Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı Anonim Şirketi

Consolidated financial statements as of December 31, 2012 together with independent auditors' report

(Convenience translation of financial statements and independent auditors' report originally issued in Turkish)

Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı Anonim Şirketi

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ERNST & YOUNG

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(Convenience translation of independent auditor's review report originally issued in Turkish)

Independent auditor's report on consolidated financial statements as of December 31, 2012

To the Board of Directors of
Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı Anonim Şirketi

We have audited the accompanying consolidated financial statements of Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı Anonim Şirketi (the "Company") and its Subsidiaries (together referred as "the Group"), as of December 31, 2012, and the related consolidated statements of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

The Group management is responsible for the preparation and presentation of these consolidated financial statements in accordance with financial reporting standards issued by the Capital Markets Board in Turkey. This responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumtances.

Auditor's responsibility

Our responsibility is to express an opinion based on our audit on these consolidated financial statements. Our audit was conducted in accordance with standards on auditing issued by the Capital Market Board. Those standards require that ethical requirements are complied and independent audit is planned and performed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An independent audit involves performing independent audit procedures to obtain independent audit evidence about the amounts and disclosures in the consolidated financial statements. The independent audit procedures selected depend on our professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to error and/or fraud. In making those risk assessments, the Group's internal control system is considered. Our purpose, however, is not to express an opinion on the effectiveness of internal control system, but to design independent audit procedures that are appropriate for the circumstances in order to identify the relation between the consolidated financial statements prepared by the Group and its internal control system. Our independent audit includes also evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Group's management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Ernst & Young

(Convenience translation of independent auditor's review report originally issued in Turkish)

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Yapı Kredi Gayrimenkul Yatırım Ortaklığı Anonim Şirketi and its Subsidiaries as of December 31, 2012 and their consolidated financial performance and consolidated cash flows for the year then ended in accordance with financial reporting standards issued by the Capital Market Board.

Additional paragraph for convenience translation into English of financial statements originally issued in Turkish

The accounting principles described in Note 2 (defined as Capital Markets Board Accounting Standard's) to the accompanying consolidated financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Acoounting Standards Board with respect to the application of inflation accounting for the period between January 1- December 31, 2005 and presentation of the basic financial statements are not intended to present the financial position, results of operations and cash flows of the Group in accordance with IFRS.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Ayşe Zeynep Deldağ
Partner, SMMM

February 13, 2013
İstanbul, Türkiye

(Convenience translation of financial statements originally issued in Turkish)

Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı Anonim Şirketi

Consolidated balance sheet
as of December 31, 2012
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Audited December 31, 2012	Audited December 31, 2011
Current assets		**71.432.350**	80.524.976
Cash and cash equivalents	4	**173.096**	335.145
Trade receivables			
- Other trade receivables	6	**2.874.809**	2.510.122
- Receivables from related parties	24	**302.913**	157.205
Inventories	8	**65.663.339**	66.564.499
Other current assets	15	**2.418.193**	10.958.005
Non-current assets		**32.447.560**	24.789.054
Trade receivables			
- Other trade receivables	6	**6.624**	155.064
- Receivables from related parties	24	**-**	107.587
Other non-current assets	15	**8.571.907**	8.125.683
Investment properties	9	**21.999.227**	14.547.524
Tangible assets	10	**1.761.405**	1.802.193
Intangible assets	11	**88.283**	51.003
Deferred tax assets	22	**20.114**	-
Total assets		**103.879.910**	105.314.030

The accompanying policies and explanatory notes on pages 8 through 60 form an integral part of these consolidated financial statements.

(Convenience translation of financial statements originally issued in Turkish)

Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı Anonim Şirketi

Consolidated balance sheet
as of December 31, 2012
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Audited December 31, 2012	Audited December 31, 2011
Current liabilities		**48.053.257**	42.232.085
Financial liabilities	5	**44.785.893**	36.149.406
Trade payables			
- Other trade payables	6	**1.814.061**	1.439.361
- Trade payables to related parties	24	**343.496**	319.079
Other payables	7	**53.760**	74.762
Provisions	13	**-**	239.809
Other short-term liabilities	15	**1.056.047**	4.009.668
Long-term liabilities		**131.565**	344.388
Trade payables	6	**8.205**	8.224
Other payables	7	**-**	229.318
Provision for employee termination benefits	14	**123.360**	88.630
Deferred tax liabilities	22	**-**	18.216
Equity	16	**55.695.088**	62.737.557
Attributable to equity holders of the parent		**55.274.381**	62.344.161
Paid in capital		**40.000.000**	40.000.000
Capital adjustment differences		**91.449.175**	91.449.175
Restricted reserves		**107.441**	82.804
Retained earnings		**(69.212.455)**	(58.726.185)
Net loss for the year		**(7.069.780)**	(10.461.633)
Non-controlling interests		**420.707**	393.396
Total equity		**103.879.910**	105.314.030

The accompanying policies and explanatory notes on pages 8 through 60 form an integral part of these consolidated financial statements.

(Convenience translation of financial statements originally issued in Turkish)

Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı Anonim Şirketi

Consolidated statements of comprehensive income
as of December 31, 2012
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Audited January 1- December 31, 2012	Audited January 1 – December 2011
Continuing operations			
Revenue	17	**26.069.488**	20.089.376
Cost of sales	17, 18	**(22.992.960)**	(17.240.496)
Gross profit		**3.076.528**	2.848.880
Marketing and selling expenses	18	**(1.312.928)**	(991.908)
General and administrative expenses	18	**(5.173.893)**	(4.646.856)
Other operating income	19	**3.478.826**	3.842.963
Other operating expenses	19	**(6.054.618)**	(6.304.118)
Operating profit / (loss)		**(5.986.085)**	(5.251.039)
Financial income	20	**2.661.546**	934.968
Financial expenses	21	**(3.544.147)**	(6.071.944)
Profit (loss) before taxation		**(6.868.686)**	(10.388.015)
Tax expense of continuing operations		**(61.185)**	(99.711)
Current year tax expense	22	**(99.515)**	(74.726)
Deferred tax income/(expense)	22	**38.330**	(24.985)
Net loss for the year		**(6.929.871)**	(10.487.726)
Other comprehensive income / (loss) for the year		**-**	-
Total comprehensive expense of current year		**(6.929.871)**	(10.487.726)
Income / (Loss) from continuing operations for the year attributable to:			
Non controlling interest		**139.909**	(26.093)
Equity holders of the parent		**(7.069.780)**	(10.461.633)
Earnings per share			
Basic, loss for the year attributable to equity holders of the parent (TL)	23	**(0,1767)**	(0,2615)
Diluted, loss for the year attributable to equity holders of the parent (TL)		**(0,1767)**	(0,2615)
Loss from continuing operations (TL)	23	**(0,1767)**	(0,2615)
Loss from discontinued operations (TL)		**-**	-

The accompanying policies and explanatory notes on pages 8 through 60 form an integral part of these consolidated financial statements.

(Convenience translation of financial statements originally issued in Turkish)

Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı Anonim Şirketi

Consolidated statements of changes in equity
as of December 31, 2012
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Share capital	Inflation adjustment to capital	Restricted reserves	Retained earnings	Current year profit /(loss)	Attributable to equity holders of the parent	Non – controlling interest	Total equity
January 1, 2012	40.000.000	91.449.175	82.804	(58.726.185)	(10.461.633)	62.344.161	393.396	62.737.557
Transfers to retained earnings	-	-	24.637	(10.486.270)	10.461.633	-	-	-
Dividend payment	-	-	-	-	-	-	(112.598)	(112.598)
Total comprehensive income/(expense)	-	-	-	-	(7.069.780)	(7.069.780)	139.909	(6.929.871)
December 31, 2012	40.000.000	91.449.175	107.441	(69.212.455)	(7.069.780)	55.274.381	420.707	55.695.088
January 1, 2011	40.000.000	91.449.175	54.349	(51.563.683)	(7.134.047)	72.805.794	553.059	73.358.853
Transfers to retained earnings	-	-	28.455	(7.162.502)	7.134.047	-	-	-
Dividend payment	-	-	-	-	-	-	(133.570)	(133.570)
Total comprehensive expense	-	-	-	-	(10.461.633)	(10.461.633)	(26.093)	(10.487.726)
December 31, 2011	40.000.000	91.449.175	82.804	(58.726.185)	(10.461.633)	62.344.161	393.396	62.737.557

The accompanying policies and explanatory notes on pages 8 through 60 form an integral part of these consolidated financial statements.

(Convenience translation of financial statements originally issued in Turkish)

Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı Anonim Şirketi

Consolidated statement of cash flow
as of December 31, 2012
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Audited January 1 – December 31, 2012	Audited January 1 – December 31, 2011
Cash flows from operating activities:			
Loss before tax from continuing operations		**(6.868.686)**	(10.388.015)
Adjustments:			
Interest expense	21	**2.625.727**	2.015.762
Expenses of İstanbul-İstanbul Faz III ve Hoşdere projects	19	**2.796.150**	-
Provision expense for tax penalty	19	**-**	1.845.288
Derivative instruments		**-**	532.494
Impairment provision for value added tax ("VAT") receivables	19	**(928.677)**	2.649.251
Change in the fair value of investment properties, net	19	**(2.043.923)**	(3.099.619)
Provision for impairment on inventories	19	**418.435**	(219.887)
Unrealized foreign currency loss/(income)		**(2.502.461)**	2.554.010
(Decrease)/ increase in employee termination benefits	14	**34.730**	(1.318)
Depreciation and amortization	18	**123.172**	132.858
Interest income	20	**(47.728)**	(43.683)
Gain on sales of tangible assets		**705**	-
Loss on sales of investment property	19	**-**	49.776
Allowance for doubtful receivable, net	6, 19	**250.188**	-
Operating profit before changes in working capital		**(6.142.368)**	(3.973.083)
Change in trade receivables		**(504.556)**	(1.456.857)
Change in inventories		**(281.923)**	(315.202)
Change in other current and non-current assets		**1.582.983**	(633.853)
Change in trade and other payables, allowances and short-term liabilities		**(2.804.843)**	1.312.706
Legal claiams paid	13	**(239.809)**	(73.727)
Taxes paid	22	**(99.515)**	(79.760)
Employee termination benefits paid	14	**-**	(37.758)
Intrerest received		**47.728**	43.683
Net cash used in operating activities		**(8.442.303)**	(5.213.851)
Investing activities:			
Purchase of tangible and intangible assets	10, 11	**(120.369)**	(61.683)
Proceeds from sales of investment properties	9	**-**	663.224
Net cash (used in) / flow investing activities		**(120.369)**	601.541
Financing activities:			
Dividend paid to non-controlling interests		**(112.598)**	(133.570)
Interest paid		**(1.734.433)**	(1.920.749)
Proceeds from borrowings		**44.215.494**	34.986.640
Repayment of borrowings		**(33.967.840)**	(29.026.026)
Net cash flow from financing activities		**8.400.623**	3.906.295
Net decrease in cash and cash equivalents		**(162.049)**	(706.015)
Cash and cash equivalents at January 1	4	**335.145**	1.041.160
Cash and cash equivalents at the end of the year	4	**173.096**	335.145

The accompanying policies and explanatory notes on pages 8 through 60 form an integral part of these consolidated financial statements.

(Currency - Turkish Lira ("TL"))

1. The company's organization and activties

Main operation of Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı Anonim Şirketi ("YK Koray" or "Company") is to compose a real estate portfolio and invest in capital market instruments related with real estate. The Company was established on December 25, 1996. Head Office of the Company is registered to Meşrutiyet Mahallesi 19 Mayıs Cad. İsmet Öztürk Sokak No:17 Elit Residence Kat: 17 Daire 42 Şişli/İstanbul address.

The Company is registered to Capital Markets Board ("CMB") and its shares have been traded on İstanbul Stock Exchange ("ISE") since 1998. The Company is obliged to comply with the investment policies and procedures and regulations on management restriction of CMB. The Company has 49% of its shares registered in ISE and the details of shareholders and its shares are as below:

	%
Yapı ve Kredi Bankası A.Ş.	26,01
Koray Yapı Endüstrisi ve Ticaret A.Ş.	7,54
Murat Koray	5,00
Selim Koray	5,00
Semra Turgut	5,00
Mustafa Zeki Gönül	1,00
Süleyman Yerçil	0,80
Zeynel Abidin Erdoğan	0,40
Koray İnşaat Sanayi ve Ticaret A.Ş.	0,24
Necdet Öztürk	0,01
Other (Public)	49,00
	100,00

The Company is controlled by Yapı ve Kredi Bankası A.Ş. and Koray İnşaat Sanayi ve Ticaret A.Ş.

Subsidiaries of the Company ("Group") is explained in Note 2.

The number of the employees of Group is 43 as of December 31, 2012 (2011: 43 employees).

Principal activity of Group is to provide real estate management services and building management services via its subsidiary YKS Tesis Yönetim Hizmetleri A.Ş., real estate management services via its subsidiary Gelişim Gayrimenkul ve Yatırım Ticaret A.Ş., cleaning services via its subsidiary YKS Temizlik Hizmetleri Ticaret Limited Şirketi.

Consolidated financial statements prepared as of December 31, 2012 are approved by Board of Directors on February 13, 2013. General Assembly and some regulatory institutions have the authority to make amendements on these approved consolidated financial statements.

2. Basis of presentation of consolidated financial statements

2.1 Basis of presentation

2.1.1 Accounting standards

The consolidated financial statements of the Group have been prepared in accordance with the financial reporting standards published by the CMB, namely "CMB Financial Reporting Standards". CMB regulates the principles and procedures of preparation, presentation and announcement of financial statements prepared by the entities with Communiqué No. XI-29, "Principles of Financial Reporting in Capital Markets" ("the Communiqué"). 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 are in line with the aforementioned standards shall be considered.

With the decision taken on 17 March 2005, CMB announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with CMB Financial Reporting Standards. Accordingly, IAS 29, "Financial Reporting in Hyperinflationary Economies", issued by the IASB, has not been applied in the financial statements for the accounting year commencing from 1 January 2005.

As of the date of preparation of these consolidated financial statements, the consolidated 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 consolidated financial statements and the related notes to them are presented in accordance with the formats recommended by the CMB, with the announcement dated 14 April 2008, including the compulsory disclosures.

The consolidated financial statements have been prepared in Turkish Lira ("TL") within the framework of Communiqué XI, No. 29 and related promulgations to this Communiqué as issued by the CMB, by adjusting and reclassification of statutory accounts accounted at historical values, except derivative instruments and investments properties accounted fair values. Such adjustments and reclassifications are generally related with;

- Employee termination benefits,
- Allowance for doubtful receivables,
- Provision for impairment on inventories,
- Consolidation,

2. Basis of presentation of consolidated financial statements (continued)

2.1.2 Basis of consolidation

(a) Consolidated financial statements of parent company YK Koray and its subsidiaries (called as "Group") includes the accounts subsidiaries prepared according to the principals stated from (b) to (d). Adjustments and reclassifications are made on statutory accounts of consolidated to comply with the related to Communiqué and accounting policies adopted by the Group.

(b) Subsidiaries are defined as those which YK Koray (a) owns, either directly or indirectly, more than 50% of the voting rights of a subsidiary's share capital or (b) has no right of voting more than 50% but is able to govern the financial and operating policies of an enterprise so as to benefit from its activities.

The subsidiaries which are subject to consolidation as of December 31, 2012 and 2011 and their shares are as below:

	Direct or indirect control of YK Koray (%)	Direct or indirect Control of YK Koray (%)
	December 31, 2012	December 31, 2011
YKS Tesis Yönetim Hizmetleri A.Ş.	**51,00**	51,00
Gelişim Gayrimenkul ve Yatırım Ticaret A.Ş.	**100,00**	99,90
YKS Temizlik Hizmetleri Ticaret Limited Şirketi	**50,49**	50,49

YKS Tesis Yönetim Hizmetleri A.Ş. which 43,65% of shares from Yapı Kredi Bankası A.Ş. and 7,35% of shares from Bayındırlık İşleri A.Ş. were purchased by the Company on December 31, 2004, was established on October 25, 1988 and provides management sevices, consultancy and Project services to Yapı Kredi Plaza and some other complex institution.

The Company, transferred whole of the "Göllü" land which is 223.823 m^2 in total and "Riva" land which is 207.088m^2 out of 255.815 m^2 to Gelişim Gayrimenkul ve Yatırım Ticaret A.Ş. ("Gelişim Gayrimenkul") the Company that was established as at November 14, 2008 with 100% shareholders.

YKS Temizlik Hizmetleri Ticaret Limited Şirketi is indirect subsidiary established as at August 18, 2011 by the participation of the Company at a share of 50,49%. The nature of operations of YKS Temizlik is to provide cleaning services to business centers, shopping malls and residences. YKS Temizlik is in scope of consolidation since 2011 which is the year of operations actively started.

Subsidiaries' balance sheets and income statements are consolidated in full by netting off participation amounts and share capitals. Transactions between the Company and its subsidiaries were eliminated for the consolidation. Registered value of shares which is owned by the Company and their dividends were net off from related equity and income statement accounts.

2. Basis of presentation of consolidated financial statements (continued)

(c) Operational results of subsidiaries are consolidated as soon as the control on operation is rewarded to the Company.

(d) Non controlling interest in the net assets of consolidated subsidiaries is identified separately from the Group's equity therein.

2.1.3 Offsetting

Financial assets and liabilities are offset and reported in the net amount when there is a legally enforceable right or when there is an intention to settle the assets and liabilities on a net basis or realise the assets and settle the liabilities simultaneously.

2.1.4 Going concern

The Group prepared consolidated financial statements in accordance with the going concern assumption.

2.1.5 Functional and reporting currency

Financial statements of the Company are presented in the currency of the primary economic environment in which the entity operates (its functional currency). Functional currency of its subsidiaries is also Turkish Lira.

2.2. Adaptation of revised and new standards

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 Group'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. This standard has not yet been endorsed by the EU. Adoption of this amendment did not have any impact on the financial position or performance of the Group.

2. Basis of presentation of consolidated financial statements (continued)

IFRS 7 Financial Instruments: Disclosures - Enhanced Derecognition Disclosure Requirements (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 around the end of a reporting period. Comparative disclosures are not required. The amendment affects disclosures only and did not have any impact on the financial position or performance of the Group.

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 interim financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the interim 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 Group.

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 Group is in the process of assessing the impact of the amended standard on the financial position or performance of the Group.

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 standard has not yet been endorsed by the EU. This amendment will not have any impact on the financial position or performance of the Group.

2. Basis of presentation of consolidated financial statements (continued)

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. This standard has not yet been endorsed by the EU. The Group does not expect that this amendment will have any impact on the financial position or performance of the Group.

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. This standard has not yet been endorsed by the EU. These amendments are to be retrospectively applied for annual periods beginning on or after January 1, 2014. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

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 (a) evaluating the effect or potential effect of netting arrangements on an entity's financial position and (b) analysing and comparing financial statements prepared in accordance with IFRSs and other generally accepted accounting standards. This standard has not yet been endorsed by the EU. 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 Group.

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. This standard has not yet been endorsed by the EU. The Group does not expect that this amendment will have any impact on the financial position or performance of the Group.

IFRS 10 Consolidated Financial Statements

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 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. This standard has not yet been endorsed by the EU. The Group does not expect that this amendment will have any impact on the financial position or performance of the Group.

2. Basis of presentation of consolidated 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. This standard has not yet been endorsed by the EU. The Group does not expect that this standard will have a significant impact on the financial position or performance of the Group.

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. This standard has not yet been endorsed by the EU. Under the new standard the Group will provide more comprehensive disclosures for interests in other entities.

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. This standard has not yet been endorsed by the EU. The Group does not expect that this amendment will have any impact on the financial position or performance of the Group.

IFRIC 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. This standard has not yet been endorsed by the EU. The interpretation is not applicable for the Group and will not have any impact on the financial position or performance of the Group.

2. Basis of presentation of consolidated 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. This guidance has not yet been endorsed by the EU. The Group does not expect that this amendment will have any impact on the financial position or performance of the Group.

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. The Group does not expect that this amendment will have any impact on the financial position or performance of the Group.

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.

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 Group does not expect that this amendment will have any impact on the financial position or performance of the Group.

2. Basis of presentation of consolidated financial statements (continued)

2.3 Changes in accounting estimates and errors

The preparation of financial statements require to make 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 estimates.

These estimations are reviewed continiously; required corrections are made and reflected in the results of operations of the related period and following periods affected by these corrections.

2.4 Summary of significant accounting policies

Significant accounting policies applied in the preparation of these consolidated financial statements are summarized below:

Cash and cash equivalents

Cash and cash equivalents comprise cash and balances with banks with an original maturity of three months or less. Cash and cash equivalents are highly liquid assets which can easily be converted into cash, with an original maturity of maximum three months and without carrying an insignificant risk of impairment.

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) has significant influence over the entity or is a member of the k ey 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.

2. Basis of presentation of consolidated financial statements (continued)

Interest income and expense

Interest income and expenses are recognized on accrual basis.

Foreign currency transactions

Transactions in foreign currencies are converted at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are converted into TL at the exchange rates prevailing at the balance sheet date. Exchange gains or losses arising from such transactions and the conversion of foreign currency items are presented in the comprehensive income statement. The foreign exchange rates as of December 31, 2012 used by the Group are as follows 1 USD: TL 1,7826, 1 EUR: TL 2,3517. (2011: 1 USD: TL 1,8889, 1 EUR: TL 2,4448).

Trade receivables

Trade receivables that are created by the Group by way of providing goods or services directly to a debtor are carried at amortised cost. Receivables with short-term maturities which have no predefined interest rate are measured at the original invoice amount unless the effect of imputed interest is significant

A doubtful receivable provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The amount of provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the collection amount is decreased from the doubtful receivable provisions and recorded as other income.

Inventories

Inventories are valued at the lower of cost or net realizable value. Lands held by the Group to construct buildings in order to sell, comprises of costs of raw materials and supplies, labor expenses and general administrative expenses in a considerable amount (basing the usual operation capacities). When the project has not been started yet, lands held to construct buildings and related costs incurred are accounted under "raw materials". When the construction is in progress, lands and related costs incurred are accounted under "work in process". Projects which have been constructed and completed by the Group are accounted under "finished goods". Projects which have been purchased from third parties are accounted under "merchandises". Cost of inventories are valued based on real costing methods.

(Currency - Turkish Lira ("TL"))

2. Basis of presentation of consolidated financial statements (continued)

Tangible Assets

Tangible assets acquired before January 1, 2005 are carried at restated cost for the effects of inflation in TL at December 31, 2004 less accumulated depreciation and impairment losses, and tangible assets acquired after January 1, 2005 are carried at acquisition cost less accumulated depreciation and impairment losses.

The estimated useful lives of tangible assets are as follows:

	Year
Buildings	42
Machinery, plant and equipment	4-10
Furniture and fixture	4-10
Vehicles	5
Leashold Improvements	5

The value of assets is decreased to its net realizable value by providing provision when net realizable value iss less than the carrying value of assets. Provision is recognized as expense in the income statement of the period in which value of asset is impaired.

Gain or loss proceded from disposal of tangible assets is accounted as income or expenses in the current period by comparing net book value and cash generated.

Investment properties

Buildings held for rental yields or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business are classified as "investment property".The gain and loss realized the change in the fair value of the investment properties are recorded comprehensive income in the related peried.

Intangible Assets

Intangible assets comprise software and rights. Software and rights are carried at restated cost at December 31, 2004 for the effects of inflation for the intangible assets acquired before January 1, 2005, and at acquisition cost for the intangible assets acquired after January 1, 2005, less accumulated amortization and impairment. Intangible assets are amortized on a straight-line basis over their estimated useful lives for a period not exceeding 5 years from the date of acquisition.

Trade payables

Trade payables and other monetary liabilities are recorded with their carrying values. It is assumed that the carrying values of trade payables and other monetary liabilities are close to their fair values since they are short-term.

2. Basis of presentation of consolidated financial statements (continued)

Recognition and derecognition of financial assets and liabilities

The financial assets and liabilities are recognised in balance sheet when the Group adheres within related contracts. A financial asset is derecognised totally or partially when the control over the contractual rights that comprise that asset is lost. A financial liability is derecognised when the rights are realised, expire or are surrendered.

Sales and purchase of financial assets are accounted at the date of transaction, in other words are recorded at the date of the commitment of sales and purchase. Those sales and purchases of which delivery of financial assets is required with a time frame by general aspects and regulations.

Impairment on non-financial assets

At each balance sheet date, the Group evaluates the existance of an indication that an assets be impaired. If any such an indication exists, recoverable amount of this asset has been estimated. If the carrying values exceed the estimated recoverable amount, the assets or cash-generating units, the impairment has been occurred. The recoverable amount is the greater of net selling price and value in use.

Value in use is the estimated future cash flows of the continuing use of asset and cash generated with the disposal of the asset at the end of useful life discounted to their present value. Impairment losses are recognized in the income statement. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount.

Deferred tax

Deferred tax is determined by calculating the temporary differences between the carrying amounts of assets/liabilities in the financial statements and the corresponding tax bases, used in the computation of the taxable profit, using currently enacted tax rates.

Deferred tax liabilities are generally recognized for all taxable temporary differences where deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2. Basis of presentation of consolidated financial statements (continued)

Employee benefits/ retirement pay liability

Defined benefit plans

In accordance with the existing social legislation in Turkey, the Group is required to make lump-sum payments to employees who worked for the Group at least more than one year and whose employment is terminated due to retirement or for reasons other than resignation or misconduct.

The Group reflected a liability calculated using actuarial valuation methods and based on upon factors derived using their experience of personnel terminating their services and being eligible to receive retirement pay and discounted by using the current market yield at the balance sheet date on government bond. All actuarial gains and losses are reflected into the income statement.

Defined contribution plans

The Group is obliged to pay premiums to Social Security Institution for its employees. The Group does not have any further obligation as long as it realizes the payment of such premiums. Social security premiums are reflected in the personnel expenses as they accrue.

Leasing

Operating leasing

Leases of assets under which substantially all the risks and rewards of ownership are effectively retained by the lessor, are classified as operating leases. Lease payments under an operating lease are recognized as an expense on a straight-line basis over the lease term.

Revenue recognition

Revenues are recognized when the amount of revenue can be reliably measured and it is probable that the future economic benefits associated with the transaction will flow to the entity. Sales taxes such as VAT are not included in revenue. Revenue recognition requires following conditions to be occurred:

Sale of Property

Revenues occurs when the risks and rewards of ownership of the property are transferred and when the amount of revenue can be reliably measured. Revenue is recognized when that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

The rent income

Rent income is recognized on an accrual basis.

Rendering of services

Revenue from rendering services is recognized by reference to the stage of completion when it can be measured reliably. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent of the expenses recognized that are recoverable.

2. Basis of presentation of consolidated financial statements (continued)

Interest income

In accordance with the acrued basis, if the collection is not in doubt, income is recognized at accrual basis.

Bank borrowings

All borrowings are initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, borrowings are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Borrowing costs

All borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are being capitalized. Other borrowing costs were expensed as they incurred.

Finacial assets

In the frame of TAS 39, financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets. When financial assets are recognized initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate reevaluates this designation at each financial year-end. All regular way financial asset purchase and sales are recognized at the date of the transaction, the date the Group committed to purchase or sell. These transactions generally require the transfer of financial asset in the period specified by the general conditions and the procedures in the market.

Fair value of financial instruments

The fair value is the amount for which a financial instrument could be exchanged in a current transaction between ceiling parties, other than in a faced sale or liquidation, and this best evidenced by a quoted market price, if one exist.

Provisions and contingent assets and liabilities

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

If the effect of time value of money is significant, provision amount is determined as the present value of the expected expenses to be incurred in order to fulfil the liability.The discount rate used in the calculation of present value of provisions is determined besed on the interest rate formed in the relevant markets and risk related to the liability. The discount rate is determined as pre tax and does not include the risk of estimation of future cash flows.

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

2. Basis of presentation of consolidated financial statements (continued)

Cash flow reporting

Cash and cash equivalents on the cash flow statements comprise cash on hand, demand deposits, reverse repo receivables, and other short-term highly liquid investments whose maturities are three months or less from the date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Earnings per share

Basic earnings per share are calculated by dividing the net profit for the period by the weighted average number of ordinary shares outstanding during the period.

In Turkey, companies can increase their share capital by making distribution of free shares to existing shareholders from various internal resources. For the purpose of the earnings per share calculation such share issues are regarded as issued stock. Accordingly, the weighted average number of shares used in earnings per share calculation is derived by giving retroactive effect to the issue of such shares.

2.5 Significant accounting judgements, assumptions and estimations

Preparation of consolidated financial statements requires the usage of estimations and assumptions which may affect the reported amounts of assets and liabilities as of the balance sheet date, disclosure of contingent assets and liabilities and reported amounts of income and expenses during the financial period. Although the estimations and assumptions are based on the best estimates of the management's existing incidents and operations, they may differ from the actual results.

a) Group evaluates the classification of real estates as investment property or inventory as explained below:

   - Land and buildings held for the purposes of rental yields, for capital appreciation or both rather than land and buildings held in the production or supply of goods or services, for administrative purposes and for sale in the ordinary course of business, are classified as investment property. Investment properties are carried at fair values.
   - Lands held by the Group to construct buildings in order to sell, comprises of costs of raw materials and supplies, labor expenses and general administrative expenses in a considerable amount (basing the usual operation capacities). When the project has not been started yet, lands held to construct buildings and related costs incurred are accounted under "raw materials". When the construction is in progress, lands and related costs incurred are accounted under "work in process". Projects which have been constructed and completed by the Group are accounted under "finished goods". Projects which have been purchased from third parties are accounted under "merchandises". Cost of inventories are valued based on real costing methods.

b) The fair values of investment properties held by the Group are determined with "precedent comparison" valuation methods. Fair value of investment properties are determined by real estate valuation companies which are licensed by CMB. Valuation company determines fair value of investment properties regarding examinations, geographical position, area, physical conditions, market conditions and outstanding litigations.

2. Basis of presentation of consolidated financial statements (continued)

c) Group classifies inventories as short term. But, inventories' recovery values and estimated recovery dates in 12 months subsequent to reporting period disclosed in Note 8.

In addition to judgements and assumptions disclosed above, assumptions are made regarding interpretations and events, which exist at the balance sheet date or might be occurred in the future and might significantly affect the financial statements are as follows:

a) Reserve for retirement pay liability is determined by using actuarial assumptions such as discount rates, future salary increase and employee"s turnover rates. The estimations include significant uncertainties due to their long term nature. The details about reserve for employee benefits are provided in Note 14.

b) The Group management assess the impairment of assets by comparing carrying value and net realizable value and if any management discloses in Note 8-15.

c) Provisions for litigations are of amounts which are estimated by the Group management by regarding existing and outstanding cases as at balance sheet date that can potentially be lost and by gathering consultation form legal representatives. Details of provisions for litigations are disclosed in Note 13. As of December 31, 2012 the Group management does not provide provision for litigations related with inventories since they expect favorable results from cases, accordingly they do not foresee any cash outflow.

d) The Group makes assumptions based on views of the technical personnel in the determination of useful lives of tangible and intangible assets (Not 10-11).

e) The Group prepared consolidated financial statements in accordance with the going concern assumption. The Group management foresees that projects are going to be completed subsequent to the end of claims related with inventories and then sales operations are going to continue. The Group management plans that they will generate significant cash from sale or development of Riva land (Note 8) subsequent to getting reconstruction permit. Moreover going concern is foreseen in accordance with four-year business plan which was prepared by the Company and approved by the Borad of Directors.

2.6 Convenience Translation into English of the Consolidated Financial Statements

The accounting principles described in Note 2.1 to consolidated financial statements (defined as CMB Financial Reporting Standards) differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting for the period between 1 January and 31 December 2005. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

(Currency - Turkish Lira ("TL"))

3. Segment reporting

As of December 31, 2012, the details of segment reporting are as below:

	Real estate developvement	Building management services	Cleaning Services		
	January 1 – December 31, 2012	January 1 – December 31, 2012	January 1 – December 31, 2012	Eliminations	Total
Sales revenue	437.895	24.775.937	1.513.231	(657.575)	26.069.488
Cost of sales	(282.136)	(21.830.048)	(1.500.516)	619.740	(22.992.960)
Sales, marketing, distribution and general administrative expenses	(3.733.160)	(2.772.400)	(19.095)	37.834	(6.486.821)
Other operation income / (expense)	(5.279.618)	104.150	(1.028)	2.600.704	(2.575.792)
Financial income/ (expense)	(798.961)	32.636	1.114	(117.390)	(882.601)
Segment (loss)/profit	(9.655.980)	249.089	(6.295)	2.343.406	(7.069.780)
Total segment assets	202.218.115	3.537.870	25.749	(101.901.824)	103.879.910
Total segment liabilities	58.271.609	2.472.378	3.321	(12.562.486)	48.184.822
Significant items which does not generate cash inflow/outflow					
Expenses of İstanbul-İstanbul Faz III ve Hoşdere projects	2.796.150	-	-	-	2.796.150
Impairment provision for value added tax ("VAT") receivables	(928.677)	-	-	-	(928.677)
Change in the fair value of investment properties, net	(2.043.923)	-	-	-	(2.043.923)
Provision for impairment on inventories	418.435	-	-	-	418.435
Unrealized foreign currency income	(2.502.461)	-	-	-	(2.502.461)
Depreciation and amortization	64.656	58.516	-	-	123.172
Allowance for doubtful receivable, net	250.188	-	-	-	250.188
Other information:					
Purchase of tangible and intangible assets	(29.062)	(91.307)	-	-	(120.369)

As of December 31, 2012, sales revenue from one customer on building management services department is TL 2.933.164 (2011: TL 2.246.479) and sales revenue from one customer on cleaning services is TL 986.366 (2011: TL 2.932.654).

(Currency - Turkish Lira ("TL"))

3. Segment reporting (continued)

As of December 31, 2011, the details of segment reporting are as below:

	Real estate development	Building management services	Cleaning services		
	January 1 – December 31, 2012	January 1 - December 31, 2012	January 1 – December 31, 2012	Eliminatins	Total
Sales revenue	343.652	17.053.491	4.261.155	(1.568.922)	20.089.376
Cost of sales	(218.932)	(14.349.342)	(4.205.727)	1.533.505	(17.240.496)
Sales, marketing, distribution and general administrative expenses	(3.097.581)	(2.523.813)	(52.786)	35.416	(5.638.764)
Other operation income / (expense)	1.662.444	348.890	-	(4.472.489)	(2.461.155)
Financial income / (expense)	(5.025.917)	26.498	1.332	(138.889)	(5.136.976)
Segment (loss)/profit	(6.336.334)	456.012	3.974	(4.585.285)	(10.461.633)
Total segment assets	194.576.773	3.357.286	284.743	(92.904.772)	105.314.030
Total segment liabilities	40.974.288	2.310.900	256.020	(964.735)	42.576.473
Significant items which does not generate cash inflow/outflow					
Expenses of İstanbul-İstanbul Faz III ve Hoşdere projects	1.845.288	-	-	-	1.845.288
Impairment provision for value added tax ("VAT") receivables	532.494	-	-	-	532.494
Change in the fair value of investment properties, net	2.649.251	-	-	-	2.649.251
Provision for impairment on inventories	(3.099.619)	-	-	-	(3.099.619)
Unrealized foreign currency income	(219.887)	-	-	-	(219.887)
Depreciation and amortization	2.554.010	-	-	-	2.554.010
Allowance for doubtful receivable, net	87.808	45.050	-	-	132.858
Other information:					
Purchase of tangible and intangible assets	(1.593)	(60.090)	-	-	(61.683)

(Currency - Turkish Lira ("TL"))

4. Cash and cash equivalents

As of December 31, 2012 and 2011 cash and cash equivalents are as follows:

	December 31, 2012	December 31, 2011
Cash	**933**	2.682
Banks		
- Demand deposit	**105.166**	177.179
Invesment funds	**66.997**	155.284
	173.096	335.145

As of December 31, 2012, there is no time deposit in bank accounts (2011: None).

As of December 31, 2012 and 2011, there is no blockage on bank accounts.

As of December 31, 2012 and 2011, the investment funds are composed of type B liquid funds.

5. Financial liabilities

	December 31, 2012			December 31, 2011		
	Interest rate (%)	Original balance	TL	Interest rate (%)	Original balance	TL
TL bank borrowings	7,50	2.692.700	2.692.700 [1]	13,75	100.884	100.864 [6]
TL bank borrowings	10,25	3.062.455	3.062.455 [2]	11,40	2.044.869	2.044.869 [7]
TL bank borrowings	10,00	50.000	50.000 [3]	-	-	-
TL bank borrowings	-	484.864	484.864 [3]	-	-	-
USD bank borrowings	5,85	15.455.395	27.550.785 [4]	6,80	10.012.233	18.912.107 [8]
USD bank borrowings	-	-	-	6,85	3.203.943	6.051.928 [8]
EUR bank borrowings	6,00	1.034.031	2.431.730 [5]	-	-	-
EUR bank borrowings	6,05	3.620.087	8.513.359 [5]	4,70	3.699.009	9.039.638 [9]
Total short- term financial liabilities			44.785.893			36.149.406

(1) Rotative, with the maturity dated January 2, 2013
(2) With the maturity dated October 11, 2013
(3) Rotative, with the maturity dated January 2, 2013
(4) With the maturity dated June 27, 2013
(5) With the maturity dated June 5, 2013
(6) With the maturity dated December 6, 2012
(7) With the maturity dated October 12, 2012
(8) With the maturity dated June 22, 2012
(9) With the maturity dated June 5, 2012

(Currency - Turkish Lira ("TL"))

6. Trade receivables and payables

As of December 31, 2012 and 2011 trade receivables are as follows:

Short-term trade receivables:	**December 31, 2012**	December 31, 2011
Trade receivables	**2.656.304**	2.549.568
Cheques receivables	**245.000**	4.251
Notes receivables	**267.390**	-
	3.168.694	2.553.819
Allowance for doubtful receivables	**(293.885)**	(43.697)
Trade receivables, net	**2.874.809**	2.510.122

Although TL 497.056 amount of trade receivables is overdue as of December 31, 2012 (2011: TL 574.276), it is not recorded as doubtful receivable. These receivables are overdue due to the nature of the sector, which exists in the prior periods. Aging table of these receivables are presented on Note 25.

Movement of the allowance for doubtful receivables for the years ended December 31, 2012 and 2011 are as follows:

	December 31, 2012	December 31, 2011
January 1	**43.697**	65.570
Provision in the current period	**250.188**	-
Bad debt (*)	**-**	(21.873)
December 31	**293.885**	43.697

(*) The receivables, for which allowance is made but could not be collected, were written off by the decision of Group's Board of Directors as of December 31, 2011.

Long term trade receivables

	December 31, 2012	December 31, 2011
Deposits and guarantees given	**6.624**	23.628
Trade receivables	**-**	131.436
	6.624	155.064

(Currency - Turkish Lira ("TL"))

6. Trade receivables and payables (continued)

As of December 31, 2012 and 2011 trade payables are as follows:

Short term trade payables:	December 31, 2012	December 31, 2011
Trade payables	**1.814.061**	1.439.361
	1.814.061	1.439.361

Long term trade payables:		
Notes payables	**8.205**	8.224
	8.205	8.224

7. Other receivables and payables

As of December 31, 2012 and 2011 short-term and long-term other trade payables are as follows:

Short-term other payables	December 31, 2012	December 31, 2011
Advances taken	**53.760**	74.762
	53.760	74.762

The advances taken by the Group are composed of the services which are commited to be provided by the Group within the boundries of the contracts.

Long-term other payables:

	December 31, 2012	December 31, 2011
Other payables	-	229.318
	-	229.318

As of December 31, 2011 long term other payables comprise sustenance intrest free funds withdrawn from Türkiye Teknoloji Geliştirme Vakfı'ndan on behalf of flat owners of Yapı Kredi Plaza for the purpose of renovation of air conditioning system of A and C complexes of Yapı Kredi Plaza.

(Currency - Turkish Lira ("TL"))

8. Inventories

	December 31, 2012	December 31, 2011
Direct materials	**39.787.760**	40.810.984
Work in process	**20.486.173**	19.925.460
Finished goods	**991.679**	1.410.114
Merchandices	**4.397.727**	4.397.727
Other inventories	**-**	20.214
	65.663.339	66.564.499

As of December 31, 2012 and 2011 inventories are as follows:

Direct materials:

As of December 31, 2012 and 2011 raw materials are as follows:

	December 31, 2012	December 31, 2011
Riva project	**39.787.760**	39.787.760
Hoşdere land	**-**	1.023.224
	39.787.760	40.810.984

Riva projesi:

Riva Project is a residence Project which is planned to be consturct to on area of 480.000 m². Company is waiting the municipality aproval for the Projects in Beykoz, Riva lake, 1/5.000 scaled, and Riva Doğu, 1/1000 sclad, about parcel application. A split of lands about Riva project, 430.912,07 m2, was leaglly transferred to the Gelişim Gayrimenkul ve Yatırım Ticaret A.Ş, subsidiary of the Company with %100 shares, on November 14, 2012. The Company purchased properties, F22C06A1A screw plate, 1164 city block, 38.846,18 m2 and 1. Screw plate and, 1-5 screw plate amounting to TL 9.076.021 (VAT included) and TL 4.803.761 VAT included) on November 30, 2012 from Gelişim Gayrimenkul ve Yatırım Ticaret A.Ş with expertize value amounting to TL 13.879.782 (VAT included).

Hoşdere:

As the Group does not forecase the completion of Hoşdere Project cannot seem to be completed, the Group accounted carrying value of Project which is amounitng to TL 1.023.224 as expense under "Other operating expenses" in the currrent period.

Work in process:

As of December 31, 2012 and 2011 details of work in process are as follows:

	December 31, 2012	December 31, 2011
Ankara Çankaya	**20.486.173**	18.152.534
İstanbul İstanbul Faz III	**-**	1.772.926
	20.486.173	19.925.460

(Currency - Turkish Lira ("TL"))

8. Inventories (continued)

Ankara Çankaya Project:

Ankara Çankaya Project; is the building with 62 apartments and shopping mall which have been started to construct in Ankara, Çankaya District.

As related to the litigation that was opened by Çankaya Local Development and Cooperation Trust against Çankaya Municipality and Culture and Turism Ministry with the dossier numbered 2006/2203E; Ankara 9th Administrative Court decided to cancel decisions; of which Çankaya Municipality Commission dated December 23, 2004 and of which Ankara Culture and Nature Protection Board numbered 9102 dated April 16, 2004 and numbered 4304 dated November 13, 1995; to amalgamate the parcel on reconstruction status document dated December 30, 2004.

As at August 12, 2008, the Group appealed the suspension of execution decision of Ankara 9th Administrative Court dated May 27, 2008 in relation to dossier numbered 2007/237E which is between litigator Ankara Metropolitan Municipality, libelee Çankaya Municipality and the Group as intervening part of Çankaya Municipality. The suspension of execution decision is to cancel the reconstruction area and license due to the fact that for this project, park and recreation area is used and Kavaklıdere Valley is in archeological site.

Ankara District Administrative Court, declared the cancellation of construction licenses with the decision dated December 18, 2012. The Group appealed the decision. Appeal evaluation is going on file numbered 2009/2706E by 6th Department of State Council.

As the Group is expecting favorable results from cases and they foresee that projects are going to be completed subsequent to the end of claim related with inventories and later sales will continue. As of December 31, 2012 the Group management does not provide provision for this litigation.

As of December 31, 2012 and 2011 net realizable value of Ankara Çankaya Project is estimated as amounting to TL 24.478.256. Accordingly there is no provision for impairment.

İstanbul-Istanbul proejct Phase III:

As the Company does not foreceeds the ability of construction of İstanbul-Istanbul project Phase III the carrying value of İstanbul-Istanbul project Phase III is recorded as other operating expenses, amounting to TL 1.772.926.

Finished good:

As of December 31, 2012 and 2011 details of finished good are as follows:

	December 31, 2012	December 31, 2011
Ankara Ankara (Bilkent)	**991.679**	1.410.114
	991.679	1.410.114

(Currency - Turkish Lira ("TL"))

8. Inventories (continued)

Ankara Ankara (Bilkent) project:

Ankara Ankara Project is a Project developed that on an area of 17.952 m2 in Çankaya, owned by Koray Yapı Endüstrisi ve Ticaret A.Ş. Which was started on July 20, 2006. The Project consist of 184 flat (according to agreement, 39 flat was endoresed to Construction company for equivalent of land). The company started to pre-sell flats on April 24, 2006 and the company has already made pre-sale agreement for 141 flat (December 31, 2011:141 unit) and 141 flats delivered to beneficiers.

According to revenue sharing agreement with Koray Yapı Endüstrisi ve Ticaret A.Ş, fort he value of non-delivered 4 flat worth of TL 997.498 (December 31, 2011 – TL 579.063), impairment is recorded.

Movement of provision for impairment on inventories for the year ended December 31, 2012 is as follows:

	Ankara-Ankara (Bilkent) project	Total
January 1, 2012	**579.063**	**579.063**
Increase in current period	**418.435**	**418.435**
Decrease in current period	-	-
December 31, 2012	**997.498**	**997.498**

Merchandises:

As of December 31, 2012 and 2011 details of merchandises are as follows:

	December 31, 2012	December 31, 2011
Narmanlı Han	**4.397.727**	4.397.727
	4.397.727	4.397.727

Main purpose of the Project is historical transformation of Narmanlı Hall, İstabul, Beyoğlu, Asmalı Mescit quarter, İstiklal Street. In accordance with agreement which is "Agreement of Construction and Sales Commitment in Return of Real Estate Share" signed as at May 25, 2001in the base of ownership which is 60-percent Yapı Kredi Koray and 40 percent Narmanlı Family; the Group became owner of 15-percent of real estate by means of payment amounting to TL 904.307 which is conversion of USD 770.000 (amounting to TL 2.002.386 as adjusted in accordance with inflation). Remaining balance 33 percent out of 45-percent share will be rewarded in return of construction and 12 percent out of 45-percent share will be rewarded with the payment of USD 600.000 at the time of real estate delivery. Termination of contract and deed of real estate refund were demanded by the owner of the property from Group with the case, Beyoğlu 1. Civil Court 2008/362 E. Unit file.

As of September 22, 2011, the case resulted against the Group therefore gruop went for an appeal on November 23, 2011. Appeal process is stil going on. The Group does not expect any future cash flows since the agreement is still in force and repeal was not based on any right.

(Currency - Turkish Lira ("TL"))

8. Inventories (continued)

As of December 31, 2012, recoverable amount of Narmanlı Project, based on fair value of land share, is estimated at TL 7.300.000 (31 Aralık 2011 – TL 6.990.000) and there is no impairment of this project.

Group managment estimates carrying stock values as short-term. However, recoverable amount of stock values and estimated recover dates are as below;

	Type of inventory	Carried amount of inventories	Estimated recovery date
Riva project	Direct material	39.787.760	2015
Ankara Çankaya	Work in process	20.486.173	2015
Ankara Ankara (Bilkent)	Finished Good	991.679	2014
Narmanlı Han	Merchandises	4.397.727	2014
		65.663.339	

9. Investment property

Movement of the investment property for the year ended December 31, 2012 and 2011 is as follows:

	January 1, 2012	Additions	Disposals	Change in fair value (*)	Transfers	December 31, 2012
Elit Residence	2.550.000	-	-	51.000	-	2.601.000
Levent Loft Bahçe Projesi	5.995.525	-	-	180.475	-	6.176.000
Bomonti Apartman	6.001.999	-	-	6	-	6.002.005
Kağıthane Ofispark	-	-	-	1.812.442	(1)5.407.780	7.220.222
	14.547.524	-	-	2.043.923	5.407.780	21.999.227

(1) As of December 31, 2012 Advance given to Kâğıthane Ofispark amounting to TL 5.407.780 was transferred to investment property after the construction is completed and the risk is transferred to the group.

	January 1, 2011	Additions	Disposals	Change in fair value (*)	Transfers	December 31, 2011
Elit Residence	1.972.000	-	-	578.000	-	2.550.000
Levent Loft Bahçe Projesi	4.922.000	-	-	1.073.525	-	5.995.525
Kemer Beyaz Konakları	-	-	(713.000)	479.090	(1) 233.910	-
Bomonti Projesi	-	-	-	969.004	(2) 5.032.995	6.001.999
	6.894.000	-	(713.000)	3.099.619	5.266.905	14.547.524

(1) As of December 31, 2011 the Group provided provision for apartment in Kemerburgaz Beyaz Konaklar, due to the fact that title has not been taken yet, and the company which owns the title has bankrupted. Provision is amounting to TL 233.910. As of September 30, 2012 title was handed over to the Group. Accordingly the provision has been reversed and amount was accounted under investment properties. However the apartment was sold as of December 31, 2011.

(2) As of December 31, 2011, advances amounting to TL 5.032.995 which were given for nine apartments in Bomonti Project, are classified as investment properties since the apartments were delivered.

9. Investment property (continued)

Elit Residence:

Elit Residence, is a complex that was purchased by the Group and numbered 30 in Elit Plaza Residence Project with 40 floors located in Istanbul Şişli District 1905 section and parcel numbered 48. The complex is valued at its fair value according to the expertise report dated December 10, 2012 as TL 2.601.000 as of December 31, 2012 value.

Levent Loft Project:

Levent Loft Bahçe, is a project that has 5 apartments on 1.759,63 m2 area located in Istanbul, Şişli District, parcel numbered 9. The building is valued at its fair value according to the expertise report dated December 4, 2012 as TL 6.176.000 as at December 31, 2012.

Bomonti Project:

Bomonti Project is a project that has 9 apartments on 2.799,27 m2 area located in İstanbul, Şişli-Bomonti District 144 Square, 980 Section and Parcel numbered 9. The building is valued at its fair value according to the expertise report dated December 3, 2012 as TL 6.002.005 as at December 31, 2012.

Kağıthane OfisPark:

Kağıthane Ofis Park, are the complexes numbered 31 and 32 in Kağıthane Ofis Park Project located in Istanbul Kağıthane District parcel numbered 12648. These complexes are valued at their fair values according to the expertise report dated December 10, 2012 as TL 7.220.222 as at December 31, 2012.

(*) The fair values of investment properties held by the Group are determined by real estate valuation companies which are licensed by CMB by regarding potential sales value in current economic conditions and based on "precedent comparison" valuation methods. As of December 31, 2012 the change in fair value of investment properties amounting to TL 2.043.923 is accounted as income under "Other operational income" (December 31, 2011 – TL 3.099.619)

As of December 31, 2012 the Group rent income amounting to TL 437.895 from its investment properties. (December 31, 2011 – 343.652 TL) and costs incurred to earn rent income are amounting to TL 282.136 (December 31, 2011 – 218.932 TL).

(Currency - Turkish Lira ("TL"))

10. Tangible assets

The movement of tangible assets and depreciation for the year ended December 31, 2012 are as follows:

	January 1, 2012	Additions	Disposals	Transfers	December 31, 2012
Cost					
Buildings	2.050.930	-	-	-	2.050.930
Machinery, plant and equipment	61.082	-	-	-	61.082
Vehicles	945	-	-	-	945
Furniture and fixture	852.888	51.205	(17.129)	-	886.964
Leasehold impromevents	101.231	-	-	-	101.231
	3.067.076	51.205	(17.129)	-	3.101.152
Accumulated depreciation					
Buildings	(382.632)	(49.554)	-	-	(432.186)
Machinery, plant and equipment	(59.889)	(515)	-	-	(60.404)
Vehicles	(945)	-	-	-	(945)
Furniture and fixture	(727.608)	(38.411)	16.424	-	(749.595)
Leashold improvements	(93.809)	(2.808)	-	-	(96.617)
	(1.264.883)	(91.288)	16.424	-	(1.339.747)
Net book value	1.802.193				1.761.405

As of December 31, 2012, there is no plede on tangible assets (2011: No).

As of December 31, 2012, the gross value of tangible assets which are fully depreciated but still in-use is TL 525.665 (2011: TL 524.998).

The movement of tangible assets and depreciation for the year ended December 31, 2011 are as follows:

	January 1, 2011	Additions	Disposals	Transfers	December 31, 2011
Cost					
Buildings	2.050.930	-	-	-	2.050.930
Machinery, plant and equipment	61.082	-	-	-	61.082
Vehicles	945	-	-	-	945
Furniture and fixture	824.206	37.953	(9.271)	-	852.888
Leashold improvements	96.618	4.613	-	-	101.231
	3.033.781	42.566	(9.271)	-	3.067.076
Accumulated depreciation					
Buildings	(333.213)	(49.419)	-	-	(382.632)
Machinery, plant and equipment	(57.939)	(1.950)	-	-	(59.889)
Vehicles	(945)	-	-	-	(945)
Furniture and fixture	(696.016)	(40.863)	9.271	-	(727.608)
Leashold improvement	(90.162)	(3.647)	-	-	(93.809)
	(1.178.275)	(95.879)	9.271	-	(1.264.883)
Net book value	1.855.506				1.802.193

(Currency - Turkish Lira ("TL"))

11. Intangible assets

The movement of intangible assets for the years ended December 31, 2012 and 2011 are as follows:

	January 1, 2012	Additions	Disposals	December 31, 2012
Cost				
Rights	57.113	-	(36.226)	20.887
Other intangible assets	755.035	69.164	-	824.199
	812.148	69.164	(36.226)	845.086
Accumulated amortization				
Rights	(57.113)	-	36.226	(20.887)
Other intangible assets	(704.032)	(31.884)	-	(735.916)
	(761.145)	(31.884)	36.226	(756.803)
Net book value	51.003			88.283

	January 1, 2011	Additions	Disposals	December 31, 2011
Cost				
Rights	57.113	-	-	57.113
Other intangible assets	735.918	19.117	-	755.035
	793.031	19.117	-	812.148
Accumulated amortization				
Rights	(57.113)	-	-	(57.113)
Other intangible assets	(667.053)	(36.979)	-	(704.032)
	(724.166)	(36.979)	-	(761.145)
Net book value	68.865			51.003

(Currency - Turkish Lira ("TL"))

12. Provisions, contingent assets and liabilities

Contingent assets and liabilities

a) As of December 31, 2012 and 2011, the details of guarantees and commitments are as below:

	December 31, 2012	December 31, 2011
Guarantees taken	**7.445.061**	7.583.666

Guarantees given

	December 31, 2012	December 31, 2011
Guarantees, pledge and mortgage (GPM)given by the Company		
A. GPM given on behalf of its own legal entity	**6.661.096**	5.054.800
B. GPM given on behalf of subsidiaries that are included in full consolidation	-	-
C. GPM given on behalf of other third parties for ordinary trading operations	-	-
D. Other GPM given	-	
i. GPM given on behalf of parent	-	-
ii. GPM given on behalf of other Group companies out of the scope of clause B and C	-	-
iii. GPM given on behalf of other third parties out of the scope clause C	-	-
Total	**6.661.096**	5.054.800

b) As of December 31, 2012, the cautions, rights and liabilites on projects basis are as below:

<u>Ankara Ankara (Bilkent) project</u>

On Ankara Ankara Project, there is a rent restriction with TL 1 value in favour of Türkiye Elektrik Dağıtım A.Ş. for 99 years and sales caution for 4 suits which do not have sales agreement on Project.

There are some lawsuits brought by property owners on Ankara Ankara (Bilkent) site against the Company on consumer court. Guarantee letter with TL 1.750.00 amount was given to the court for two of the ligitations which are pending on Ankara 7. Consumer Court.

<u>Ankara Çankaya project</u>

The Company has construction right in return for flat agreement right on Ankara Çankaya Project.

(Currency - Turkish Lira ("TL"))

12. Provisions, contingent assets and liabilities (continued)

Elit Residence

There is rent restriction on Elit Residence in favour of Boğaziçi Elektrik Dağıtım A.Ş.

Levent Loft

There is rent restriction with TL 1 value in favour of Boğaziçi Elektrik Dağıtım A.Ş. for 99 years on Levent Loft.

Riva Projects

There is no restriction on Riva projects.

Real estate loans

The Company has signed a protocol with ING Bank A.Ş. and FibaBank A.Ş. for the usage of foreign exchange loan and TL loans within İstanbul is projects that have been started pre-sales on July, 2005 and completed all sales as of 2006.

13. Provisions

	December 31, 2012	December 31, 2011
Short-term provisions		
Provision for litigations (*)	-	239.809
Total short-term provisions	-	239.809

(*) As of December 31, 2011, the Group provides provision potential compensation liabilities that may be paid due to cases that were opened by employees terminated due to adverse economic conditions and stagnant operations in the real estate sector. As of December 31, 2012 the Group paid compensation amounting to TL 239.809 for which the claims ended against the Group.

	Litigation	**Total**
January 1, 2012	**239.809**	**239.809**
Increase in current period, net	-	-
Payment in current period	**(239.809)**	**(239.809)**
Decrease in current period, net	-	-
December 31, 2012	-	-

(Currency - Turkish Lira ("TL"))

14. Provisions for employee benefits

	December 31, 2012	December 31, 2011
Long-term liabilities		
Retirement pay provision	**123.360**	88.630
	123.360	88.630

Retirement pay provision

In accordance with the existing social legislation in Turkey, the Company and its subsidiaries and joint ventures operating in Turkey is required to make lump-sum payments to employees who completed one year of service to the Company and completed 25 years of service in total and whose employment is terminated due to retirement (age 58 for female and age of 60 for male) or due to military service obligations or for reasons other than resignation or misconduct.

Such payments are calculated on the basis of one month salary and limited to a maximum amounts as TL 3.034 (December 31, 2011: TL 2.732).

Provisions for retirement pay liability are not subject to any funding and there is no funding requirement.

In accordance with Turkish Labour Code, retirement pay liability is the present value of the total estimated provision for the liabilities of the personnel who may retire in the future.

This provision is calculated by expecting the present value of the future liability which will be paid for the retired personnel. According to the calculation of the provision, the following assumptions were used:

	December 31, 2012	December 31, 2011
Interest rate (%)	**8,6**	10
Inflation rate (%)	**5**	5,1

The movement of the retirement pay liability for the year ended December 31, 2012 is as follows:

	December 31, 2012	December 31, 2011
January 1	**88.630**	127.706
Interest expense	**3.040**	5.951
Service cost	**21.231**	14.154
Actuarial (gain)/loss	**10.459**	(21.423)
Payment in current period	**-**	(37.758)
December 31	**123.360**	88.630

(Currency - Turkish Lira ("TL"))

15. Other assets and liabilities

As of December 31, 2012 and 2011 details of current and non-current assets are as follows:

Other current assets

	December 31, 2012	December 31, 2011
Value added tax ("VAT") receivables	**1.676.609**	1.556.202
Advance given (*)	**313.738**	8.865.815
Prepaid expenses	**326.872**	151.800
Prepaid taxes and stoppage	**1.681**	2.139
Other	**99.293**	382.049
	2.418.193	10.958.005

(*) As of December 31, 2011, advances amounting to TL 5.407.780 which were given for two apartments in Kağıthane Ofis Park Project, are classified as investment properties since the apartments' risk and reward is on the Group (Note 9).

Other non-current assets

	December 31, 2012	December 31, 2011
Value added tax ("VAT") receivables	**8.571.907**	8.125.683
	8.571.907	8.125.683

As of December 31, 2012 the Group provides impiarment provision for long term VAT receivables amounting to TL 1.720.574 which is accounted under other non-current assets. Such VAT receivables arised from the purchase of Riva land which belongs to Gelişim Gayrimenkul ve Yatırım Ticaret A.Ş. As the net realizable value of the land is less than the cost value, the Group management does not foresee to mitigate the difference via sales of land. Accordingly impariment provision is provided.

As of December 31, 2012 and 2011, the details of other current liabilities are as below:

Other current liabilities

	December 31, 2012	December 31, 2011
Tax and funds payable	**394.080**	528.823
Accrued expenses	**282.346**	270.345
Social insurace institution stoppage payable	**264.757**	229.764
Deferred income	**24.401**	90.209
Tax penalty (*)	**-**	2.811.562
Other	**90.463**	78.965
	1.056.047	4.009.668

(*) In 2011, the Group was claimed for tax penalty for the fiscal years of 2006, 2007, 2008 and 2009 amounting to TL 9,2 million comprising of tax penalty amounting to TL 4,6 million and for loss of tax amounting to TL 4,6 million. As at January 16, 2012 the Group decided to benefit within the frame "Concerning the Restructuring of Certain Receivables, Social Security and the Amendment of the General Health Law and Certain Other Laws and Decrees with the Force of Law" numbered 6111. In accordance with the law numbered 6111 the Group paid TL 2,8 million (including late interest) within 12 installments. Amount comprises total TL 2,65 million; TL 1,95 million which is the half of TL 3,9 million (out of TL 4,6 million) tax required to pay for the fiscal years 2006, 2007 and 2008 with the interest amounting to TL 698.000 calculated regarding wholesale price index/producer price index. Other half of tax, loss of tax penalty and late payment interest was not paid in the scope of Law numbered 6111.

(Currency - Turkish Lira ("TL"))

16. Shareholders' equity

As of December 31, 2012 and 2011, the Company's inflation non-adjusted authorized capital is as below:

	December 31, 2012	December 31, 2011
Limit of authorized capital	**100.000.000**	100.000.000
Approved and paid-in capital	**40.000.000**	40.000.000

The composition of the Group's paid-in share capital as of December 31, 2012 and December 31, 2011 is as follows:

	December 31, 2012		December 31, 2011	
Shareholders	**Share%**	**Amount (TL)**	Share%	Amount (TL)
Yapı ve Kredi Bankası A.Ş.	**26,01**	**10.404.000**	26,01	10.404.000
Koray Yapı Endüstrisi ve Ticaret A.Ş.	**7,54**	**3.016.000**	7,54	3.016.000
Murat Koray	**5,00**	**2.000.000**	5,00	2.000.000
Selim Koray	**5,00**	**2.000.000**	5,00	2.000.000
Semra Turgut	**5,00**	**2.000.000**	5,00	2.000.000
Mustafa Zeki Gönül	**1,00**	**400.000**	1,00	400.000
Süleyman Yerçil	**0,80**	**320.000**	0,80	320.000
Zeynel Abidin Erdoğan	**0,40**	**160.000**	0,40	160.000
Koray İnşaat Sanayi ve Ticaret A.Ş.	**0,24**	**100.000**	0,24	100.000
Necdet Öztürk	**0,01**	**0.01**	0,01	0.01
Hüseyin Ayduk Esat Koray	**-**	**-**	-	-
Diğer (Halka açık kısım)	**49,00**	**19.600.000**	49,00	19.600.000
Total	100,00	**40.000.000**	100,00	40.000.000
Capital adjustment		**91.449.175**		91.449.175
Total paid-in capital		**131.449.175**		131.449.175

Adjustment to share capital" represents the restatement effect of cash and cash equivalent contributions to share capital measured in accordance with the CMB Financial Reporting Standards.

20.400.000 out of 1., 2. and 3. order 40.000.000 shares which constitute the Group' s statutory share capital amounting to 40.000.000 TL are registered and A group and 19.600.000.000 out of 40.000.000 shares are bearer and B group.

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

16. Shareholders' equity (continued)

In accordance with the CMB regulations effective until January 1, 2008, "Capital, Share Premiums, Legal Reserves, Special Reserves and Extraordinary Reserves" were recorded at their statutory carrying amounts and the inflation adjustment differences related to such accounts were recorded under "inflation adjustment differences" at the initial application of inflation accounting. "Equity inflation adjustment differences" could have been utilised in issuing bonus shares and offsetting accumulated losses, carrying amount of extraordinary reserves could have been utilised in issuing bonus shares, cash dividend distribution and offsetting accumulated losses. In accordance with Communiqué No. XI-29 and related announcements of the CMB, effective from January 1, 2008, "Share Capital", "Restricted Reserves" and "Share Premiums" shall be carried at their statutory amounts. The valuation differences shall be classified as follows:

- the difference arising from the "Paid-in capital" and not been transferred to capital yet, shall be classified under the "Inflation adjustment to share capital";

- the difference due to the inflation adjustment of "Restricted reserves" and "Share premium" and the amount that has not been utilised in dividend distribution or capital increase yet, shall be classified under "Retained earnings".

Other shareholders' equity components are disclosed with amounts valued in accordance with CMB Financial Reporting Standards.

Inflation adjusment to shareholders' equity is only transfer to share capital to increase.

Listed companies are subject to dividend requirements regulated by the CMB as follows:

In accordance with the Capital Market Board Communiqué IV, Nr: 27, article 5th, in the listed companies, the first dividend shall not be below %20 of the distributable profit deducted the accumulated losses. Based on their decisions taken in the ordinary general boards, listed joint-stock companies have their right to distribute dividends in cash, in share certificates, in partial distribution within cash or share certificates while retaining a portion in the partnership.

Based on the CMB Decree 7/242, dated 25 February 2005, if the amount of profit distributions calculated in accordance with the net distributable profit requirements of the CMB does not exceed the statutory net distributable profit, the whole amount of distributable profit should be distributed. If it exceeds the statutory net distributable profit, the whole amount of the statutory net distributable profit should be distributed. It is stated that dividend distributions should not be made if there is a loss in either the financial statements prepared in accordance with CMB regulations or in the statutory financial statements.

Based on the decision of CMB dated January 27, 2011, it is decided not to determine any minimum dividend payment distribution requirement for publicly held companies.

Complying with the decision related to the profit distribution principles for the operating profits made in 2008 by the publicly traded companies; which is announced in the CMB communiqué numbered 1/6 and dated January 9, 2009; the companies which are obliged to prepare consolidated financial statements are allowed to calculate the profits to be distributed by considering the net profit amount included in the financial statements which are prepared according to the CMB communiqué Serial:XI, No:29 – Communiqué on Principles of Financial Reporting in Capital Markets; regardless of the decision taken by the general assembly to distribute the profit, as long as the profit portions transferred from the subsidiaries, joint managing companies and affiliates shown under the profit presented in the consolidated financial statements, to the parent's consolidated financial statements are afforded by the companies' sources according to legal bookings.

(Currency - Turkish Lira ("TL"))

16. Shareholders' equity (continued)

Inflation adjustments to shareholders' equity and book value of extraordinary reserves can be used as an internal source in share capital increase, dividend distribution in cash or net-off against prior years' loss. In case the inflation adjustment to shareholders' equity is used for dividend distribution in cash, the distribution is subject to corporate tax.

17. Sales and cost of sales

As of December 31, 2012 and 2011 sales and cost of sales are as below:

	December 31, 2012	December 31, 2011
Domestic sales	**26.076.694**	20.093.248
Gross sales	**26.076.694**	20.093.248
Sales returns (-)	**(7.206)**	(3.872)
Net sales	**26.069.488**	20.089.376
Cost of sales	**(22.992.960)**	(17.240.496)
Gross profit	**3.076.528**	2.848.880

As of December 31, 2012 and 2011, the details of sales and services revenue are as below:

	December 31, 2012	December 31, 2011
Building management services income	**17.121.620**	12.274.761
Payroll subcontracting income	**4.961.957**	1.832.304
Cleaning services income	**1.224.278**	4.200.404
Building improvement service income	**709.817**	-
Rent income	**437.895**	343.652
Security services income	**332.239**	142.630
Consultancy income	**258.249**	374.375
Technical services income	**157.845**	709.522
Other sales	**865.588**	211.728
Domestic sales	**26.069.488**	20.089.376

(Currency - Turkish Lira ("TL"))

18. Expenses by nature

As of December 31, 2012 and 2011, the distribution of cost of sales, selling, marketing and distribution expenses and general administrative expenses by nature is as below:

Cost of sales and services

	December 31, 2012	December 31, 2011
Personnel expenses	**8.751.505**	5.452.016
Dışarıdan sağlanan fayda ve hizmetler	**11.949.599**	10.668.057
Other	**2.291.856**	1.120.423
	22.992.960	17.240.496

Selling and marketing expenses

	December 31, 2012	December 31, 2011
Personnel expenses	**586.758**	579.959
Taxes and dues	**445.623**	13.131
Consultancy charges	**46.628**	144.698
Rent expenses	**29.295**	29.789
Communication expenses	**28.537**	10.980
Electricity expenses	**18.784**	7.306
Water expenses	**3.100**	2.340
Diğer	**154.203**	203.705
	1.312.928	991.908

General administrative expenses

	December 31, 2012	December 31, 2011
Personnel expenses	**3.554.207**	3.305.881
Consultancy expenses	**537.476**	244.280
Taxes and dues	**457.855**	143.843
Transportation expenses	**133.144**	25.937
Depreciation and amortization	**123.172**	132.858
Rent expenses	**106.284**	169.004
Cleaning and maintenance expenses	**44.914**	141.587
Communication expenses	**74.907**	60.539
Marketing expenses	**67.552**	41.780
Advertisement expenses	**2.150**	16.003
Electricity expenses	**9.824**	9.569
Water expenses	**2.008**	3.492
Other	**60.400**	352.083
	5.173.893	4.646.856

(Currency - Turkish Lira ("TL"))

19. Other operating income/(expense)

As of December 31, 2012 and 2011, the details of other operating income and expense are as below:

	December 31, 2012	December 31, 2011
Change in the fair value of investment property (Note 9)	**2.043.923**	3.099.619
Decrease in impairment provision for value added tax ("VAT") receivables (Note 15)	**928.677**	-
Rent income	**350.791**	322.168
Decrease in provision for impairment on inventories	**-**	219.887
Other	**155.435**	201.289
Other operating income	**3.478.826**	3.842.963

	December 31, 2012	December 31, 2011
Expense of İstanbul – İstanbul Faz III Project	**(1.772.926)**	-
Expenses of continuing projects	**(1.052.346)**	(929.394)
Expense of Hoşdere Project	**(1.023.224)**	-
Tax penalty	**(820.800)**	(1.845.288)
Provision for impairment on inventories	**(418.435)**	-
Alowance for doubtful receivables	**(250.188)**	-
Legal consultancy expenses	**(179.453)**	(496.281)
Reconciliation difference expense	**(126.589)**	-
Loss on the sales of investment property	**-**	(49.776)
Impairment provision for value added tax ("VAT") receivables	**-**	(2.649.251)
Other	**(410.657)**	(334.128)
Other operating expenses	**(6.054.618)**	(6.304.118)

20. Finance income

As of December 31, 2012 and 2011, the details of finance income are as bwloe:

	December 31, 2012	December 31, 2011
Foreign exchange income	**2.613.818**	891.285
Interest income	**14.048**	27.964
Interest income on marketable securities	**33.680**	15.719
Finance income	**2.661.546**	934.968

(Currency - Turkish Lira ("TL"))

21. Finance expenses

As of December 31, 2012 and 2011, the details of finance expenses are as below:

	December 31, 2012	December 31, 2011
Foreign exchange loss	**(918.420)**	(4.056.182)
Interest expenses	**(2.625.727)**	(2.015.762)
Financial expenses	**(3.544.147)**	(6.071.944)

22. Tax assets and liabilities

Deferred tax

	December 31, 2012	December 31, 2011
Deferred tax asset	**20.114**	-
Deferred tax liability	**-**	(18.216)
Deferred tax asset- net	**20.114**	(18.216)

Deferred tax asset or liability is recognized by calculating the temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which are used in the computation of taxable profit and this calculation is made by using the balance sheet liability method based on enacted tax rates. Deferred tax asset and liabilities are presented on the financial statements regarding expectated increase and decrease amounts of the tax payables in the future on which the temporary differences will not remain.

The rate applied in the calculation of deferred tax assets and liabilities is 20% (2011: %20). As of December 31, 2012 and 2011, the details of accumulated temporary differences and deferred tax differences which are calculated via the effective tax rates are as below:

	Temporary Differences		**Deferred tax asset / (liabilities)**	
	December 31, 2012	December 31, 2011	**December 31, 2012**	December 31, 2011
Retirement pay provision	**30.962**	11.952	**6.192**	2.390
Provision for doubtful receivables	**43.697**	43.697	**8.740**	8.740
Temporary difference on tangible and intangible assets	**(35.524)**	(20.140)	**(7.105)**	(4.028)
Other	**61.433**	(126.589)	**12.287**	(25.318)
Deferred tax asset / (liabilities)	**100.568**	(91.080)	**20.114**	(18.216)

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, tax liabilities are reflected in these consolidated financial statements, calculated separately for all companies included in the consolidation.

22. Tax assets and liabilities (continued)

The Company is not subject to corporate income taxes. The Income Tax Code earnings of real estate investment trusts are subject to withholding taxes, however with the decision of cabinet numbered 93/5148, witholding tax rate applicable for the earnings of real estate investment trusts is determined as "0".

Additonally subsidiaries of the Company YKS Tesis Yönetim Hizmetleri A.Ş. and Gelişim Gayrimenkul ve Yatırım Ticaret A.Ş., are subject to tax legislations and examinations in Turkey.

The Corporate Tax Law was amended as of June 13, 2006 with Law No 5520. The majority of the clauses of Law No 5520 are effective as of January 1, 2006. The corporation tax rate of the fiscal year 2012 is 20% (2011: 20%). Corporation tax is payable at a rate of 20% on the total income after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption, and investment allowance, etc) and corporate income tax deductions (like research and development expenditures deduction). No further tax is payable unless the profit is distributed (except 19,8 per-cent witholding on which investment incentive amount benefitted in the scope of Income Tax Code numebered temporary 61).

15% withholding tax rate applies to dividends distributed by resident corporations resident real persons except for, those who are not liable to income and corporation tax, non-resident real persons, non-resident corporations. Dividend distribution by resident corporations to resident corporations is not subject to a withholding tax. Furthermore, in the event the profit is not distributed or included in capital, no withholding tax shall be applicable.

The tax legislation provides for a temporary tax of 20% to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the year.

Corporate tax returns are required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid in one installment by the end of the fourth month.

Institutions which has the authority to perform tax audit might inspect accounting records within five years and in the case of identification of misstatements, additional tax assessment might change tax payables.

Corporate tax losses can be carried forward for a maximum period of 5 years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

(Currency - Turkish Lira ("TL"))

22. Tax assets and liabilities (continued)

As of December 31, 2012 and 2011, the details of taxes reflected to income statement are as below:

	December 31, 2012	December 31, 2011
Current tax provision	**99.515**	74.726
Prepaid taxes and dues	**(99.515)**	(74.726)
Total current tax liability	**-**	-

	December 31, 2012	December 31, 2011
Current tax	**99.515**	74.726
Deferred tax benefit/(charge)	**(38.330)**	24.985
Total tax expense	**61.185**	99.711

23. Earnings per share

The details of earnings per share on group basis are as below:

	December 31, 2012	December 31, 2011
Net loss of parent company for the period	**(7.069.780)**	(10.461.633)
Number of shares (each equals to TL 1)	**40.000.000**	40.000.000
Losses per share	**(0,1767)**	(0,2615)

(Currency - Turkish Lira ("TL"))

24. Related party transactions

As of December 31, 2012 and 2011, the details of due from related parties, due to related parties and cash and cash equivalents on related parties are as below:

Due from related parties

	December 31, 2012	December 31, 2011
Shareholders		
Yapı Kredi Bankası A.Ş.	**186.448**	185.261
Koray İnşaat Sanayi Ticaret A.Ş.	**11.502**	11.695
Koray Yapı Endüstrisi A.Ş.	**39.906**	13.736
Other related parties		
Koray GYO A.Ş.	**15.976**	20.517
Yapı Kredi Yatırım Menkul Değerler A.Ş.	**5.559**	10.487
Yapı Kredi Emeklilik A.Ş.	**19.224**	16.199
Koray Sigorta A.Ş.	**-**	6.897
Other	**24.298**	-
	302.913	264.792

Due to related parties

	December 31, 2012	December 31, 2011
Shareholders		
Yapı Kredi Bankası	**923**	923
Koray Yapı Endüstrisi A.Ş.	**260.859**	259.035
Other related parties		
Koray Sigorta Aracılık Hizmetleri A.Ş.	**11.080**	9.139
Zer A.Ş.	**2.123**	528
Koray GYO A.Ş.	**38.410**	49.078
Koray Sigorta A.Ş.	**-**	376
Other	**30.101**	-
	343.496	319.079

(Currency - Turkish Lira ("TL"))

24. Related party transactions (continued)

	December 31, 2012	December 31, 2011
Cash and cash equivalents		
Shareholders		
Yapı Kredi Bankası A.Ş. demand deposit	**102.378**	129.756
	102.378	129.756
Investment funds		
Shareholders		
Yapı Kredi Bankası A.Ş.	**66.997**	155.284
	66.997	155.284

Loans from related parties

	December 31, 2012	December 31, 2011
Shareholders		
Yapı Kredi Bankası A.Ş.	**36.135.582**	15.192.430
	36.135.582	15.192.430

As of December 31, 2012 and 2011, the summary of the transactions with related parties is as below:

Sales to related parties

	December 31, 2012	December 31, 2011
Shareholders		
Yapı Kredi Bankası A.Ş.	**1.040.765**	764.028
Koray Yapı Endüstrisi A.Ş.	**113.949**	118.019
Koray İnşaat San. Ve Tic. A.Ş.	**83.927**	80.815
Other related parties		
Yapı Kredi Sigorta A.Ş.	**657.436**	550.514
Yapı Kredi Emeklilik A.Ş.	**469.575**	342.487
Yapı Kredi Yatırım Menkul Değerler A.Ş.	**344.394**	277.763
Yapı Kredi Portföy Yönetimi A.Ş.	**160.111**	94.451
Yapı Kredi Factoring A.Ş.	**94.867**	75.650
Yapı Kredi Leasing A.Ş.	**150.207**	128.937
Koray Sigorta A.Ş.	**5.183**	4.449
Koray Gayrimenkul Yatırım A.Ş.	**104.597**	64.125
Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş.	**10.626**	8.200
Other	**69.842**	-
	3.305.479	2.509.438

(Currency - Turkish Lira ("TL"))

24. Related party transactions (continued)

Purchases from related parties

	December 31, 2012	December 31, 2011
Shareholders		
Yapı Kredi Bankası A.Ş.	**105.757**	50.770
Koray Yapı Endüstrisi A.Ş.	**315.762**	301.944
Other related parties		
Zer A.Ş.	**959.191**	1.618
Koray Sigorta Aracılık Hizmetleri A.Ş.	**173.255**	96.933
Koray Gayrimenkul Yatırım A.Ş.	**99.930**	83.473
Yapı Kredi Emeklilik	**16.529**	15.745
Yapı Kredi Yatırım	**6.484**	6.298
Koray Sigorta A.Ş.	**-**	28.723
Yapı Kredi Sigorta	**-**	970
	1.676.908	586.474

Interest income from related partieis

Shareholders		
Yapı Kredi Bankası A.Ş.	**6.538**	-
	6.538	-

Interest expense to related parties

Shareholders		
Yapı Kredi Bankası A.Ş.	**1.653.955**	1.379.004
	1.653.955	1.379.004

The Company has identified members of boards of directors, general manager and deputy general managers as top management.

Benefits to top management includes salaries, premiums, SGK employer benefit, unemployment premium and daily allowances paid to members of board of directors.

As of December 31, 2012, amount of the benefits provided to members of board of directors, general manager and deputy general managers is TL 714.344 (2011: TL 643.783).

25. Nature and level of risks derived from financial instruments

The Group focuses on managing several financial risks that it exposes to including effects of changes in prices in debt and equity markets, changes in foreign currency exchange and interest rates due to its operations. The Group's risk management program seeks to minimize potential adverse effects of fluctuations in the markets.

(Currency - Turkish Lira ("TL"))

25. Nature and level of risks derived from financial instruments (continued)

Credit Risk

Trade receivables are the main credit risk for Group. Trade receivables are evaluated depending on the current economic conditions and previous experiences of the Group and provision for doubtful trade receivables is made.

As of December 31, 2012 and 2011, the details of Group's credit risks as financial instruments types are as below:

						December 31, 2012
	Trade receivables		Other receivables		Bank accounts	
	Related party	Third party	Related party	Third party	Related party	Third party
Maximum net credit risk as of balance sheet date(*) (A+B+C+D+E)	302.913	2.881.433	-	-	102.378	2.788
- The part of maximum risk under guarantee with collateral etc.	-	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	247.160	2.384.377	-	-	102.378	2.788
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-
C. Carrying value of financials assets that are past due but not impaired	55.753	497.056	-	-	-	-
- The part under guarantee with collateral etc.	-	-	-	-	-	-
D. Net book value of impaired assets						
- Past due (gross carrying amount)	-	293.885	-	-	-	-
- Impairment (-)	-	(293.885)	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- The part of net value under guarantee with no collateral etc.	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-

(Currency - Turkish Lira ("TL"))

25. Nature and level of risks derived from financial instruments (continued)

						December 31, 2011
	Trade receivables		Other receivables		Bank accounts	
	Related party	Third party	Related party	Third party	Related party	Third party
Maximum net credit risk as of balance sheet date(*) (A+B+C+D+E)	264.792	2.665.186	-	-	129.756	47.423
-The part of maximum risk under guarantee with collateral etc.	-	-	-	-	-	-
A. Net book balue of financial assets that are neither Past due nor impaired	264.792	2.090.910	-	-	129.756	47.423
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-
C. Carrying value of financial assets that are past Due but not impaired	-	574.276	-	-	-	
- The part under guarantee with collateral etc.	-	-	-	-	-	-
D. Net book value of impaired assets						
- Past due (gross carrying amount)	-	43.697	-	-	-	-
- Impairment (-)	-	(43.697)	-	-	-	-
- The part of net value under guarantee with Collateral etc.	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- The part of net value under guarantee with no Collateral etc.	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-

The schedule of assets of the Group which are aged but do not impaired yet is as below:

		December 31, 2012
		Receivables
	Receivables from related parties	**Other Receivables**
Overdue 1-30 days	**36.076**	**285.683**
Overdue 1-2 months	**19.677**	**156.687**
Overdue more than 2 months	**-**	**54.686**
Total overdue	**55.753**	**497.056**
Guaranteed by collaterals etc.	**-**	**-**

(Currency - Turkish Lira ("TL"))

25. Nature and level of risks derived from financial instruments (continued)

		December 31, 2011
		Receivables
	Receivables from related parties	Other receivables
Overdue 1-30 days	-	347.442
Overdue 1-2 months	-	128.989
Overdue more than 2 months	-	97.845
Total overdue	-	574.276
Guaranteed by collaterals etc.	-	-

Liquidity risk

Prudent liquidty risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions.

The risk of funding current and future debt requirements is managed by having an adequate number of quality loan providers constantly available. The Group management procured bank borrowings to manage liquidty risk by regarding investment needs and liquidity positions in the prior periods.

The table below shows the liquidity risk arising from financial liabilities of the Group:

							December 31, 2012
	Book value	**Contractual Cash-flows**	**Untill 3 months**	**3 months – 1 year**	**1 year – 5 years**	**5 years – 10 years**	**On demand**
Bank borrowings	**44.785.893**	**46.094.922**	**-**	**46.094.922**	**-**	**-**	**-**
Trade payables							
-Related party	**343.496**	**343.496**	**343.496**	**-**	**-**	**-**	**-**
-Third party	**1.822.266**	**1.822.266**	**1.814.061**	**-**	**8.205**	**-**	**-**
Total equity	**46.951.655**	**48.260.684**	**2.157.557**	**46.094.922**	**-**	**-**	**-**

							December 31, 2011
	Book value	Contractual Cash-flows	Untill 3 months	3 months – 1 year	1 year – 5 years	5 years – 10 years	On demand
Bank borrowings	36.149.406	37.690.348	-	37.690.348	-	-	-
Trade payables							
-Related party	319.079	319.079	319.079	-	-	-	-
-Third party	1.439.361	1.439.361	1.439.361	-	-	-	-
Other payables	74.762	74.762	74.762	-	-	-	-
Total equity	37.982.608	39.523.550	1.833.202	37.690.348	-	-	-

(Currency - Turkish Lira ("TL"))

25. Nature and level of risks derived from financial instruments (continued)

Foreign exchange currency risk

As of December 31, 2012 and 2011, TL equivalents of Group's assets and liabilities in foreign currency are as below:

	December 31, 2012	December 31, 2011
Assets in foreign currency	**95.635**	548
Liabilities in foreign currency	**(37.321.650)**	(34.464.080)
Net exchange position	**(37.226.015)**	(34.463.532)

As of December 31, 2012 and 2011, TL equivalents of Group's cash assets and liabilities in foreign currency are as below:

					Exchange Position Table	
	December 31, 2012			December 31, 2011		
	TL Equivalent (Functional currency)	**USD Dollar (TL equivalent)**	**Euro (TL equivalent)**	TL Equivalent (Functional currency)	USD Dollar (TL equivalent)	Euro(TL equivalent)
Monetary financial assets (Including cash, bank accounts)	-	-	-	548	474	73
Trade Receivables	95.635	95.635	-	-	-	-
Total assets	95.635	95.635	-	548	474	73
Current financial liabilities	(37.321.650)	(26.739.000)	(10.582.650)	(34.003.673)	(24.964.035)	(9.039.638)
Other liabilities	-	-	-	(460.407)	(313.792)	(146.615)
Total liabilities	(37.321.650)	(26.739.000)	(10.582.650)	(34.464.080)	(25.277.827)	(9.186.253)
Net position of assets / (liabilities) in foreign currency	(37.226.015)	(26.643.365)	(10.582.650)	(34.463.532)	(25.277.353)	(9.186.180)

(Currency - Turkish Lira ("TL"))

25. Nature and level of risks derived from financial instruments (continued)

The following table presents the Group's sensitivity to change in the foreign currencies as of December 31, 2012 and 2011:

				December 31, 2012
	Income / (Expense)		Equity	
	Appreciation of foreign currency	Devaluation of foreign currency	Appreciation of foreign currency	Devaluation of foreign currency
If US Dollar appreciated/ devaluated against TL by 10%				
1. US Dollar net asset/ liability	(2.664.337)	2.664.337	(2.664.337)	2.664.337
2. Part of hedged from US Dollar risk (-)	-	-	-	-
3. US Dollar nef effect (1+2)	(2.664.337)	2.664.337	(2.664.337)	2.664.337
If Euro appreciated/ devaluated against TL by 10%				
4. Euro net asset/ liability	(1.058.265)	1.058.265	(1.058.265)	1.058.265
5. Part of hedged from Euro risk (-)	-	-	-	-
6. Euro net effect (4+5)	(1.058.265)	1.058.265	(1.058.265)	1.058.265
Total (3+6)	(3.722.602)	3.722.602	(3.722.602)	3.722.602

				December 31, 2011
	Income / (Expense)		Equity	
	Appreciation of foreign currency	Devaluation of foreign currency	Appreciation of foreign currency	Devaluation of foreign currency
If US Dollar appreciated/ devaluated against TL by 10%				
1. US Dollar net asset/ (liability)	(2.527.735)	2.527.735	(2.527.735)	2.527.735
2. Part of hedged from US Dollar risk (-)	-	-	-	-
3. US Dollar net effect (1+2)	(2.527.735)	2.527.735	(2.527.735)	2.527.735
If Euro appreciated/ devaluated against TL by 10%				
4. Euro net asset /(liability)	(918.618)	918.618	(918.618)	918.618
5. Part of hedged from Euro	-	-	-	-
6. Euro net effect (4+5)	(918.618)	918.618	(918.618)	918.618
Total (3+6)	(3.446.353)	3.446.353	(3.446.353)	3.446.353

(Currency - Turkish Lira ("TL"))

25. Nature and level of risks derived from financial instruments (continued)

Faiz oranı riski:

Interest rate risk is the effect of change in interest rate on the assets and liabilities of the Group. The risk is managed through corresponding assets that are sensitive to interest rate with similar liabilities.

	December 31, 2012	December 31, 2011
Fixed rate financial		
Financial instruments	-	-
Financial liabilities	**44.785.893**	36.149.406
Floating rate instruments		
Financial assets	-	-

As of December 31, 2012 and 2011, the Group does not have floating interest bearing financial liabilities, accordingly there is no interest rate risk.

Capital management

The Group work to manage its capital and borrowings for maximum yield. The Group management determines and applies policies to mitigate financial risks, to increase credibility, to prove going concern and to increase growth and profitability. Structure of share capital should be at the level to support cush policies. The Group management proactively provide solutions to compensate share capital need if any. As of December 31, 2012 and 2011 there is no change on targets, policies and porcesses.

The Group management might change the amount of dividend paid to shareholders by being compliant with regulations of CMB; return the capital to shareholders; issue new shares to prove or reorganize the share capital structure. and sell its assets to decrease borrowing.

Fair value of financial instruments

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

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

The Group uses methods and assumptions below for financial assets of which fair values can be practically assumed:

25. Nature and level of risks derived from financial instruments (continued)

Financial assets:

The fair values of certain financial assets carried at cost including cash and cash equivalents profit share accruals and other short term financial assets are considered to approximate their respective carrying values due to their short-term nature. The carrying value of trade receivables along with the related allowance for unearned income and uncollectibility are estimated to be their fair values.

Financial liabilities:

Fair values of trade payables and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature. The bank borrowings are stated at their amortized costs and transaction costs are included in the initial measurement of loans and bank borrowings. The fair value of bank borrowings with variable rates are considered to approximate their respective carrying values since the profit share rate applied to bank loans and borrowings are updated periodically by the lender to reflect active market price quotations. The carrying value of trade payables along with the related allowance for unrealized cost is estimated to be their fair values.

26. Subsequent events

Gelişim Gayrimenkul Ticaret A.Ş. the subsidiary the Company having 100% control power started the process of capital reduction amounting to TL 12.460.000 with the decision of the Board of Directors numbered 2012/10 dated December 13, 2012. After the reduction process completed, capital of Gelişim Gayrimenkul Ticaret A.Ş. would be TL 55.740.000 which is currently amounting to TL 68.200.000.

27. Other matters significantly affecting the financial statements and needed to be explained for the clear and interpretable financial statements

Ankara Ankara (Bilkent) project:

In 2008 the Group completed and delivered apartments to owners of Ankara Ankara (Bilkent) – Ankara, Çankaya District project of which the construction license was obtained based on reconstruction plans of 1/1000 and 1/15000 from Çankaya Municipality.

As related to Ankara Ankara (Bilkent) project other parcel owners applied to Ankara 7th Administrative Court against Ankara Municipality, Çankaya Municipality and the Group as intervening part for cancellation of reconstruction plan with size of 1/1000 and 1/5000. With the decision dated October 10, 2008 of Ankara 7th Administrative Court, plans and related licenses are cancelled. The Group and Çankaya Municipality appealed the decision to 6th Department of State Council. After the evaluation of Council decision of Administartive Court was approved.

Çankaya Municipality cancelled Ankara Ankara (Bilkent) Project' s construction permissions numbered 385 dated June 13, 2008 as depending on the decisions of Ankara 7th Administrative Court numbered 2007/867E – 2008/1680K dated October 10, 2008 for construction license cancellation and reconstruction plans of 1/1000 and 1/5000. The Group applied for suspension of execution case as at January 29, 2009. Case has ended against to the Group and court rejected the case. Rejection of case was approved after the appeal evaluation. Appeal evaluation of 6th Department of State Council is applied to correction. Application was also rejected.

27. Other matters significantly affecting the financial statements and needed to be explained for the clear and interpretable financial statements (continued)

Ankara 11th Administartive Court decided to reject the case for which was opened with the dossier numbered 2011/325E for the request of cancellation of destruction decision taken with number 3510.25 by Çankaya Municipality Commission.

However there are cases which were opened by flat owners of Ankara Ankara (Bilkent) to consumer court against the Group. The Group gives guarantee letter to Ankara 7th Consumer Court for 2 out of cases amounting to TL 1.750.000.

The Group management does not foresee any compensation payment, since the complexes were delivered to owners as committed with required licenses.

Legal process and uncertainty of cases are outstanding at the date of publishing consolidated financial statements dated December 31, 2012.

(Currency - Turkish Lira ("TL"))

28. Additional disclosures: Control of the portfolio restrictions

With respect to the Communiqué Serial: VI, No: 29 "Communiqué Amending the Communiqué on Principles Regarding Real Estate Investment Trusts," published in the Official Gazette No. 28008 dated July 28, 2011, which came into force from the date September 30, 2011, "Additional Notes: portfolio limitations of compliance control " was added in a separate note in the disclosure of the financial statements. The information given in the note is a summary, derived from financial statements in accordance with 17th article of the Communiqué Serial: XI, No: 29 "Communiqué on Financial Reporting Standards in Capital Markets" and has been prepared with the provision for the control of compliance portfolio restrictions of the Communiqué Serial: VI, No: 11 "Communiqué on Real Estate Investment Trusts". In addition, information disclosed in this note are not consolidated data and data may not comply with information on consolidated financial statements.

	Non-Consolidated (Standalone) Financial Statement Primary Account Items	**Regulations**	**December 31, 2012 (TL)**	December 31, 2011 (TL)
A	Monetary and Capital Market Instruments	Serial: VI, No: 11, Article:27/(b)	**6.905**	66.033
B	Real Estates, Projects based on Real Estates, Rights based on Real Estates	Serial: VI, No: 11, Article:27/(a)	**65.280.934**	48.932.220
C	Subsidiaries	Serial: VI, No: 11, Article:27/(b)	**52.553.531**	53.322.597
	Due from related parties (non-trade)	Serial: VI, No: 11, Article:24/(g)	**-**	-
	Other assets		**5.675.727**	10.911.712
D	**Total assets**	Serial: VI, No: 11, Article:4/(i)	**123.517.097**	113.170.576
E	Financial liabilities	Serial: VI, No: 11, Article:35	**44.785.893**	36.149.406
F	Other financial liabilities	Serial: VI, No: 11, Article:35	**-**	-
G	Leasing payables	Serial: VI, No: 11, Article:35	**-**	-
H	Due to related parties (non-trade)	Serial: VI, No: 11, Article:24/(g)	**-**	-
I	Equity	Serial: VI, No: 11, Article:35	**65.247.261**	73.100.556
	Other Liabilities		**13.483.943**	3.920.614
D	**Total Liabilities**	Serial: VI, No: 11, Article:4/(i)	**123.517.097**	113.170.576
	Non-Consolidated (Standalone) Other Financial Information	**Regulations**	**December 31, 2012 (TL)**	December 31, 2011 (TL)
A1	Financial Markets Instruments held for three years payment of Real Estates	Serial: VI, No: 11, Article:27/(b)	**-**	-
A2	Time Deposit/ Demand Deposit/ TL/ Foreign Currency	Serial: VI, No: 11, Article:27/(b)	**6.905**	4.047
A3	Foreign Capital Markets Instruments	Serial: VI, No: 11, Article:27/(c)	**-**	-
B1	Foreign Real Estates, Projects based on Real Estates, Rights based on Real Estates	Serial: VI, No: 11, Article:27/(c)	**-**	-
B2	Idle Lands	Serial: VI, No: 11, Article:27/(d)	**16.779.064**	5.016.541
C1	Foreign Subsidiaries	Serial: VI, No: 11, Article:27/(c)	**-**	-
C2	Subsidiaries (Operating Companies)	Serial: VI, No: 11, Article:32/A	**205.341**	205.341
J	Non-cash loans	Serial: VI, No: 11, Article:35	**3.304.800**	3.304.800
K	Mortgage Amounts on Land that Project to be Developed and the Ownership Does Not Belong the Partnership	Serial: VI, No: 11, Article:25/(n)	**-**	-

(Currency - Turkish Lira ("TL"))

28. Additional disclosures: Control of the portfolio restrictions (continued)

	Portfolio Restrictions	Regulations	Calculation	Min./ Max. Rate	December 31, 2012 (TL)	December 31, 2011 (TL)
1	Mortgage Amounts on Land that Project to be Developed and the Ownership Does Not Belong the Partnersip	Serial: VI, No: 11, Article:25/(n)	K/D	Max. %10	%0	0%
2	Real Estates, Projects based on Real Estates, Rights based on Real Estates	Serial: VI, No: 11, Article:27/(a),(b)	(B+A1)/D	Min. %50	%53	43%
3	Monetary and Capital Market Instruments and Subsidiaries	Serial: VI, No: 11, Article:27/(b)	(A+C-A1)/D	Max. %50	%43	47%
4	Foreign Real Estates, Projects based on Real Estates, Rights based on Real Estates, Subsidiaries, Capital Market Instruments	Serial: VI, No: 11, Article:27/(c)	(A3+B1+C1)/D	Max. %49	%0	0%
5	Idle Land	Serial: VI, No: 11, Article:27/(d)	B2/D	Max. %20	%14	4%
6	Subsidiaries (Operating Companies)	Serial: VI, No: 11, Article:32/A	C2/D	Max. %10	%0	0%
7	Borrowing Limit	Serial: VI, No: 11, Article:35	(E+F+G+H+J)/I	Max.%500	%74	54%
8	Demand Deposit/ Time Deposit/TL/ Foreign Currency	Serial: VI, No: 11, Article:27/(b)	(A2-A1)/D	Max. %10	%0	0%