leases are as follows:

The operating leases of the Company amounting to EUR 1.526.713, USD 2.657.683 and TL 2.139.930 (December 31, 2011 – EUR 1.670.281, USD 1.575.000 and TL 455.637) in total consist of cars, forklifts and warehouse rentals and their maturities varies between 1 - 6 years. The portions of EUR 758.873, USD 675.894 and TL 233.144 of these amounts will mature in 1 to 2 years.

15. Employee Benefits

Employee benefits consist of provisions for termination indemnity as stated in the following (TL):

	December 31, 2012	December 31, 2011
Opening balance	2.275.560	1.942.072
Charge for the current period (Note 19,20)	556.027	333.489
Closing balance	2.831.587	2.275.561

16. Other Assets and Liabilities

Other current assets consist of the following (TL):

	December 31, 2012	December 31, 2011
Advances given (*)	2.277.121	7.098.845
Fair value of forward exchange contracts (**)	-	521.350
Prepaid insurance expenses	177.992	88.828
Prepaid rents	21.489	20.238
Job advances	69.411	142.172
Income accrual (***)	1.229.713	12.220
Other	126.366	111.410
	3.902.092	7.995.063

(*) As of December 31, 2012, TL 215.186 of TL 2.277.121 amounting advances consist of goods in transit (December 31, 2011 - TL 3.529.005).
(**) During the year, the Company has made forward contracts for foreign exchange hedging.
(***) The Company has accrued the income related with the gross profit of the generation from the inventories to be sold to its customers in the subseqeunt period in return for the sales premium expenses it had given to its customers for the year 2012.

16. Other Assets and Liabilities (continued)

Other non-current assets consist of the following (TL):

	December 31, 2012	December 31, 2011
Advances given	196.687	1.619.742
Other	1.453	2.679
	198.140	1.622.421

Other short term liabilities consist of the following (TL):

	December 31, 2012	December 31, 2011
Other taxes and funds payable	2.535.499	1.362.483
Social security premiums payable	378.256	573.287
Due to personnel	1.034.845	808.850
Provision for personnel bonus	349.353	-
Provision for expenses	385.121	-
Other	281.457	69.116
	4.964.531	2.813.736

17. Equity

(a) Paid-in capital:

As of December 31, 2012 and 2011, the capital and shareholding structure of the Company is as follows:

	December 31, 2012		December 31, 2011	
	TL	Share (%)	TL	Share (%)
Deceuninck	58.100.520	97,54	58.100.520	97,54
Public offering	1.466.380	2,46	1.466.380	2,46
Paid-in capital as per the statutory books	59.566.900	100,00	59.566.900	100,00
Restatement difference	7.840.703		7.840.703	
	67.407.603		67.407.603	

(Currency - in Turkish Lira ("TL") unless otherwise indicated)

17. Equity (continued)

Historical paid-in capital of the Company as of December 31, 2012 and 2011 is TL 59.566.900 consisting of 5.956.690.000 shares of 1 kuruş nominal value each.

As of December 31, 2012 and 2011, change in the number of shares issued for the Company's share capital is set out in the table below:

	December 31, 2012		December 31, 2011	
	# of shares	TL	# of shares	TL
January 1	5.956.690.000	59.566.900	5.956.690.000	59.566.900
Bonus issue transferred from retained earnings	-	-	-	-
End of period	5.956.690.000	59.566.900	5.956.690.000	59.566.900

For the purpose of extending the terms of its financial liabilities to 4-5 years and increasing its share capital, Deceuninck NV entered into a Share Pledge Agreement on September 11, 2009 and accordingly created a lien on behalf of Fortis Bank NV/SA acting as the collateral agent, on a total of 16.980.361,712 shares of TL 0,01 nominal value each owned by Deceuninck NV and representing 28,5063% of the Company's share capital as at September 15, 2009 and on total of 41.120.158,313 shares of TL 0,01 nominal value each owned by Deceuninck NV and representing 69,0318% of the Company's share capital as at September 16, 2009. Thus, there is share pledge by Fortis Bank NV/SA on approximately 97,5382% of the Company's share.

Deceuninck NV, acting as loan receiver, within the scope of the amendment of the Share Pledge Agreement made on September 11, 2009 in accordance with an amendment contract dated July 16, 2012 which will provide it with a refinancing of EUR 140,000,000, pledged, within the scope of the Share Pledge Agreement made on July 16, 2012, all of its shares, each one with a nominal value of TL 0,01, totally amounting to 58.100.520 representing 97,5382% of the Company's share capital in favor of Fortis Bank NV/SA, acting as assurance agent.

(b) Restricted profit reserves :

Legal reserves, which are divided as First Legal Reserve and Second Legal Reserve as per the Turkish Commercial Code, are appropriate as below:

i. First Legal Reserve: Appropriated out of net profit at the rate of 5% until such reserve is equal to 20% of issued and fully paid capital.

ii. Second Legal Reserve: Appropriated out of net profit at the rate of 10% of distributions after providing for First Legal Reserve and an amount equal to 5% of capital as dividends.

17. Equity (continued)

Legal reserves which do not exceed one half of share capital may only be used to absorb losses or for purposes of continuity of the business in times of business difficulties and to prevent unemployment or lessen its effects.

(c) Retained Earnings / (Accumulated Losses):

Retained earnings / (accumulated losses) for each period are as follows (TL):

	December 31, 2012	December 31, 2011
Prior year profit	25.813.291	19.548.851
Transfer to legal reserves	-	(9.644.262)
Adjustment of fixed asset revaluation (*)	313.810	203.697
Retained earnings / (accumulated losess)	10.736.787	15.705.005
	36.863.888	25.813.291

(*) Land and buildings owning by the Company were revaluated for the first time in 2002 and then in 2008 and 2012. The revaluation of the subject tangible assets was made over their market value for the purpose of current use and the difference between their carrying amounts and market values was reflected on the fixed assets value increase fund under the capital reserves. In case of sale of revaluated assets, fixed asset value increase funds belonging to these assets are transferred to the previous year's profit. Besides, the difference between the amortization calculated based on the carrying revaluated value of an asset and the amortization calculated based on the first-day-value of the asset is transferred from the fixed asset value increase fund to the previous year's profit account as the asset is used.

(Currency - in Turkish Lira ("TL") unless otherwise indicated)

18. Sales and Cost of Sales

Sales revenue is as follows (TL):

	December 31, 2012	December 31, 2011
Local sales	260.324.370	225.927.142
Exports	35.717.329	28.252.261
	296.041.699	254.179.403

Cost of sales are as follows (TL):

	December 31, 2012	December 31, 2011
Direct raw materials, semi finished goods and material expenses	149.806.540	140.039.508
Direct labor cost	1.909.562	2.211.448
Amortization and depreciation expenses (Note 20)	6.978.760	6.940.166
Other production costs	24.885.836	20.153.174
Total	183.580.698	169.344.296
Change of semi-finished goods	1.685.593	(118.248)
Beginning of the period (Note 9)	3.852.431	3.734.183
End of the period (Note 9)	(2.166.838)	(3.852.431)
Change of finished goods	1.258.433	(3.864.586)
Beginning of the period (Note 9)	12.548.149	8.683.563
End of the period (Note 9)	(11.289.716)	(12.548.149)
Change of commercial goods	29.132.157	27.309.722
Beginning of the period (Note 9)	4.667.937	3.241.986
Purchases	27.650.978	28.735.673
End of the period (Note 9)	(3.186.758)	(4.667.937)
	215.656.881	192.671.184

Üretim ve satış miktarları aşağıdaki gibidir (kg):

	December 31, 2012		December 31, 2011	
	Production	Sales	Production	Sales
PVC (kg)	55.750.599	55.579.639	52.540.060	51.161.395

19. Marketing, Sales and Distribution Expenses, General Administration Expenses

Marketing, sales and distribution expenses, general administration expenses consist of the following (TL):

	December 31, 2012	December 31, 2011
Marketing, sales and distribution expenses	32.325.480	27.858.066
General administration expenses	19.321.126	15.545.019
	51.646.606	43.403.085

(a) Marketing, sales and distribution expenses:

	December 31, 2012	December 31, 2011
Personnel expenses	10.872.174	9.211.297
Customs and transportation expenses	7.900.808	6.665.787
Advertisements expenses	4.098.683	4.109.676
Fair, exposition, and showroom expenses	662.785	498.134
Rent expenses	2.599.269	1.753.885
Dealer incentive and meeting expenses	2.346.472	2.314.450
Sales premiums and commissions	249.579	262.342
Amortization and depreciation expenses (Note 20)	165.127	257.400
Other	3.430.583	2.785.095
	32.325.480	27.858.066

(b) General administration expenses:

	December 31, 2012	December 31, 2011
Personnel expenses	5.656.359	4.409.446
Consultancy services	4.217.889	4.082.705
Provision for doubtful receivables (Note 7)	5.423.272	4.088.530
Bank expenses	537.201	494.989
Taxes and similar expenses	248.162	307.707
Amortization and depreciation expenses (Note 20)	405.756	309.236
Communication expenses	153.467	209.237
Insurance expenses	373.871	316.891
Termination indemnity and annual leave expenses (Note 13,15,20)	785.179	506.182
Other	1.519.970	820.096
	19.321.126	15.545.019

(Currency - in Turkish Lira ("TL") unless otherwise indicated)

20. Expenses by Nature

Depreciation and amortisation expenses consist of the following (TL):

	December 31, 2012	December 31, 2011
Overhead (Note 18)	6.978.760	6.940.166
Sales and marketing expenses (Note 19)	165.127	257.400
General administration expenses (Note 19)	405.756	309.236
	7.549.643	7.506.802

	December 31, 2012	December 31, 2011
Overhead (Note 18)	7.420.617	7.371.784
Sales and marketing expenses (Note 19)	129.026	135.018
	7.549.643	7.506.802

Employee benefits consist of the following (TL):

	December 31, 2012	December 31, 2011
Wages and salaries	22.814.863	18.930.100
Social security premium expenses - employer's share	1.740.277	1.630.457
Other social expenses	5.526.243	3.539.210
Provision for termination indemnity and unused leaves, net (Note 13,15,19)	785.179	506.182
	30.866.562	24.605.949

21. Other operating income / (expenses)

Other operating income consists of the following (TL):

	December 31, 2012	December 31, 2011
Scrap sales income, net	335.219	191.381
Inventory surplus	44.381	49.284
Income from samples free of charge	55.600	27.296
Provision for doubtful receivables no longer required (Note 7)	2.104.884	1.463.824
Income from fixed assets sales, net	12.934	93.250
Insurance damage income	40.653	4.882
Other income and profits	136.807	281.255
	2.730.478	2.111.172

21. Other operating income / (expenses) (continued)

Other operating expenses consist of the following (TL):

	Decemebr 31, 2012	Decemebr 31, 2011
Special transaction tax	(35.146)	(47.699)
Loss on fixed value selling	(41.220)	(3.288)
Provision expenses for tax penalty	-	(536.260)
Receivables renounced	-	(31.898)
Other	(162.582)	(5.133)
	(238.948)	(624.278)

22. Financial Income and Expense

Financial income is as follows (TL):

	December 31, 2012	December 31, 2011
Foreign exchange gains	8.841.821	15.571.319
Income from forward transactions	-	1.094.000
Interest income	2.882.481	1.953.922
	11.724.302	18.619.241

Financial expense is as follows (TL):

	December 31, 2012	December 31, 2011
Foreign exchange loss	(9.607.398)	(17.553.262)
Expense from forward transactions	(57.572)	(25.650)
Interest expense	(8.628.553)	(7.190.865)
	(18.293.523)	(24.769.777)

23. Non-current Assets Held for Sale

As of December 31, 2012 and 2011, changes in non-current assets held for sale are set out in the table below (TL):

	December 31, 2012	December 31, 2011
Opening balance	691.347	764.982
Acquisition in the period	515.824	205.287
Disposals in the period (-)	(440.942)	(278.922)
Closing balance	766.229	691.347

As of December 31, 2012 and 2011, the non-current assets held for sale represent land, shops and buildings received against receivables whose collection has become doubtful. The Company management intends to dispose of the said real estates in the short run.

(Currency - in Turkish Lira (“TL”) unless otherwise indicated)

24. Taxes

a) Corporate tax;

In 2012 and 2011, corporation tax rate is 20% in Turkey. This rate is applicable to the tax base derived upon adding onto the commercial earnings of entities, the disallowable expenses and deducting exemptions and discounts as stated in the tax legislation.

Tax income and expenses recognized in the statement of comprehensive income and expenses are summarized below (TL):

	December 31, 2012	December 31, 2011
Current period corporation tax (Note 13)	**(4.402.538)**	(3.947.803)
Deferred tax income/ (expense)	**(541.725)**	1.243.098
Deferred tax in equity	**(1.121.594)**	40.739
Total tax income/ (expense)	**(6.065.857)**	(2.663.966)

Prepaid taxes are netted off from the taxes payable as of December 31, 2012 and December 31, 2011 and shown below (TL):

	December 31, 2012	December 31, 2011
Current period corporation tax	**4.402.538**	3.947.803
Prepaid taxes for the period	**(3.992.307)**	(3.325.785)
Current tax payable	**410.231**	622.018

As of December 31, 2012 and 2011, reconciliation between tax expense calculated by applying the legal tax rate on profit before tax and total tax provision stated in the statement of comprehensive income is as follows (TL):

	December 31, 2012	December 31, 2011
Profit/(loss) before tax	**24.660.521**	13.441.492
Income tax (charge)/credit at effective tax rate 20%	**4.932.104**	2.688.298
Effect of non-deductible expenses	**46.124**	330.655
Effect of income exempt from corporation tax	**(2.093)**	(342.927)
Effect of other adjustment items	**(31.872)**	28.679
Total tax (income)/ expense for the current year	**4.944.263**	2.704.705

24. Taxes (continued)

b) Deferred tax assets and liabilities;

Calculated deferred income tax assets and liabilities based upon temporary differences arising between their financial statements are as follows:

	Ertelenmiş vergi varlığı / (yükümlülüğü)		Ertelenmiş vergi geliri / (gideri)		Özkaynakta yansıtılan ertelenmiş vergi geliri / (gideri)	
	December 31, 2012	December 31, 2011	**December 31, 2012**	December 31, 2011	**December 31, 2012**	December 31, 2011
Provision for doubtful receivables	**1.060.221**	1.066.708	**(6.487)**	532.278	**-**	-
Provision for retirement pay	**566.317**	455.112	**111.205**	66.698	**-**	-
Provision for unused vacation	**139.232**	93.402	**45.830**	83.246	**-**	-
Provision for litigation	**62.134**	62.134	**-**	36.651	**-**	-
Rediscount on receivables	**485.434**	761.917	**(276.483)**	347.996	**-**	-
Rediscount on payables	**(126.273)**	(17.897)	**(108.376)**	7.565	**-**	-
Stock cost valuation difference	**241.439**	170.447	**70.992**	77.448	**-**	-
Provision for inventories	**135.749**	119.101	**16.648**	54.117	**-**	-
Income accrual	**(245.943)**	(2.444)	**(243.499)**	(1.111)	**-**	-
Other	**337.721**	250.276	**87.445**	113.721	**-**	
Depreciation time differences , revaluation of fixed assets and the effect of the valuation of intangible assets in accordance with IFRS 3	**(6.050.337)**	(5.811.337)	**(239.000)**	(75.511)	**-**	-
Effect of fixed asset revaluation fund	**(1.896.417)**	(774.823)	**-**	-	**(1.121.594)**	40.739
Deferred tax assets/ (liabilities), Net	**(5.290.723)**	(3.627.404)	**(541.725)**	1.243.098	**(1.121.594)**	40.739

Changes in deferred tax liability for the years ended December 31, 2012 and 2011 are set out in the table below:

	Deferred Tax Liabilities	
	December 31, 2012	December 31, 2011
Balance as of January 1	**3.627.404**	4.870.502
Deferred tax (advantages) / expenses reflected in the statement of income	**541.725**	(1.243.098)
The amount recognized in other comprehensive loss	**1.121.594**	-
Balance	**5.290.723**	3.627.404

(Currency - in Turkish Lira ("TL") unless otherwise indicated)

25. Earnings per Share

Earnings/(loss) per share are calculated as follows:

	December 31, 2012	December 31, 2011
Income/(loss) for the period	19.716.258	10.736.787
Weighted average number of ordinary shares beginning of the period (*)	5.956.690.000	5.956.690.000
Weighted average number of ordinary shares at the end of the period (*)	5.956.690.000	5.956.690.000
Earnings per share (TL)	0,3310	0,1802

(*) per share of Kr 1 nominal value

Earnings per share is calculated by dividing the net income/loss for the current period by the weighted average number of outstanding shares.

Movements of number of shares as of December 31, 2012 ve December 31, 2011 are as follows:

Number of shares	December 31, 2012	December 31, 2011
Beginning of period/year	5.956.690.000	5.956.690.000
Free of charge shares issued from internal sources during the period,	-	-
End of the period/year	5.956.690.000	5.956.690.000

As of the reporting date and until the preparation of the financial statements, there is no transaction other than the above in relations to the ordinary shares or shares planned to be issued.

In Turkey, entities are allowed to increase their share capitals through transfers from various internal sources and make pro rata distribution of free of charge shares to the shareholders. In calculating earnings per share, the free of charge shares are regarded as shares distributed as dividends. For that reason, in calculating the average number of shares, these shares are deemed to be outstanding during the entire year.

26. Transactions and Balances with Related Parties

i. Due from related parties are as follows(TL):

	December 31, 2012	December 31, 2011
Deceuninck (Parent)	1.280.994	3.021.106
Other Deceuninck affiliates	7.699.294	8.048.764
Total (Note 7)	8.980.288	11.069.870

ii. Due to related parties are as follows(TL):

	December 31, 2012	December 31, 2011
Ege Pen A.Ş. (Ege Pen)	62.990	52.726
Other	857	578
Total (Note 7)	63.847	53.304

iii. As of December 31, 2012 and 2011, purchases of goods and services from related parties are as follows (TL):

	December 31, 2012	December 31, 2011
Deceuninck (Parent)	6.994.341,32	13.372.142
Other Deceuninck affiliates	1.883.901,12	1.968.084
	8.878.242,44	15.340.226

iv. As of December 31, 2012 and 2011, sales of goods and services from related parties are as follows (TL):

	December 31, 2012	December 31, 2011
Deceuninck (Parent)	2.743.437	3.485.748
Other Deceuninck affiliates	9.283.082	7.318.403
	12.026.519	10.804.151

v. As of December 31, 2012 and 2011, purchases of tangible assets from related parties are as follows (TL):

	December 31, 2012	December 31, 2011
Deceuninck (Parent)	94.737	4.361.404
	94.737	4.361.404

(Currency - in Turkish Lira ("TL") unless otherwise indicated)

26. Transactions and Balances with Related Parties (continued)

vi. As of December 31, 2012 and 2011, other purchases from related parties are as follows (TL):

	December 31, 2012	December 31, 2011
Deceuninck (Parent) (*)	**4.256.245**	4.573.876
Other Deceuninck affiliates	**62.540**	602
Egepen	**285.033**	180.137
	4.603.818	4.754.615

(*) As of December 31, 2012, the amount consists of management service fee amounting to TL 3.593.626 (December 31, 2011 - TL 3.659.181) and foreign representative office expenses amounting to TL 522.227 (December 31, 2011 - TL 878.881) and other expenses.

Transactions with other Deceuninck affiliates consists of other expenses, and the amount related to Egepen consists of trademark expense.

vii. Salaries and similar benefits provided to top management such as CEO, Board Members, General Manager, General Coordinator, and Assistant General Manager by the Company for the year ended December 31, 2012 amounted to TL 3.903.158 (December 31, 2011 - TL 3.429.983).

27. Nature and Level of Risks Arising from Financial Instruments

Owing to its activities, the Company is exposed to various financial risks in debt and capital markets, namely, price risk, foreign exchange risk, interest rate risk, credit risk, and liquidity risks. The overall risk management program of the Company focuses on the unpredictable and flexible nature of the financial markets and its objective is to minimize their negative effects on the financial performance of the Company.

Some of the Company's main financial instruments comprise bank loans, cash, and short and long term bank deposits. The main purpose in using these instruments is financing of the Company operations. Furthermore, the Company has financial instruments such as trade receivables and trade payables that arise directly from the operations.

The Company manages these risks as stated below and also follows up on potential market risks that may arise from using financial statements.

i. Price risk

Price risk is a combination of foreign currency exchange, interest, and market risks. It is monitored per as the payables and receivables denominated in the same currency and the assets and the liabilities subject to interest compensate for each other. Market risk is closely monitored by the Company management by regular review of current market information and applying proper valuation methods.

27. Nature and Level of Risks Arising from Financial Instruments (continued)

ii. Interest rate risk

The Company does not have a significant amount of interest-sensitive assets. The income and cash flows of the Company are mostly independent of the fluctuations in market interest rates.

The Company's interest rate risk arises from its short and long term borrowings. The loans to be received to continue the Company operations are affected by the future interest rates.

Interest position chart and relevant sensitivity analysis

As of December 31, 2012 and 2011, the interest position of the Company is set out in the table below (TL):

Interest position chart		Cari dönem	Önceki dönem
		31 Aralık 2012	31 Aralık 2011
	Financial instruments with fixed interest		
Financial assets	As Assets with fair value differences reflected to profit / loss	-	-
	Financial assets available for sale	-	-
Financial liabilities (Note 5)		**76.192.781**	88.370.016
	Financial instruments with variable interest		
Financial assets		-	-
Financial liabilities (Note 5)		-	-

The Company does not have any financial instruments with variable interest.

iii. Liquidity risk

A prudent liquidity risk management requires retaining sufficient amount of cash and marketable securities, sufficient amount of loan operations and utilization of fund resources and the power to close market positions.

The funding risk of current and future loan requirements is monitored through maintaining continous access to a sufficient number of high quality commercial credit companies.

As of December 31, 2012 and 2011, the liquid assets of the Company (current assets - (inventories + assets held for sale)) exceed its short term liabilities by TL 74.606.077 and TL 43.070.203, respectively.

As of December 31, 2012 and 2011, the maturity of distribution of the Company's trade and financial payables is as follows:

(Currency - in Turkish Lira ("TL") unless otherwise indicated)

27. Nature and Level of Risks Arising from Financial Instruments (continued)

Current period

Expected maturities or maturities per contract	Book value	Total cash outflows per contract (=I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	Longerthan 5 years (IV)
Non-derivative financial liabilities						
Bank Loans	76.192.781	81.663.568	36.377.818	20.255.500	25.030.250	-
Other Financial Liabilities	-	-	-	-	-	-
Notes Payable	29.431.853	29.935.113	13.696.109	16.239.004	-	-
Trade Payables	15.540.742	15.668.846	11.228.827	4.440.019	-	-
Other Payables	37.775.162	37.775.162	11.604.151	26.167.511	3.500	-
Expected maturities or maturities per contract						
Derivative financial liabilities (net)	50.840	69.502	69.502	-	-	-

Prior period

Expected maturities or maturities per contract	Book value	Total cash outflows per contract (=I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	Longer than 5 years (IV)
Non-derivative financial liabilities						
Bank Loans	88.370.016	93.100.108	20.859.442	52.895.722	19.344.944	-
Other Financial Liabilities	-	-	-	-	-	-
Notes Payable	4.122.412	4.122.412	4.122.412	-	-	-
Trade Payables	25.309.590	25.309.590	21.556.828	3.752.762	-	-
Other Payables	26.710.522	26.710.522	13.608.755	13.049.268	52.500	-
Expected maturities or maturities per contract						
Derivative financial liabilities (net)	-	-	-	-	-	-

iv. Credit risk

Holding financial instruments may lead to failure of counterparty to fulfill the terms and conditions of the agreement. The Company management takes measures to prevent such risks through limiting the average risk for the counterparty (except for the related parties) at each agreement, and the receiving collaterals if necessary. The Company's collection risk is basically arises from its trade receivables. This risk may arise from dealers or other customers, and the Company monitors this risk by keeping the credit limits equal to collaterals received and by working with advance payments. The Company management continuously monitors the utilization of credit limits and evaluates the customer's financial position and by taking into considerating the past experiences and other relevant factors.

Trade receivables are valued by the Company management taking into account the past experiences and the current economic outlook, and they are recognised in the statement of financial position, net, after making provisions for doubtful receivables if deemed necessary.

The Company tries to monitor its credit risk through extending its sales operations to a large region instead of concentrating on specific persons or groups in a single sector or region. Furthermore, the Company receives collaterals from customers if deemed necessary.

27. Nature and Level of Risks Arising from Financial Instruments (continued)

The following table discloses information regarding the terms overrun and warranty structure of the Company's receivables and cash and cash equivalents (TL):

					Receivables
December 31, 2012	**Trade Receivables (Note 7)**	**Trade Receivables from related parties (Note 7)**	**Other receivables (Note 8)**	**Cheque Float (Note 4)**	**Cash and Banks (Note 4)**
Maximum credit risk incurred as of the reporting date (A+B+C+D+E) (1)	**172.744.121**	**8.980.288**	**587.214**	**7.279.399**	**26.060.162**
- Part of the maximum risk taken under guarantee with collaterals (2)	(145.444.662)	-	-	-	-
A. Net book value of financial assets that are neither overdue nor impaired.	154.831.181	8.980.288	587.214	7.279.399	26.060.162
B. Book value of financial assets whose conditions are revised, and which otherwise would be considered as overdue and impaired	-	-	-	-	-
C. Net book value of overdue assets that are not impaired	9.484.905	-	-	-	-
D. Net book value of impaired assets	8.428.035				
- Overdue (gross book value)	16.434.680	-	-	-	-
- Impairment (-) (Note 7)	(15.187.377)	-	-	-	-
- Part of the net book value taken under guarantee with collaterals					
- Net overdue (gross book value)	8.636.034	-	-	-	-
- Impairment (-)	(1.455.302)	-	-	-	-
- Part of the net book value taken under guarantee with collaterals	-	-	-	-	-
E. Derecognized items bearing credit risk	-	-	-	-	-

1) In determining the amount of credit risk to be incurred, factors that increase credit liability, i.e. the guarantees received, are not taken into consideration.
2) Collaterals received from customers comprise guarantee notes, guarantee cheques and mortgage

					Receivables
December 31, 2011	Trade Receivables (Note 7)	Trade Receivables from related parties (Note 7)	Other receivables (Note 8)	Cheque Float (Note 4)	Cash and Banks (Note 4)
Maximum credit risk incurred as of the reporting date (A+B+C+D+E) (1)	140.998.567	11.069.870	410.738	5.321.120	9.310.060
- Part of the maximum risk taken under guarantee with collaterals (2)	(130.434.776)	-	-	-	-
A. Net book value of financial assets that are neither overdue nor impaired.	130.255.315	11.069.870	410.738	5.321.120	9.310.060
B. Book value of financial assets whose conditions are revised, and which otherwise would be considered as overdue and impaired	-	-	-	-	-
C. Net book value of overdue assets that are not impaired	10.743.252	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
- Overdue (gross book value)	13.324.291	-	-	-	-
- Impairment (-) (Note 7)	(13.324.291)	-	-	-	-
- Part of the net book value taken under guarantee with collaterals	-	-	-	-	-
- Net overdue (gross book value)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Part of the net book value taken under guarantee with collaterals	-	-	-	-	-
E. Derecognized items bearing credit risk	-	-	-	-	-

1) In determining the amount of credit risk to be incurred, factors that increase credit liability, i.e. the guarantees received, are not taken into consideration.
2) Collaterals received from customers comprise guarantee notes, guarantee cheques and mortgages.

27. Nature and Level of Risks Arising from Financial Instruments (continued)

v. Foreign exchange risk

Foreign exchange risk arises from the Company's assets and liabilities denominated in USD and Euro.

In addition to the above, the Company is exposed to foreign exchange risk arising from its operations. These risks arise from the trade operations of the Company realized in a currency other than its valuation currency and from using foreign currency bank loans.

The Company manages foreign exchange risk through balancing its foreign currency assets and liabilities, updating its pricing policy in accordance with the foreign exchange fluctuations, and continuously analyzing its foreign currency position. The net foreign currency position of the Company as of December 31, 2012 and 2011 is set out below:

	December 31, 2012 (TL equivalent)	December 31, 2011 (TL equivalent)
A. Assets in foreign currency	**26.682.269**	28.652.229
B. Liabilities in foreign currency	**(24.394.234)**	(41.630.916)
Net foreign currency position (A+B)	**2.288.035**	(12.978.687)

27. Nature and Level of Risks Arising from Financial Instruments (continued)

v. Foreign exchange risk (continued)

The Company's foreign currency position as of December 31, 2012 are as follows:

	Schedule for foreign currency position			
	Current period			
December 31, 2012	**TL equivalent (functional currency)**	**USD**	**EUR**	**AUD**
1. Trade Receivables	22.218.024	338.656	7.540.747	2.100.320
2a. Monetary Financial Assets (Cash, Bank accounts included)	2.055.146	551.975	442.078	17.082
2b. Non-Monetary Financial Assets	2.251.411	1.046.564	164.054	-
3. Other	-	-	-	-
4. Current Assets (1+2+3)	**26.524.581**	**1.937.195**	**8.146.879**	**2.117.402**
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-Monetary Financial Assets	157.688	70.950	13.272	-
7. Other	-	-	-	-
8. Non-Current Assets (5+6+7)	**157.688**	**70.950**	**13.272**	-
9. Total Assets (4+8)	**26.682.269**	**2.008.145**	**8.160.151**	**2.117.402**
10. Trade Payables	(6.521.314)	(2.502.177)	(876.359)	-
11. Financial Liabilities	(17.872.920)	-	(7.600.000)	-
12a. Monetary Other Liabilities	-	-	-	-
12b. Non-Monetary Other Liabilities	-	-	-	-
13. Short-Term Liabilities (10+11+12)	**(24.394.234)**	**(2.502.177)**	**(8.476.359)**	-
14. Trade Payables	-	-	-	-
15. Financial Liabilities	-	-	-	-
16a. Monetary Other Liabilities	-	-	-	-
16b. Non-Monetary Other Liabilities	-	-	-	-
17. Long-Term Liabilities (14+15+16)	-	-	-	-
18. Total Liabilities (13+17)	**(24.394.234)**	**(2.502.177)**	**(8.476.359)**	-
19. Net Asset/(Liability) Position of Off-Balance Sheet Derivative Instruments (19a-19b)	**11.578.878**	**6.495.500**	-	-
19a. Amount of Hedged Asset	-	-	-	-
19b. Amount of Hedged Liability	11.578.878	6.495.500	-	-
20. Net Foreign Asset/(Liability) Position (9-18+19)	**13.866.913**	**6.001.468**	**(316.208)**	**2.117.402**
21. Net Foreign Currency Asset/(Liability) Position of Monetary Items (=1+2a+5+6a-10-11-12a-14-15-16a)	**(121.064)**	**(1.611.546)**	**(493.534)**	**2.117.402**
22. Total Fair Value of Financial Instruments Used for Foreign Currency Hedging	11.578.878	6.495.500	-	-
23. Export (*)	35.133.555	1.407.441	13.773.604	-
24. Import (*)	94.673.299	30.491.547	17.257.060	-

(*) Average exchange rate is used.

(Currency - in Turkish Lira ("TL") unless otherwise indicated)

27. Nature and Level of Risks Arising from Financial Instruments (continued)

v. Foreign exchange risk (continued)

The Company's foreign currency position as of December 31, 2012 are as follows:

				Schedule for foreign currency position
				Prior period
December 31, 2011	TL equivalent (functional currency)	USD	EUR	AUD
1. Trade Receivables	22.307.198	672.826	6.702.995	2.429.051
2a. Monetary Financial Assets (Cash, Bank accounts included)	2.396.469	1.000.786	207.089	-
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	3.948.562	1.896	1.614.281	-
4. Current Assets (1+2+3)	28.652.229	1.675.508	8.524.365	2.429.051
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. Non-Current Assets (5+6+7)	-	-	-	-
9. Total Assets (4+8)	28.652.229	1.675.508	8.524.365	2.429.051
10. Trade Payables	(11.798.800)	(4.030.720)	(1.712.568)	-
11. Financial Liabilities	(11.240.380)	(5.610.327)	(263.129)	-
12a. Monetary Other Liabilities	(18.856)	(10.020)	(29)	-
12b. Non-Monetary Other Liabilities	-	-	-	-
13. Short-Term Liabilities (10+11+12)	(23.058.036)	(9.651.067)	(1.975.726)	-
14. Trade Payables	-	-	-	-
15. Financial Liabilities	(18.572.880)	-	(7.600.000)	-
16a. Monetary Other Liabilities	-	-	-	-
16b. Non-Monetary Other Liabilities	-	-	-	-
17. Long-Term Liabilities (14+15+16)	(18.572.880)	-	(7.600.000)	-
18. Total Liabilities (13+17)	(41.630.916)	(9.651.067)	(9.575.668)	-
19. Net Asset/(Liability) Position of Off-Balance Sheet Derivative Instruments (19a-19b)	13.222.300	7.000.000	-	-
19a. Amount of Hedged Asset	-	-	-	-
19b. Amount of Hedged Liability	13.222.300	7.000.000	-	-
20. Net Foreign Asset/(Liability) Position (9-18+19)	243.613	(975.559)	(1.051.303)	2.429.051
21. Net Foreign Currency Asset/(Liability) Position of Monetary Items (=1+2a+5+6a-10-11-12a-14-15-16a)	(16.927.249)	(7.977.455)	(2.665.584)	2.429.051
22. Total Fair Value of Financial Instruments Used for Foreign Currency Hedging	13.222.300	7.000.000	-	-
23. Export (*)	27.732.281	1.151.896	10.722.005	352.865
24 .Import (*)	107.507.550	36.984.156	20.502.561	68.201

(*) Average exchange rate is used.

27. Finansal Araçlardan Kaynaklanan Risklerin Niteliği ve Düzeyi (devamı)

v. Foreign exchange risk (continued)

The Company is exposed to foreign currency risk due to exchange rate fluctuations in translating to Turkish Lira the debited / credited totals denominated in foreign currency in relation to the Company's trade operations. The said foreign exchange risk is monitored by continuous analysis of the foreign currency position. The Company has adopted the policy of diversifying to the extent possible its currency basket for the purpose of managing the foreign exchange risk arising from future trade operations as well as the recognized assets and liabilities.

If the USD, Euro, and AUD were to gain / lose value by 10% against TL with all other variables remaining constant, the sensitivity analysis on the Company's profit before tax would be as follows as of December 31, 2012 and 2011:

				December 31, 2012
		Profit/Loss		Equity
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In case 10% appreciation of USD against TL:				
1. USD net asset/liability	(88.066)	88.066	-	-
2. Amount hedged for USD risk (-)	1.157.888	(1.157.888)	-	-
3. USD net effect (1+2)	**1.069.822**	**(1.069.822)**	-	-
In case 10% appreciation of EUR against TL:				
4. EUR net asset/liability	(74.363)	74.363	-	-
5. Amount hedged for EUR risk (-)	-	-	-	-
6. EUR net effect (4+5)	**(74.363)**	**74.363**	-	-
In case 10% appreciation of AUD against TL:				
7. AUD net asset/liability	391.232	(391.232)	-	-
8. Amount hedged for AUD risk (-)	-	-	-	-
9. AUD net effect (7+8)	**391.232**	**(391.232)**	-	-
Total (3+6+9)	**1.386.691**	**(1.386.691)**	-	-

				December 31, 2011
		Profit/Loss		Equity
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In case 10% appreciation of USD against TL:				
1. USD net asset/liability	(1.506.503)	1.506.503	-	-
2. Amount hedged for USD risk (-)	1.322.230	(1.322.230)	-	-
3. USD net effect (1+2)	(184.273)	184.273	-	-
In case 10% appreciation of EUR against TL:				
4. EUR net asset/liability	(256.917)	256.917	-	-
5. Amount hedged for EUR risk (-)	-	-	-	-
6. EUR net effect (4+5)	(256.917)	256.917	-	-
In case 10% appreciation of AUD against TL:				
7. AUD net asset/liability	465.552	(465.552)	-	-
8. Amount hedged for AUD risk (-)	-	-	-	-
9. AUD net effect (7+8)	465.552	(465.552)	-	-
Total (3+6+9)	24.362	(24.362)	-	-

(Currency - in Turkish Lira ("TL") unless otherwise indicated)

27. Nature and Level of Risks Arising from Financial Instruments (continued)

vi. Capital management

The Company's objectives when managing capital to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as the total liability (including borrowings, trade payables, due to related parties and other payables, as shown in the balance sheet) less cash and cash equivalents.Total share capital is the sum of all equity items stated in the statement of financial position.

	December 31, 2012	December 31, 2011
Total debt	**175.558.703**	156.352.068
Cash and cash equivalents (-) (Note 4)	**(33.339.561)**	(14.631.180)
Net debt	**142.219.142**	141.720.888
Total equity	**156.646.727**	123.839.779
Debt/ equity ratio	**%91**	%114

28. Financial Instruments

Fair value is the amount for which a financial instrument could be exchanged between willing parties excluding mandatory sales or liquidation transactions and it is determined by the market price of the instrument, if any.

The Company estimates the fair values of financial instruments by reviewing current market information and using relevant valuation methods. The fair value estimates and interpretation of market data depend on assumptions. Accordingly, the assumptions presented may not indicate the correct amounts that the Company may obtain within a current market operation.

The Company assumes that the carrying values of financial instruments represent their fair values.

Financial assets -
These assets are stated at cost and include cash and cash equivalents, their interest accruals and other short term financial assets. These are short term assets; hence, their fair values are assumed to approximate their carrying values. The carrying values of trade receivables after provision for rediscount and doubtful receivables are assumed to approximate their fair values.

Financial liabilities -
Monetary liabilities whose fair values approximate their carrying values:

Due to the short term nature of the trade payables and other monetary liabilities, their fair values are assumed to approximate their carrying values. Bank loans are stated at their discounted cost values and the transaction costs are added to their initial recognition value. As the interest rates on loans are updated with respect to the changing market conditions, their fair values are assumed to approximate their carrying values. The fair value of a fixed-interest loan whose carrying value is TL 76.192.781 amounts to TL 75.442.113. The fair values of trade receivables after provision for rediscount are assumed to approximate their carrying values.

28. Financial Instruments (continued)

Fair value inputs hierarchy

The Company classifies its financial instruments recognized at fair value at a three-step hierarchy as per the sources of valuation inputs of each class of financial instruments as stated below.

Level 1: Valuation techniques where prices are quoted in active markets for identified assets and liabilities are used.

Level 2: Other valuation techniques which include directly or indirectly observable inputs.

Level 3: Valuation techniques that do not include observable market inputs.

As of December 31, 2012, the hierarchy diagram of the financial assets and liabilities followed up by the relevant fair values is as follows:

	Level 1	Level 2 (*)	Level 3
Financial assets carried at fair value	-	-	-
Financial liabilities carried at fair value	-	11.578.878	-
Fair value of forward operation	-	11.578.878	-

(*) The fair value is calculated taking into consideration the market interest rates of the original forward exchange in the remaining part of the contract.

29. Events After the Reporting Date

None

30. Other Issues Materially Affecting the Financial Statements or Requiring Disclosure for a Proper Interpretation and Understanding of the Financial Statements

Insurance totals of assets with respect to the periods are as follows (TL);

December 31, 2012	**211.921.042**
December 31, 2011	220.622.343

Essencial Financial and Operational Indicators

Some information of our company which is compared with the previous period and not be consolidated as of the date of December 31, 2012 is as follows:

Amount of Production & Sale

Ton	31.12.2012	31.12.2011	Change %
Production	55.751	52.540	% 6
Sale	55.580	51.161	% 9

Net Sale

Thousand TL	31.12.2012	31.12.2011	Change %
Domestic	260.324	105.039	148%
Foreign	35.717	13.102	173%

Import & Export

1000 EURO	31.12.2012	31.12.2011	Change %
Import	15.296	11.802	30 %
Export	40.977	47.209	(13%)

Financial Rates

Liquidity Ratio	31.12.2012	31.12.2011
Current Ratio	1,67	1,55
Acid-test Ratio	1,43	1,32
Profit Ratio	**31.12.2012**	**31.12.2011**
Gross Profit Margin	0,27	0,25
Profit Capital Ratio	0,13	0,09
Leverage Ratio	**31.12.2012**	**31.12.2011**
Total Debts / Proprietary Interest	1,12	1,29
Total Debts / Total Actives	0,53	0,56
Proprietary Interest Ratio	0,47	0,44
Short-term Debt / Total Actives	0,44	0,48
Short-term Debt / Total Actives	0,09	0,09
Activity Ratio	**31.12.2012**	**31.12.2011**
Accounts Receivables Turnover	1,63	1,68
Stock Turnover	8,23	7,65
Asset Turnover	0,24	0,23

Capital Management

When managing the capital, the aims of the company are to provide continuousness of the company in order to sustain the most proper capital structure and to provide benefit to shareholders and profit to partners and to decrease capital cost.

As a parallel to other companies at the sector, Company follows debt capital ratio at company management. This ratio may be accumulated by dividing net debt to total capital. Net debt is accumulated by subtracting cash and securities from total debt (total amount of short term or long term debts defined at financial situation statement). Total capital is the sum of equities which are defined at financial situation statement.

	31.12.2012	31.12.2011
Total Debts	175.558.703	156.352.068
Cash and Securities (-) (PS 4)	(33.339.561)	(14.631.180)
Net Debt	142.219.142	141.720.888
Total Resource	156.646.727	123.839.779
Dept/Capital Ratio	%91	%114

Profit Distrubition/Non-distrubition Proposal

The profit distribution policy of our company is defined chapter 1, article 6 of corporate governance compliance report attached to activity report.

It is decided by a majority vote that as a result of activity year of 2012 of our company, trade profit after tax accumulated according to articles of Turkish Trade Law is 17.347.550,99 TL (seventeenmillionthreehundredforty-seventhousandfivehundredfiftyTLninetynineKurus); its profit accumulated as to financial statements which were applied independent inspection prepared according to notice provisions numbered XI - 29 of capital market board is 19.716.257,81 TL (nineteenmillionsevenhundredsixteenthosandtwohundredfiftysevenTLei-ghtyoneKurus); primary capital legal will not be saved reserve since allocatable upper limit is reached within the frame of article 519 of Turkish Trade Law; gross amount of 5.917.802,34 TL (fivemillionninehundred-seventeenthosandeighthundredtwoTLthirtyfourKurus) which corresponds 30% of net distributable period profit with the amount of 19.726.007.81 TL (nineteenmillionsevenhundredtwentysixthousandsevenTLwigh-tyoneKurus,)on which donations were added to partners in relation with accounting year of 2012 including current profit distribution policy and adjustments of capital market board about profit distribution, will be distributed; shareholders will be notified and attached profit distribution statement of the year 2012will be proposed to general committee to approve.

Financial Risk Management

It is explained at article 27 of independent audit report attached to financial risk management activity report of our company.

Chapter 7
Other Issues

Insurance

Total insurance amount of active assessment is as follows as of periods (TL);

December 31, 2012	**211.921.042**
December 31, 2011	220.622.343

Chapter 8
Activity Reports of Main Company at Companies Community

Activity reports of Flagship company Deceuninck NV belonged to the year of 2012 was published on website www.deceuninck.com.

Responsibility Report of Executive Board Which was Written Referring Artıcle 119 of Turkish Trade Law

Resolution part of the report which explains our relations with flagship and allied companies within the frame of article 119 of Turkish Trade Law is explained by executive board of our company as follows:

There isn't any legal transaction made in favor of it or any other company related with it made by leading of flagship company, with flagship company or other company related with it.

There isn't any transaction or precaution which was avoided because it is or was made in favor of flagship company or any other company related with it in the same year and there isn't any damage compensation.

As there isn't any legal transaction related with flagship company or directly related companies with flagship company, there isn't any precaution to be avoided according to situations known by us, so there wasn't any need of provision back at none of legal transactions and there isn't any company damages.
We announce that we prepared dependent company report responsibility according to principles of account honestly and correctly and our company hasn't have any damages because of any transactions happened known situations within the year of 2012 and we made these within the frame of following principles;

a) To report if there is a transaction made in favor of flagship company or against to related company,
b) To make equal if there is a loss,
c) To solve problems in favor of company which are the risks of dependent company for group benefit,
d) To protect shareholders, suppliers, collectors, employees by these means.

Corporate Governance Principles Observance Statement

In 2012 fiscal year our company obeyed to the Corporate Governance Principles published by Capital Markets Board and has been applying those principles.

Because it is included in the arrangements of the Capital Markets Board our company has been satisfying its legal responsibilities in the matters of transparency and public disclosure, it has been disclosing its periodical financial tables, footnotes and Independent Audit Reports. Besides that if an extraordinary circumstance is the case it has been making regulatory disclosures in İstanbul Stock Exchange.

Our company which has been occupying an important position in the plastic door and window sector keeps the customer satisfaction in the forefront.

In order to offer proper solutions and meet the demands and expectations of the customers rapidly the Customer Relations Department has been established. Being based on the periodic questionnaires and interviews with our dealers the demands are being appraised and decisions are being made.

Chapter 1 - Shareholders

1.1. Unit for Relations with the Shareholders

Our company did not establish a special unit for relations with the shareholders, those relations are being managed by Banu Özberber, Gözde Bayılmaz and Ayşe Kara who are appointed by Financial Management Office.

Name, Last Name	Telephone	E-mail Address
Banu Özberber	+90 (232) 398 97 51	banu.ozberber@deceuninck.com
Gözde Bayılmaz	+90 (232) 398 97 58	gozde.bayilmaz@deceuninck.com
Ayşe Kara	+90 (232) 398 97 60	ayse.kara@deceuninck.com

Because the investors did not direct intensive questions or information demands to our company, a special unit for relations with the shareholders is not considered necessary to be established.

1.2. Utilisation of the Shareholders' Right to Information

Our employees appointed by Financial Management Office have been giving answers to the questions of the shareholders and have been informing them about general meetings, share certificates, profit distribution proposals etc.

In the period 1 written information demand was submitted by our shareholders and the answer was given.

All the questions of our shareholders transmitted by telephone were answered and necessary explanations were made in the period.

Almost all the questions directed by our shareholders are related with : movement of the market prices of our share certificates, sales turnover, profit of the period, dividend distribution. If it is not disclosed to public the question is not answered, if it is disclosed an easy and appropriate way to reach such information is provided to the shareholders. General Illuminations and Regulatory Disclosures are being announced to public by the mediation of İstanbul Stock Exchange and KAP (Public Disclosure Platform).

In the charter of our company "special auditor appointment request" has not been settled as an individual right, therefore the relevant articles of Turkish Commercial Code are being applied in the case, as it is done when no provision is included in the charter. No "special auditor appointment request" was submitted to our company in 2011.

1.3 Information About General Meetings

Our company held its Ordinary General Meeting about the fiscal year 2011 at its company head office located at the address Atatürk Organize Sanayi Bölgesi 10003 Sok. No:5 Çiğli- İZMİR on 19th June 2012.

In the General Assembly Meeting 5,810,052,200 shares were represented by proxy and 200,000 shares were represented by principals which make a total of 5,956,690,000 shares against the company's capital 59,566,900.00 TL, thus the meeting was held by attendance of a majority representing 97.54 % of the shares

The charter of the company prescribed that at least 75 % of the shares should be represented in the General Assembly Meetings. Invitations to the meetings are made by announcements on 230-232nd pages of the Trade Registry Journal dated 25.05.2012 numbered 8076 and on 15th and 16th pages of the Newspaper Yenigün dated 24.05.2012 numbered 2634. In those announcements; information about the place, date and time of the general meeting, proxy samples for attorneys, deadline for submission of the related share numbers required for attending the meeting, the place where financial tables of the fiscal year 2011, reports of the board of directors, independent auditors and comptrollers can be examined by shareholders were included.

In the General Meeting the shareholders did not use their right of questioning and did not make any suggestion.

Making a decision in the following matters is possible only by a resolution of the General Asssembly Meeting:

i) Modifications of the Charter,
ii) Appointment, acquittal or dismissal of the members of the Board of Directors (where temporary member appointment by Board of Directors in Conformity with 10th article of the Charter is excluded)
iii) Approval of the annual balance sheet and loss and profit account of the company, and profit distribution
iv) Issues of bonds or other securities by company where the provisions of Additional 32nd Article are reserved
vi) Liquidation or merger of the company,

The Raised Quorum defined in the 20th article of the charter of the company is applied to the resolutions of: the key importance which are described by the first paragraph of the 23rd article of the Securities Exchange Act, limitation of acquisition of new shares, authorization of the board of directors for limitation of acquisition of new shares in the recorded capital system, decrease of the capital.

The minutes of the General Meetings are available for the examinations of the shareholders at the head office of the company.

Electronical Participation to the General Meetings

The holder of the right of participation to the general meeting can participate to those meetings by way of electronical connections which is allowed by 1527th article of Turkish Commercial Code. In order to enable the holders of the participation right: to participate to the general meetings electronically, to explain their views, to make suggestions and to vote by help of electronic means the company may either establish the electronical general meeting system or may purchase the related services from the established systems. According to that provision of the charter all the holders of the right and their representatives are to be enabled to utilize their rights described in the said regulations by help of the described system.

Donations and Aid Policy

Our company can give donations to the charitable foundations, associations, educational or training institutions, state institutions or organizations dealing with social, cultural, educational, sporting activities etc by approval of the board of directors within the context of the principles defined in Security Exchange Act and Turkish Commercial Codeç

In case of giving donations the relevant arrangements of the Ministry of Finance is to be considered and attention is to be paid for choosing preferably the institutions benefiting from the tax exemptions.

In determination of the type and amount of the donation, institution or non-governmental organization, conformity to the social responsibilities criteria is observed. Besides that, donations or aid can be offered to the foundations, associations or similar organizations which are established for performing activities related with the field of activity of the company. In the General Meetings the detailed information is given to the shareholders about the donations and aid included in the related fiscal year.

1.4&5. Voting Right and Minority Rights

According to the charter of our company each share has got one vote to cast in Ordinary or Extra Ordinary General Meetings , there is no preference share in voting.

In General meetings open voting is performed by raising hands. But if shareholders or the representatives representing at least 5% of the capital demand in that way, secret voting becomes compulsory.

In general meetings of our company cumulative voting method is not employed. Quorum of the general meetings consists of 3/4th of the present votes regardless how many times the meeting is held.

1.6. Profit Distribution Policy and Profit Distribution Time

According to the charter of our company,the amounts to be necessarily paid by company such as general expenses and miscellaneous amortizations, taxes to be paid by legal personality of the company are subtracted from the incomes determined at the end of the fiscal year, from the remaining net profit, which is shown on the balance sheet , the losses of the previous year is subtracted if there is any, then the remaining amount is distributed in the following order.

Primary Legal Reserve Fund

a) 5 % is taken apart as legal reserve fund.

First Dividend

b) First dividend is taken from the remaining amount at the ratio and amount determined by Capital Markets Board.

c) 10 % of the remaining amount is distributed among the holders of the founders usufructuary shares.

Second Dividend

d) After the amounts defined in the above paragraphs a,b and c are subtracted from the net profit the general board is authorized to distribute the whole or some part of the remaining amount as second dividend or to allocate it as extra ordinary reserve fund.

Secondary Legal Reserve Fund

e) After subtracting 5% of the capital from the amount to be distributed among the shareholders and other beneficiaries , 1/10th (One tenth) of the remaining amount is allocated as secondary reserve fund according to 3rd line of the 2nd paragraph of the 519th article of Turkish Commercial Code.

f) Unless the reserve funds, which are required by law, are allocated and first dividend defined by charter is taken apart it is not possible to make decisions about: profit distribution among the members of the board of directors, employees, officials or workers, allocation of other reserve funds or transfer of profit to the next year.

The amount of our company's profit to be distributed is determined under the consideration of : regulatory provisions, profit distribution proposals presented to the approbation of the General Meeting by the board of directors, distribution policy paying attention to expectations of the shareholders and expansion strategy of our company.

General meetings are held within 3 months following the end of each fiscal year, and profit distribution is made within the time frame defined by the resolution of the general meeting. Profit distribution proposal of the board of directors and profit ratio per share is included in the activity report.

1.7. Transfer of Shares

There is no provision restricting the transfer of the shares in the charter of the company.

Chapter 2- Public Disclosure and Transparency

2.1. Disclosure Policy of the Company

Disclosure policy of our company aims to present the past performances and forward looking expectations of our company within the possibilities of the sector in which the activities are being performed, its vision excluding the information in quality of commercial secrets to the shareholders, capital markets participants and public within the generally accepted accountancy principles and Capital Markets Provisions.

In matter of Public Disclosures the company observes Turkish Commercial Code (TTK), Capital Markets Regulations and the arrangements of Capital Markets Board (SPK) and İstanbul Stock Exchange (İMKB); It tries meticulously to apply the principles of the Corporate Governance Principles of SPK to the possible extent of the sector. That policy regulates the written and verbal communication of the company with shareholders, beneficiaries and capital markets participants.

The Board of Directors is responsible for establishing, observing, revisioning and improving the Disclosure Policy of the company.

Public Disclosure Method and Means
Keeping the provisions of Capital Markets Regulations and TTK reserved, public disclosure methods and means employed by the company are as follows:
a) Regulatory disclosures transmitted to İMKB by mediation of Public Disclosures Platform (KAP),
b) Central Registry Agency (MKK): " e-YÖNET: Corporate Governance and İnvestors Relations Portal
c) Financial tables, footnotes, independent audit reports and statements periodically transmitted to İMKB by mediation of KAP.
d) Annual activity reports,
e) Corporate website: *www.egeprofil.com.tr*
f) Announcements and notices made by Turkish Trade Registry Journal and other daily newspapers
g) Press releases by printed or visual medias
h) Face to face disclosure meetings and interviews with Capital Markets Participants and teleconferences,
i) Communication methods and means such as telephone, e-mail, telefax etc.

Authorised Persons for making Public Disclosures
Out of the above defined written disclosures, authorized persons for making disclosures are determined according to the level of the demanded information. Any kind of questions related with the company can be answered by authorized persons appointed by the President or members of the board of directors, members of the Board of Audit, General Manager, General Management Office within the limits of their authorizations, those persons can also make explanations about the above defined matters.

Persons other than those authorized employees are not authorized to answer written and/or verbal questions of the capital markets participants.

Public Disclosure of Special Cases
Public Disclosure of special cases are prepared by employees appointed by General Management Office, then it is transmitted to İMKB by mediation of KAP and it is disclosed to public by website of the company. In order to help the interested persons and institutions in making their decisions Special Case Disclosures will be prepared in a clear, easily understandable manner and will not include misleading expressions.

If the employees of the company find that some undisclosed important or special information is disclosed to public inadvertently, they will inform the authorized persons appointed by General Management Office about the matter. In such a case, a special case disclosure is prepared and transmittes to İMKB by mediation of KAP.

Our company made 19 special case disclosures in 2012. Within the Public Disclosure Principles all the special case disclosures are madeon time and in conformity with the legal provisions. In 2012 no correction or additional explanation is made by İstanbul Stock Exchange or Capital Markets Board.

Public Disclosure of Financial Tables
Interim periodical or Annual Financial Tables of the company are prepared within the frame of the provisions defined by Capital Markets Board and in conformity with International Financial Reporting Standards. They are subjected to independent audit for the periods required by regulations, after approbation of the Responsible Committee of Audit within the regulations of the Capital Markets Regulations and approval of the board of directors they are transmitted to the İMKB by mediation of KAP together with the statement of responsibility attesting its accuracy prepared by the authorized persons.

Interim periodical or annual financial tables of the past can be reached by website of the company.

Corporate Website
Our company's website is *www.egeprofil.com.tr*. Automatic pass to the websites www.egepen.com.tr and *www.winsa.com.tr* is possible when you enter our website. In the websites there is information about: our marks Egepen Deceuninck and Winsa, products, our dealers and services. You can have information about our parent company Group Deceuninck by using the link *www.deceuninck.com.*

In the corporate website information determined by TTK and Capital Markets Board Corporate Governance Principles takes place and updates are being made.

In the website of the company; announcement and agenda of general meetings, information about the items of the agenda, other related information, documents and reports, and participation methods to the general meetings are prominently presented. Disclosures included in the corporate website do not substitute the disclosures or special case disclosures required by provisions of Capital Markets Refulations.

All kinds of measures related with the security of the corporate website are taken and improvement works are being continued.

In the corporate website an easy access to the disclosed and actual information is provided. Public disclosures are published in Turkish and/or English.

General Meetings
Financial tables and reports including annual activity report, profit distribution proposal, choice of independent audit firm, policies to be established according to SPK, other documents constituting the basis of agenda items of the general meetings and the latest form of the charter and the text of amendment if there is any are presented to the easy reach of the shareholders in the head office of the company and in the corporate website. Agenda titles of general meetings are expressed in an obvious and not misleading manner.

Activity Report
Content of the activity report conforms to TTK, Capital Markets Regulations and SPK Corporate Governance Principles. After the approval of the board of directors the activity report is presented to the shareholders in general meetings and is published in the website.

Announcements and Notices by Turkish Trade Registry Journal and Daily Newspapers
Because of the Securities Exchange Act, TTK and Charter of the company, announcements of General Meetings, modifications of the charter, capital increase and profit distribution are made by Turkish Trade Registry Journal and Daily Newspapers.

Explanations to the Media
Press conference and/or Press Release on any matter can be done by instruction of the General Manager. In important cases approval of the board of directors is received. Authorized Press conference and/or Press Release are announced to the media by Corporate Press Release Communication Department.

Determination of the Persons Bearing Administrative Responsibilities and Preparation of the List of the Persons with Access to the Internal Information
The persons bearing administrative responsibilities include; the members of the board of directors or auditors and the persons with access to the internal information while they are not the members of those boards and the persons in close relations with them.

The list of the persons with access to the internal information is electronically sent to the organization which is our authorized attorney to perform our processes within the Central Registry Agency, and those lists are kept in the company in the electronical form.

Postponement of Public Disclosure of Internal Information
Information defined as internal infotmation is the information not disclosed yet to public which can affect the values of the issued securities for public offering and the investment decisions of the investors holding or acquiring those securities.

In order to avoid the probable losses of the legal rights and interests the Board of Directors and/or the General Manager are/is authorized to postpone the Public Disclosure of Internal Information. In the postponement period keeping that information secret is the responsibility of the persons with access to the information, the related measures are taken by General Management and after the reason for postponement is removed the necessary disclosure is immediately made.

Measures for Keeping the Internal Information Secret Until the Public Disclosure
Observance of the employees of the companies to the rules of utilization of the internal information is respected. The employees of the companies keep the information in quality of trade secrets confidential during and after their employments, and they do not make use of such information.

Communication with Capital Markets Participants
The company did not establish a special unit for relations with the shareholders. Its relations with the shareholders are managed by the employees appointed by Financial Affairs Office. Because the shareholders do not direct intensive questions or demands a special unit for relations with the shareholders is not established.

Procedure to be Followed About the NewsPublished in Media Organs and Follow up Mechanism
Internet, printed and visual media are daily followed by mediation of the media observation agency. Besides that news published in the subscribed data publishing channels is being followed. The content of the news related with the company is commented by General Management if it is needed a special case disclosure is made.

Incorrect News Circulating in the Markets
As a principle the company does not make any explanation about the rumours or speculations circulating in the markets. However if a confirmation is requested by SPK and /or İMKB within the perovisions of Capital Markets Regulations or the Management of the Company considers that an explanation is inevitable an explanation about the rumour(s) is made.

Explanations about Future
In case of need forward looking expectations can be made by authorized persons after the approval of the board of directors and/or General Manager within the frame of Disclosure Policy of the company.

to Be in Force
This disclosure policy has come into force by presenting it to the General Meeting. In case where some modification is needed in the disclosure policy, that modification is presented to General Meeting and disclosed to public after approval of the board of directors of the company.

2.2 Corporate Website and its Content

Our company's website is *www.egeprofil.com.tr.* Automatic pass to the websites www.egepen.com.tr and www.winsa.com.tr is possible when you enter our website. In the websites there is information about: our marks Egepen Deceuninck and Winsa, products, our dealers and services. You can have information about our parent company Group Deceuninck by using the link *www.deceuninck.com.*
In the corporate website information determined by TTK and Capital Markets Board Corporate Governance Principles takes place and updates are being made.

In the website of the company; announcement and agenda of general meetings, information about the items of the agenda, other related information, documents and reports, and participation methods to the general meetings are prominently presented. Disclosures included in the corporate website do not substitute the disclosures or special case disclosures required by provisions of Capital Markets Refulations. All kinds of measures related with the security of the corporate website are taken and improvement works are being continued.

Disclosure of the Real Person who is/are the Ultimate Controlling Shareholder/Shareholders

There is no real person who is the Ultimate Controlling Shareholder in our company. The current shareholding structure of our company is as follows:

	December 31, 2012	
	Amount (TL)	Share %
Deceuninck NV	58.100.520	97,54
Public Offering	1.466.380	2,46
Total	59.566.900	100,00

An easy access to disclosed information and actual information is available on the website of the company. Public disclosures are published in Turkish and/or English.

2.3 Activity Report

Content of the activity report conforms to TTK, Capital Markets Regulations and SPK Corporate Governance Principles.

After the approval of the board of directors the activity report is presented to the shareholders in general meetings and is published in the website.

Public Disclosure of the Persons with Access to the Internal Information

Besides that the department managers related with the company's activities, General Manager, and the lists of the members of the Board of Directors and members of the Board of Audit are included in the activity report of our company.

Chapter 3 - Beneficiaries

3.1. Informing the Beneficiaries

The beneficiaries are being informed about the activities of our company by general meetings and regulatory disclosures made within the framework of public disclosure principles. Those disclosures are made by activity reports and mediation of İstanbul Stock Exchange and KAP (Public Disclosures Plateform).

Besides that the company's indemnity policy is explained within the Human Resources Policy.

3.2 Beneficiaries Participation in Management

In order to provide the participations of the personnel of the different levels in management the meetings are regularly held every 3 months with the participations of the managers od departments and high level managers in which the annual targets are controlled and ideas are exchanged. The decisions made in those meetings are applied by the related departments and the necessary improvement work is performed.

3.3 Human Resources Policy

Human Resources Department, which is aware that human beings are the most effective factor in realization of the targets of our company, performs contemporary and strategical human resources applications on the success basis in collaboration with the other departments in accordance with mission, vision and core values of our company.

Purpose of the human resources policy is;
To carry our company to the future by our highly motivated employees adopting the core values of our company, with high performances and to realize its long term objectives.

Being within that context our main principles are as follows:
- To organize training plans aiming to improve knowledeges and skills and personal developments of our employees and to create suitable circumstances for their professional developments
- To appraise the performance by measuring with objective criteria
- To reward high performances, to supply support to the inadequate performance to get improved
- To create and maintain safe, healthy and peaceful working conditions from the occupational safety and health viewpoint.
- To organize social activities for increasing the motivations and boosting the morales of the employees. To build solidarity, unity and team spirit by help of social activities.
- To take measures for increasing productivity and improving the working conditions.

Employment Policy
The most important source contributing to our success is our employees. Therefore our main purpose in the selection and employment process is to fill the vacant positions by persons bearing suitable qualities and abilities conforming to the policies of our company.

Our Human Resources Department gives equal opportunities to all the candidates, it acts according to the principle of not regarding the race, religion, language or sexual differences.

The whole selection and employment process is managed within the frame of the rules defined in “Personnel Demand and Employment Procedure”.

Conformity of the candidate to the related position is appreciated as directly proportional to his/her conformity to the existing duty definition.

Human resources and the related manager make two different interviews with the probable candidates. Personality inventory analysis, foreign language test and other tests are applied to the candidates who are successful in the interviews.

Education Policy
Our company, which believes that one of the most important capital is human beings, acts continuously according to the principle of making investments to human beings. Within that context all our employees have various trainings for completin their professional or individual improvements. Education plans are prepared according to the annual performance evaluations and requirements of the positions and are applied.

Our company which pays special attention to health and safety of its employees organizes training programs for them about Occupational Safety and First Aid during the year.

Compensation Policy
When our company was setting the compensation policy for its employees, it took the Labor Law no. 4857 as a reference.

Within this framework;
Severance Pay is paid to the personnel whose labor contract ends through one of the ways prescribed in the Labor Law no. 4857 and who has a seniority of a particular period (or to the inheritors of the personnel in case of the death of the personnel) based on the working duration and salary of such personnel pursuant to the articles 14, 24, and 25 of the law.

Notice pay is paid to the employee in cash pursuant to the article 17 of the law no. 4857, or the employee may be made to enjoy it by allowing him/her to look for a job after noticing him/her, within the periods determined based on the seniority of the employee, that his/her labor contract is going to be terminated.

3.4. Information About the Relations with Customers and Suppliers

Our company tries to fulfill the demands and expectations of its customers and suppliers through multidirectional communication for increasing their satisfaction with us. To this end, customer and supplier visits are arranged and customer surveys are conducted in order to learn demands and expectations at first hand and seek solutions accordingly. A department has been formed within the body of our company so that final user complaints about the products manufactured by our company can be received. This department is easy to access through all means of communication. Those quality-related deficiencies which are detected, based on the examinations, to be resulting from production are compensated immediately.

3.5. Codes of Conduct & Social Responsibility

Codes of Conduct
Our partner Deceuninck N announced Corporate Codes of Conduct, which it has established in all companies to which it is a partner, to its employees in our company in 2004. Those who start working in our company are obliged to undersign these codes of conduct. The purpose of Corporate Codes of Conduct is to reveal our commitment to high ethical standards and to reinforce urgent and consistent actions aimed at the maintenance of these standards. All employees undertake to comply with high ethical and social behavior standards in terms of the content of the document.

Our Mutual Responsibility
You and your ideas create value and success for the company. We should respect and attach value on the unique characteristic and contribution of each employee.

Diversity
We encourage diversity among our employees. The diversity of individuals and ideas is a commercial advantage for our company.

Equality of Opportunities
No discrimination is allowed against any employee or any person with whom we cooperate due to age, race, color, religion, gender, physical handicap, nationality, sexual orientation, being veteran, or any other characteristic protected by laws.

Harassment and Violence in the Workplace
Harassment and violence are strictly prohibited in the workplace. There is no tolerance for such acts. Undesired intimacy or sexual demands, inappropriate words or jokes, intimidation, unwelcome or annoying acts such as extortion or physical contact, or behaviors causing the emergence of a hostile working environment are among the forms of harassment in the workplace.

Safety and Health
We undertake to create a safe and healthy workplace and to be attentive to each other, our company, and our environment. Everyone is obliged to abide by the health and safety rules applicable in our workplace. All of us are responsible for taking necessary measures for protecting ourselves and our colleagues against accidents, injuries, and unsafe situations. In addition, we are required to report, immediately, the situations threatening health and safety, and to take necessary steps in order to eliminate these kinds of adversities.

Use of Alcohol/Substance
We undertake to create a workplace where no substance is used. If we work under the effect of alcohol or substance, that means endangering ourselves and others. It is prohibited to use, make available, and distribute unpermitted drugs and alcohol within the working hours or facilities of the company. The management may exceptionally allow the use of alcohol in special cases. Employees are encouraged for undergoing a treatment for alcohol and/or drug addiction.

Salary
Ege Profil A.Ş. does not pay to its employees a salary below the legal or sector-wide minimum wages.

Human Rights
Ege Profil A.Ş. undertakes to protect human rights throughout the world. In this respect, our company applies the following standards:

- Employees at all levels are provided with equal opportunities irrespective of their age, race, color, religion, gender, physical handicap, nationality, sexual orientation, being veteran, or any other characteristic protected by laws.
- Our company provides a safe and healthy workplace where human health and environment are protected.
- No salary below the legal or sector-wide minimum wages is paid to employees. Our employees are provided with opportunities to improve their skills and competences.
- Our company does not employ children, and does not support the employment of children. Child workers are defined as people below the allowed minimum age in accordance with the law legislated by relevant authorities. Ege Profil A.Ş. does not intentionally employ those who are below the age of 16 by any means.
- Our company signs contracts with its employees on an absolutely voluntary basis. Our company does not force anyone, directly or indirectly, to work for it, and does not support forced labor.

Information Technology Resources
We, Ege Profil A.Ş., should use information technology resources ethically and responsibly. It is prohibited to access unethical information (through the websites containing pornography, violence, racism, etc.).

Responsibility Towards the Company

Conflicts of Interest

The decisions and actions taken on behalf of the company must never be affected by personal opinions or relations. The property, information, or positions in the company must not be used for gaining personal or familial interests. A conflict of interest may occur if we enter into business relations with our family members or close friends inside or outside the company or when we or any member of our family has a direct or indirect personal or financial interest due to any such business. Such problem may be experienced when external interests affect our capacity to perform our tasks as expected by the company, too. We should never make an attempt to get involved in a business that may compete against our company or to acquire a property or similar assets that may be reasonably expected to bring benefits to our company, before giving such opportunity to the company firstly.

Responsibility Towards the Public

Environment

Protecting the environment is a proper choice and part of our corporate strategy. We undertake to be attentive to each other, our company, and our environment. During all of our activities, we try to reduce wastes, emissions, and substances left in the environment. We use, process, transport, and dispose of all raw materials, products, and wastes in a safe manner. In addition, we help others who use our products to understand the environmental responsibility they bear. We make an effort to improve our environmental practices permanently through cooperation with state institutions, contractors, and communities. Our commitment for the environment is a responsibility shared by everyone. No one can argue that this is the responsibility of others.

Responsibility Towards our Business Partners

External Business Operations

We should be honest towards our suppliers and contractors. We trust in doing business with people who adopt and display high standards in their business operations. We do not welcome suppliers who violated laws including environmental, labor, and safety laws in the past.

Responsibility Towards Laws

Legal behavior standards are minimum acceptable behavior levels for us. We should abide by laws obviously, but we aim at a higher standard. The spirit of our corporate codes of conduct helps us in the face of exceptional situations.

Therefore, we should comprehend the purpose and spirit of our codes of conduct, and should seek advice of relevant people when we are hesitant about our action preferences.

Social Responsibility

Our production facilities have been certified by TS EN ISO 14001 Environmental Management System and TS 18001 Occupational Health and Safety Systems Standards (Izmir production facilities since 2007; Kocaeli-Sarımeşe production facilities since 2008).

Our company has not faced any accusation or sanction about environmental protection so far. It led its sector on a new subject in 2007 when it adopted the use of eco-friendly calcium zinc stabilizer instead of lead stabilizer. It recycles waste emerging at the production stage by 90% by using for its own production. Our company is not subject to emission permit. In our production facilities, an important step has been taken for preventing air pollution by turning our heating system to natural gas. Our recyclable wastes are separated, collected, and given to licensed establishments whereby they are reused. Our hazardous wastes are given to licensed establishments, too so that they can be disposed of without harming the environment.

Our factories are not subject noise permit. The level of noise is measured in the production site and its surrounding day and night. By this means, an attempt is made to keep the level of noise within legal limits.

No law suit has been opened against our company about the harms caused in the environment so far.

Chapter 4 - The Board of Directors

4.1 The Function of the Board of Directors

The Board of Directors manages and represents the company by especially paying regard to the long-term interests of the company through strategic decisions it takes with a rational and prudent risk management approach so that the risk, growth, and return balance of the company can be kept at the most appropriate level.

It defines the strategic goals of the company, and determines the human and financial resources to be needed by the company.

It supervises the compliance of corporate activities with legislation, articles of association, internal regulations, and the policies formed.

The task scopes, working principles, and the members of the committees to be constituted within the body of the Board of Directors are determined and announced to the public by the Board of Directors in accordance with the provisions of the Turkish Labor Law and the Capital Market Legislation.

Corporate policies and rules, which are required to be prepared pursuant to the Capital Market Legislation, are prepared by the Board of Directors. Such policies and rules are submitted for the information or approval of the General Assembly, and then they are announced.

4.2. The Activity Principles of the Board of Directors

According to the articles of association of the company, the meetings of the Board of Directors may be held whenever required. In addition, the Board of Directors is obliged to meet minimum four times a year at the intervals of maximum three months.

Members are convoked for meetings in written by the secretariat of Head Office. Meeting agenda is set through the negotiations to be performed by the Chairman of the Board of Directors with members. The articles of association contain provisions concerning the validity of the decisions made by the Board of Directors. According to these provisions, minimum 4 members must cast an affirmative vote in order for the decisions taken by the Board of Directors consisting of 5 members to be valid.

The Members of the Board of Directors are always entitled to cast a negative vote and lodge a statement of opposition. The veto rights of the Members of the Board of Directors have not been regulated by the articles of association of the company.

Prohibition of Competition and Operation with the Company for the Board of Directors

The articles of association of our company do not contain provisions about the prohibition of competition and operation with the company for the chairman and the members of the Board of Directors within their periods of office. Without prior consent of the general assembly, they cannot perform any operation, personally or indirectly, with the company on behalf of or on account of themselves or others. Related provisions of the Turkish Commercial Code are applied when any such operation is detected.

The authorities set forth in the articles 395 and 396 of the Turkish Commercial Code have been granted to the Members of the Board of Directors at the end of proposals submitted in the General Assembly of our company.

Within the activity year 2012, the members of the board of directors have not performed any operation of the above-mentioned nature in connection with the company, and have not been engaged in attempts that may compete against the company in its areas of activity.

A total of 19 Board meetings were held in 2012.

4.3. The Structure of the Board of Directors

The Board of Directors consists of minimum 5 (five) members to be elected by the general assembly among shareholders or externally within the limits of the provisions of the Turkish Commercial Code.

The Board of Directors is designated in such a way that members can perform efficient and constructive activities, they can make rapid and rational decisions, and relevant committees can be constituted, and organize their works effectively. The numbers, qualifications, and appointment procedures of non-executive and independent members of the Board of Directors are determined in accordance with the relevant legislation provisions of the Capital Market and the regulations of the Capital Market Board regarding corporate management. The Members of the Board of Directors are elected by the general assembly of the company pursuant to the provisions of the Capital Market Legislation, the Turkish Commercial Code, and the Articles of Association of the Company. Any member whose term of office has ended may be re-elected provided that the Capital Market Legislations are abided by for independent members.

The company is managed and represented by the Board of Directors.

The Members of the Board of Directors are elected for maximum three years. Those members whose terms of office have ended may be re-elected. In the event that a membership becomes vacant for whatever reason, the board of directors elects someone who fulfills relevant legal requirements as a temporary board member.

Any temporary member who has been appointed in this way continues to fulfill his tasks until the first general meeting. If the general assembly approves it, the temporary member may continue to serve as a board member until the end of the term of office of the member whom he has replaced.

In the event that a legal person is elected as a member to the Board of Directors, a natural person, who has been determined by the legal person, is registered and announced on behalf of the legal person during the registration and announcement of the legal person. It is immediately published through the website of the company that relevant registration and announcement have been conducted. Only the natural person who has been registered as described above may participate and vote in meetings on behalf of the legal person. It is obligatory that the Members of the Board of Directors and the natural person to be registered on behalf of the legal person are absolutely capable.

Board members share tasks among themselves after they are elected. The Board of Directors is authorized to transfer management, partly or wholly, to one or several board members or to a third person through an internal directive to be issued by it.

4.4. The Form of the Meetings of the Board of Directors

The Board of Directors may be convoked for a meeting by the chairman of the Board of Directors in his own capacity or when such meeting is demanded by any member of the Board of Directors. The Board of Directors meets minimum 4 (four) times a year at the intervals of maximum three months. The Board of Directors meets with the majority of the number of members. Decisions can be made by the majority of the members attending the meeting

The dates of the meetings of the Board of Directors are reported in written to the members of the Board of Directors within minimum 10 (ten) business days beforehand. A reasonable summary of the issues requested to be negotiated in the meeting and reports and other documents about these issues (if any) are attached to such written notification.

Board meetings are conducted in a place inside or outside the country to be determined by the Board of Directors. The language of meetings is English. However, the minutes and decisions of the board meetings are issued in Turkish. The English translations of the decisions taken are attached to the decisions, too.

As per the article 1527 of the Turkish Commercial Code, those who are entitled to attend a meeting of the board of directors/managers may attend such meetings electronically, too. The Company may establish an Electronic Meeting System to enable right holders to participate and vote in meetings electronically in accordance with the provisions of the Communiqué on Meetings Except for General Meetings of Joint-Stock Trading Companies to Be Held Electronically, or purchase service from the systems established for this purpose.

4.5. The Numbers, Structures, and the Independency of the Committees Established wıihin the Body of the Board of Directors

The committees required to be established within the scope of Company Board of Directors and Corporate Management Principles consist of the names indicated below.

The Board of Directors

Clement Edmont De Meersman	Chairman of the Board of Directors
Tom A.Debusschere	Member of the Board of Directors
Ergün Çiçekci	Member of the Board of Directors
Marcel Klepfisch	Member of the Board of Directors (Independent Member)
Fatma Çağlayan Orhaner Dündar	Member of the Board of Directors (Independent Member)

Committee Responsible for Auditing

Marcel Klepfisch	Member of the Board of Directors (Independent Member)
Fatma Çağlayan Orhaner Dündar	Member of the Board of Directors (Independent Member)

Audit Committee meets once every three months. It consists of two members. The Audit Committee conducts its activities based on the generally accepted principles. There is no other written regulation indicating the procedures to be followed by it.

The members of the Audit Committee are elected among non-executive members who are competent in the subjects.

Committee for Early Detection of Risk

Marcel Klepfisch	Member of the Board of Directors (Independent Member)
Koen Kurt Vergote	Financial Analysis and Budget Director

Corporate Management Committee

Marcel Klepfisch	Member of the Board of Directors (Independent Member)
Tom A. Debusschere	Member of the Board of Directors

The Committee for Early Detection of Risk and the Corporate Management Committee conduct their activities based on the generally accepted principles. There is no other written regulation indicating the procedures to be followed by them.

Risk Management and Internal Control Mechanism

Our Company is subjected to audits by the Audit Committee, Auditors, and the internal auditing team of Deceuninck Group, our partner, in order to ensure the compliance of the actions and transactions performed with both legal legislation and the company policies.

In addition, whether the requirements of ISO 9001 Quality Management System are fulfilled in our company is checked through internal inspections conducted periodically. Improvement works are launched when they are deemed necessary.

4.6. The Financial Rights Provided to the Board of Directors

The monthly wages or attendance fees to be paid to the chairman and the members of the Board of Directors are determined by the general assembly.

Share certificate options or payment plans based on the performance of the Company are not used in determining the salaries of Independent Members of the Board of Directors.

The sum of salaries and similar benefits provided to the Chairman and the Members of the Board of Directors, and top executives such as general directors, general coordinators, and vice general directors in the periods ending on the December 31, 2012 and 2011 is TL 3,903,158 (December 31, 2011 - TL 3,429,983).

EGE PROFİL
TİCARET VE SANAYİ A.Ş.
www.egeprofil.com.tr

EGEPEN deceuninck
www.egepen.com.tr

General Directorate and İzmir Factory
Atatürk Organize Sanayi Bölgesi
10003 Sok. No:5 Çiğli/İzmir
T. +90 232 398 98 98 F. +90 232 398 99 00

İzmir Regional Directorate
Atatürk Organize Sanayi Bölgesi
10003. Sok. No:5 Çiğli/İzmir
T. +90 232 398 98 98 F. +90 232 398 99 83

Ankara Regional Directorate
Turan Güneş Bulvarı 708. Sok. No:14 D.6
Yıldız-Çankaya/Ankara
T. +90 312 440 16 15 F. +90 312 441 11 18

Adana Regional Directorate
Belediye Evleri Mah. Turgut Özal Bulvarı No:245
Aysun Mercimek Apt. K.1 D.1 Çukurova/Adana
T. +90 322 247 23 90 F. +90 322 247 23 85

İstanbul Regional Directorate
Rüzgarlıbahçe Mah. Kavak Sok.
İmpa İş Merkezi No:12 K.2
Kavacık-Beykoz/İstanbul
T. +90 216 537 13 60 F. +90 216 537 13 64

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Head Office
Atatürk Organize Sanayi Bölgesi
10003. Sok. No:5 Çiğli/İzmir
T. +90 232 398 98 98 F. +90 232 398 99 00

İstanbul Regional Directorate
Halyolu Cad. No:5 Bay Plaza K.12
34752 Ataşehir/İstanbul
T. +90 216 574 58 65 F. +90 216 574 10 53

İzmir Regional Directorate
Atatürk Organize Sanayi Bölgesi
10003 Sok. No:5 Çiğli/İzmir
T. +90 232 328 11 37 F. +90 232 328 11 39

Sales and Marketing Directorate
Halyolu Cad. No:5 Bay Plaza K.12
34752 Ataşehir/İstanbul
T. +90 216 574 58 65 F. +90 216 469 55 71

Kocaeli Factory
Kızılcıklık Mah. Suadiye Yolu Üzeri
Sarımeşe-Kartepe/İzmit
T. +90 262 371 57 27 F. +90 262 371 57 28

Adana Regional Directorate
Belediye Evleri Mah. Turgut Özal Bulvarı No:245
Aysun Mercimek Apt. K.1 D.2
Çukurova/Adana
T. +90 322 247 23 80 F. +90 322 247 23 81

Ankara Regional Directorate
Turan Güneş Bulvarı 708. Sok. No:14 D.8
Yıldız-Çankaya/Ankara
T. +90 312 442 83 60 F. +90 312 442 71 11

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