

# Annual Report 2010



**a dynamic, modern, professional  
global corporation**



**sarkuysan**

ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.

## Sarkuysan's I.D.

**The Name of the Company:** Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.

**Date of Foundation:** 03.05.1972

**Registered Capital:** TL 100.000.000,00

**Paid-up Capital:** TL 50.000.000,00

**Web Site:** www.sarkuysan.com

The 39th Ordinary General Meeting of **Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.**  
Date: 12 May 2011, Thursday Time:14:30 Venue: Sarkuysan Elektrolitik Bakır San. ve Tic. A.Ş.  
Head Office Emek Mahallesi Aşıroğlu Cad. No: 147 Darıca-Kocaeli/TURKEY

**Time: 14:30**

### Agenda of The Annual General Meeting of Class A Shareholders

- 1- Opening and election of the Council and to empower the Council for signing the minutes of the meeting on behalf of the Class A shareholders,
- 2- Nomination of board of directors by the Class A shareholders as per the 8th Article of the Articles of Incorporation,
- 3- The meeting adjourns.

**Time: 14:45**

### Agenda of The Annual General Meeting of Class B Shareholders

1. Opening and election of the Council and to empower the Council for signing the minutes of the meeting on behalf of the Class B shareholders,
2. Nomination of board of directors by the Class B shareholders as per the 8th Article of the Articles of Incorporation,
3. The meeting adjourns.

**Time: 15:00**

### Agenda of The Annual General Meeting of Shareholders

1. Opening and election of the Council and to empower the Council for signing the minutes of the meeting on behalf of the General Meeting,
2. To read and to discuss the Report of the Board of Directors for the year 2010,
3. To read and to discuss the Report of the Board of Auditors,
4. To read the Report of the Independent Auditors,
5. To read, to discuss and to ratify the Consolidated Balance Sheet and Income Statement for the year 2010 along with the proposal of the Board of Directors on the distribution of the profit for the year,
6. To acquit the Board of Directors,
7. To acquit the Auditors,
8. To present information to the shareholders on the donations made by the company in 2010,

9. To present information to the shareholders on pledges, guarantees and mortgages related with the company,
10. Further to the Capital Markets Board's circular nr.28/780 dated 09.09.2009, to make a resolution concerning the amendment of the 3rd article of the Articles of Incorporation titled "Company's aim and subject" by the Board Resolution nr.1289/11.08 dated 17.02.2011,
11. Election of the members of the Board of Directors and to determine their terms of office.
12. To determine the salaries and benefits of the members of the Board of Directors,
13. To determine the salaries of the Auditors,
14. To empower the members of the Board of Directors to practise the transactions under the 334th and 335th articles of the Turkish Commercial Code,
15. Wishes and proposals, the meeting adjourns.

## Contents

History	2	Subsidiaries and Affiliates	18	Human Resources	30
Chairman's Message	4	Annual Operations 2010	22	Social Responsibility	31
Board of Directors	6	• Sales	23	Consolidated Financial Statements and Independent Auditor's Report for the Year Ended December 31, 2010	32
Board of Auditors	8	• Investments	24	Proposal for Profit Distribution	92
President	9	• Production Operations	25		
Management	9	• R&D Operations	25		
Capital Structure	12	• Quality Policy	26		
Financial Highlights	14	• Environmental Protection, Workplace Health and Safety Policy	27		
Sarkuysan in the Global Arena	16				



Sarkuysan supplies a wide spectrum of products, made in accordance with international standards with "sks" trademark to both domestic and world markets. These products are used as input material for the manufacture of industrial products that facilitate and add color to our lives.

Sarkuysan not only offers employment opportunities to many people but with its tax payments and distribution of dividends and foreign currency revenues, creates added value for the country's economy as well. Today Sarkuysan is a dynamic and enterprising Global Corporation truly publicly owned.

Founded by the gold dealers of the Covered Bazaar, an important centre of commerce in Istanbul in 1972 to produce electrolytic copper products, the company derives its name from the first syllables of the founders' professions (**SAR**raf: Gold dealer; **KUY**umcu: Jeweller; **SAN**atkar: Artist).

## History



We remember **Cihan Bektaş** on the 8<sup>th</sup> anniversary of his death.

(15.03.1928-18.09.2002)

The company has a special place in the history of industrialization of the country as the first successful publicly held corporation. The production plants of Sarkuysan are located in Gebze and Darca, 40 kilometers from Istanbul on the premises on an area of 175.000 square metres and with a covered area of over 77.000 square metres where electrolytic copper products, copper tube and bus bars are produced. The company increased annual production capacity to over 200.000 tonnes which was 10.000 tonnes at the initial stage.

The company's products are the standard input materials of several industries including electro technique, electronic, motor, communication, power generation and distribution, solar and renewable energy, home appliances, measurement instruments, defence, automotive, chemical, construction, heating, air-conditioning and sanitary plumbing. The company carries out its activities in accordance with requirements of the ISO- EN 9001 and ISO/TS 16949 Quality Management Systems. The company has also obtained certificates of ISO 14001 Environmental Management System and OHSAS 18001 Occupational Health and Safety Management System. Sarkuysan, with its trademark "**sks**" products meets a significant portion of the domestic market, and exports approximately half of its products to over 40 countries in five continents. It is estimated that almost half of the autos and commercial

vehicles produced in Europe use Sarkuysan's wires. For many years the company has been selling oxygen free and nickel plated copper wires to the suppliers of NASA and in recent years to aerospace industry.

Sarkuysan is a group of companies, consisting of Sarmakina A.Ş., a manufacturer of steel and plastic reels as well as supplementary special machineries for the wire and cable industry, Demisaş A.Ş., a manufacturer of nodular and gray iron and various parts for the automotive industry, Sarda A.Ş. marketing and sales company of Sarkuysan products and Bektaş A.Ş. a participating company in Bemka A.Ş., the enamelled copper wire manufacturer.

In line with its intensive export sales marketing efforts, Sarkuysan has a branch, Sarkuysan S.P.A., in Italy and sales and marketing incorporation, Sark - USA, Inc., in the USA since 2002. Sark-Wire, Incorporated in Albany, New York, commenced production at its own plant in Albany towards the end of 2009. Thus Sarkuysan has become a pioneer Turkish company with a production facility in the USA. Also high value added products are produced at the Aegean Free Zone plant of the company and exported to various countries.

In line with the corporate image of a socially responsible entity, Sarkuysan realizes various social projects in many fields. The company, for example, contributed to the cultural legacy by restoring the historical Frej Han building, used as the company headquarters for many years; it further contributed to education by building Sarkuysan High School in Gebze and Sarkuysan Nursery and Primary School and by awarding scholarships to students for higher education; in the area of religious affairs it contributed by building Sarkuysan Mosque; to health by allocating funds every year for the purchase of much needed medical equipment donated to state hospitals; to sport it contributed with its table tennis team often representing the country in the European Cup Winners' Championship, to art with folklore and modern dance groups as well as with

its Turkish Music Chorus made up of our employees, to the environment the Company helped by afforestation works and to the promotion of the country by hosting international events and organizations related to its sector.

In addition, Sarkuysan, as the Turkish Coordinator of "European Copper Institute", distributes technical publications to 5500 establishments in the power and telecommunication industries, thus the Company plays an active role in the dissemination of information to the public.

SARKUYSAN supplies many products, made in accordance with international standards with "sks" trademark to both domestic and world markets. These products are used as input material for the manufacture of industrial products that facilitate and add color to our lives. Every year the company offers employment opportunities to many people. With approximately 5.000 shareholders, Sarkuysan, with its tax payments and distribution of dividends, and foreign currency revenues, creates added value for the country's economy. Today SARKUYSAN is a dynamic and enterprising International Corporation truly publicly owned and run by professional management with a modern management structure.

## 2010

The operational and financial results achieved by Sarkuysan in 2010 confirm the success of the strategies implemented by the company.

Sarkuysan will continue to be a prominent trademark of Turkey in the international markets during the following year as well while gradually creating more value for all its stakeholders.

The company has over 600 employees. 90 percent of the workers at the production units are graduates of either vocational schools or high school and they attend training programs every year.

The Company manufactures a portion of its own machinery or plants either under licence or by utilizing its own know-how. In addition, a considerable portion of power and steam requirement of the Company is generated at the power generator on its premises. Sarkuysan, utilizing its own know-how and technological information accumulated during a period of over 30 years, obtains successful results both at home and abroad.

The country has the biggest 17<sup>th</sup> economy in the world and it is aimed to take this place among the top ten by 2023 which is the centenary of the foundation of the Republic.

## Chairman's Message



Dear Shareholders,

Welcome to the 39th Ordinary General Meeting of the Company. I respectfully salute all of you. I am glad to be with you again this year on the occasion of our General Meeting.

With your permission, I would like to touch on the developments, which had impact on company's 2010 operations, with respect to the global and Turkish economy in short.

2010 was the year during which the effects of the global financial crisis started to gradually disappear and economic recovery commenced. However, economic recoveries were quite slow in the USA, Euro zone and Japan. While the USA was struggling with the high unemployment and insufficient growth rates, Euro Zone was trying to cope with budget and debt issues. Developing economies on the other hand were taking the advantage of ample liquidity, thus getting away from the crisis in a considerably quick manner, attaining high growth rates.

Undoubtedly, the other side of the coin indicates the risk that the rise in the flow of money into these countries may cause their respective national currencies to appreciate which as a result may put a pressure on the economic balance.

As for the case of our country, our economy attracted the attention of the world with the macro figures indicating that country was quick to overcome the crisis.

**İbrahim GÜNGÖR**  
Chairman

Contrary to the expectations the growth rate of Turkey for the year 2010 is forecast to be at about 8%. Country's export revenues reached US\$113.9 billion by an increase of 11.5%. Imports increased by 31.6% to US\$185.9 billion. Without doubt, the fact that import growth rate is bigger than export sales causing the foreign trade deficit to widen which is assumed to be a negative economic indicator. However, it also indicates that economic activity and investments have recommenced. Industrial production has recorded a growth of 13.1% during this period which is a proof of this point.

Another very important macroeconomic indicator is the unemployment rate which fell to 11.9% in 2010 from 14% a year ago. In other words, 1.3 million people were able to find employment opportunity. In line with this vibrant economy, inflation rates remained almost at about the same level in WPI, while PPI increased slightly (WPI contracted to 6.40% from 6.53% and PPI increased to 8.87% from 6.53%). Also budget gap decreased to 3.5% of the national income while public borrowing level retreated to about 40%. Interest rates also keep on falling which is a clear indication of a successful economy policy as well as financial discipline.

There will be another general election in our country in 2011. In recent months, in the background of the unrest which broke out in the Middle East and North Africa, the value and importance of having a robust democracy culture and legacy enhanced by our commitment to freedom, have become evident once again. Our adherence to democracy

has taken root year by year and the days in which solutions to issues had been sought by other means than democracy had long been gone.

As for the expectations in 2011, it is forecast that growth rate will be around 5% to 6%. The fact that consumer confidence index has exceeded 90%, is a clear indication of the confidence in our economy. In this context, unless nasty global or regional surprises are experienced, the New Year has been promising good results for our country. It is also expected that the leading credit rating institutions of the world will increase the rating of the country to investment grade in the near future.

The country has the biggest 17th economy in the world and it is aimed to take this place among the top ten by 2023 which is the centenary of the foundation of the Republic.

Consequently, company recorded a profit of TL11,2 million according to its legal book records. After taxes are deducted net profit is TL9,3 million. In this report, we present you the consolidated financial statements of our company prepared in accordance with the provisions of the Capital Markets Board's relevant communiqué.

I would like to thank all our officers and employees for their hard work during such dark and difficult times. Also I would like to remember with respect our dear chairman, Mr. Cihan BEKTAŞ and all the dear members of our family who passed away. I also wish that the general meeting will be to the benefit of the company.

Yours sincerely,

İbrahim GÜNGÖR  
Chairman of the Board

## Board of Directors



**İbrahim GÜNGÖR**  
Chairman



**A. Hamdi BEKTAŞ**  
Vice Chairman



**Köksal AHISKA**  
Director



**Fikret GÜNAY**  
Director

**Term of Office:** May 2008 - May 2011

**Authority:** Stated by the Turkish Commercial Code and Articles of Incorporation



**Maksut URUN**  
Director



**Hayrettin ÇAYCI**  
Director



**Hamit MÜCELLİT**  
Director



**Sermet TAŞKIN**  
Director



**Fuat SUCU**  
Director

## Board of Auditors



**Mustafa ÜLSEVEN**  
Statutory Auditor



**Mehmet Faik ÖZBOYACI**  
Statutory Auditor



**Turgay ŞOHOĞLU**  
Statutory Auditor

## President

Hayrettin ÇAYCI  
President



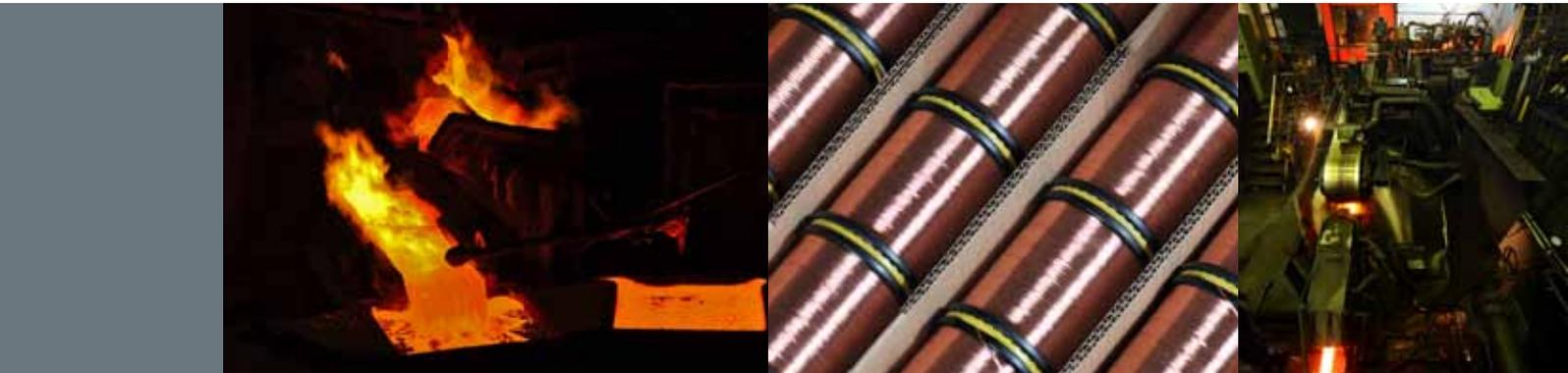
## Management

Hayrettin ÇAYCI	President M.Sc. Metallurgical Engineer	Şükrü KARAÇ	End Production Manager Mechanical Engineer
Doğan ÇAKIR	Vice President (Domestic Trade) M.Sc. Metallurgical Engineer	Meryem KAYA	Export Operations Manager Business Administrator
Sevgür ARSLANPAY	Vice President (Technical) Chemical Engineer	İlhan KOCAMAN	Manager of Quality Assurance Metallurgical Engineer
Erhan AKBAŞ	EDP Manager System Analyst	Levent Şakir KULAÇ	Refinery Manager Metallurgical Engineer
Sabri ATILLA	Administrative Operations Manager Business Administrator	Filiz TEKİN SALMANLI	Production and Material Planning Manager – Industrial Engineer
Murat AYMAN	Maintenance Manager Marine Engineer	Ahmet SONKAYA	Purchasing Manager M.Sc. Metallurgical Engineer
Murat DOĞANÇA	Marketing Manager Electrical Engineer	Nezih SÜRMEİ	Sales Manager Mechanical Engineer
Tolga EDİZ	Continuous Casting Manager Metallurgical Engineer	Ferhan TURNAGİL	Manager of Cost Accounting Economist (CPA)
Oğuz ERGÜNGÖR	Human Resources Manager Economist	Ömer Münci ÜNAL	Tube Plant Manager Mechanical Engineer
Dilek Mine GİNİ	Import Manager Business Administrator	Ayşe YAVUZ	Industrial Engineering Manager Industrial Engineer
Emine GÜNDAĞ	Manager of Commercial Accounting Business Administrator (CPA)	M. Mahir YILDIZ	Export Marketing Manager Foreign Trade Expert
Selçuk HARPUR	R&D Manager Metallurgical Engineer	Erkin YILMAZ	Financial Manager Economist

# LEADERSHIP

With its strong subsidiaries, affiliates, approximately 5.000 shareholders, and social projects, Sarkuysan, the first truly publicly owned company of Turkey, has been adding value to the country's economy for 39 years thanks to its dynamic structure and professional management.





Sarkuysan is 100% publicly quoted.

# 100%

## Capital Structure



The Ordinary General Meeting of the shareholders for the year 2009 was held on 03.05.2010 at the Meeting Hall of the Company Head Office Building at the address of Emek Mahallesi, Aşıroğlu Caddesi, No:147 Darıca/ Kocaeli Turkey and the resolutions made concerning the items of the agenda and the proposal for profit distribution was announced on 03.05.2010 by special case disclosure. By its invitation to general meeting which was published in Hürriyet daily newspaper and Trade Registry Gazette of Turkey on 22.03.2010, the company disclosed that the shareholders should get their shares blocked by the Central Registration office in order to be able to attend the general meeting on 03.05.2010.

The company is wholly publicly owned and as of 31.12.2010, the shareholdings of Mr. Sermet TAŞKIN, Mr. İbrahim GÜNGÖR, Mr. A. Hamdi BEKTAŞ and Mr. Hayrettin ÇAYCI, among the Directors of the company, are 4,14%, 3,62%, 2,16% and 4,52 respectively. The shareholdings of each of the other Directors are below these percentages.

In accordance to the board resolutions of the Capital Markets Board published in weekly bulletins dated 23.07.2010 and 20.08.2010, the concept of the stocks ratio in actual circulation concerning the companies quoted at the Istanbul Stock Exchange were amended. Pursuant to the new

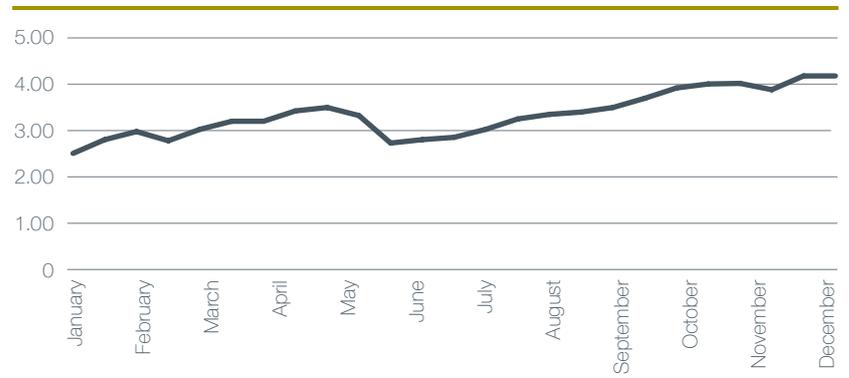
regulation, the total shareholdings of the members of the board of directors and board of auditors as well as the shareholdings in excess of 5% owned by any shareholder shall not be included into the ratio of stocks in actual circulation. In accordance to this criteria, as at 31.12.2010, the company shares ratio in actual circulation is 65,77%.

While a company share was TL2,70 on 01.01.2010 on the Istanbul Stock Exchange, the price of the company share increased 50% and closed the year at TL4,07.

Sarkuysan shares gained 50% value in 2010.

# 50%

Price Movements of Sarkuysan Shares in 2010 (TL)



(TL thousand)	2006	2007	2008	2009	2010
Registered Capital	100,000	100,000	100,000	100,000	100,000
Paid-up Capital	50,000	50,000	50,000	50,000	50,000
Total Par-Value of Shares	4,268	4,268	4,268	4,268	4,268
Total Par-Value of Bonus Shares	45,732	45,732	45,732	45,732	45,732
Capital Increase (%)	-	-	-	-	-
Capital Injection in Cash (%)	-	-	-	-	-
Bonus Shares (%)	-	-	-	-	-
Share Price as at Year End (TL)	4.04	3.2	1.47	2.7	4.07
Addition of Fixed Assets over the Year	7,184	7,888	12,173	14,282	1,949
Amount of Distributed Dividends (Gross)	5,556	11,765	11,765	-	5,000
Amount of Distributed Dividends (Net)	5,000	10,000	10,000	-	4,250
Dividend Rate (Gross) (%)	11.11	23.52	23.52	-	10
Dividend Rate (Net) (%)	10	20	20	-	8.5

Sarkuysan's net profit increased 47% on year on year basis in 2010.

# 47%

## Financial Highlights



Financial Highlights * (TL thousand)	2009	2010	Change %
Total Assets	458.837	558.585	21,7
Total Shareholders' Equity and Liabilities	172.979	176.878	2,3
Total Sales	1.033.042	1.477.215	43,0
Domestic Sales	666.213	897.501	34,7
Export Sales	366.829	579.714	58,0
Net Profit	6.332	9.305	47,0
Main Financial Ratios** (%)	2009	2010	
<b>Liquidity</b>			
Current Ratio (Current Assets / Short-Term Liabilities)	1,24	1,20	
Liquidity Ratio (Current Assets-Inventory / Short-Term Liabilities)	0,88	0,83	
<b>Ratios for Financial Position</b>			
Total Debts / Total Equity	1,13	1,49	
Short-Term Liabilities / Total Assets	0,50	0,58	
<b>Profitability</b>			
Pre-tax Profit / Sales	0,45	0,89	

\*Figures belong to Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.

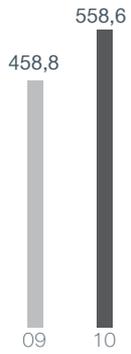
\*\* Consolidated information

### Ranked 29<sup>th</sup>

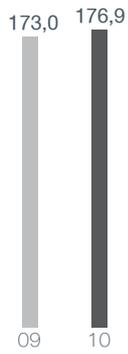
Sarkuysan ranked 29<sup>th</sup> among the "TOP 500 FIRMS" by the survey of Istanbul Chamber of Commerce according to company's 2009 turnover.



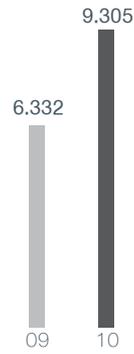
**Total Assets**  
(TL million)



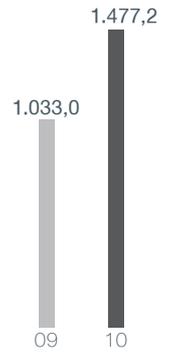
**Shareholders' Equity**  
(TL million)



**Net Profit**  
(TL million)



**Total Sales**  
(TL million)



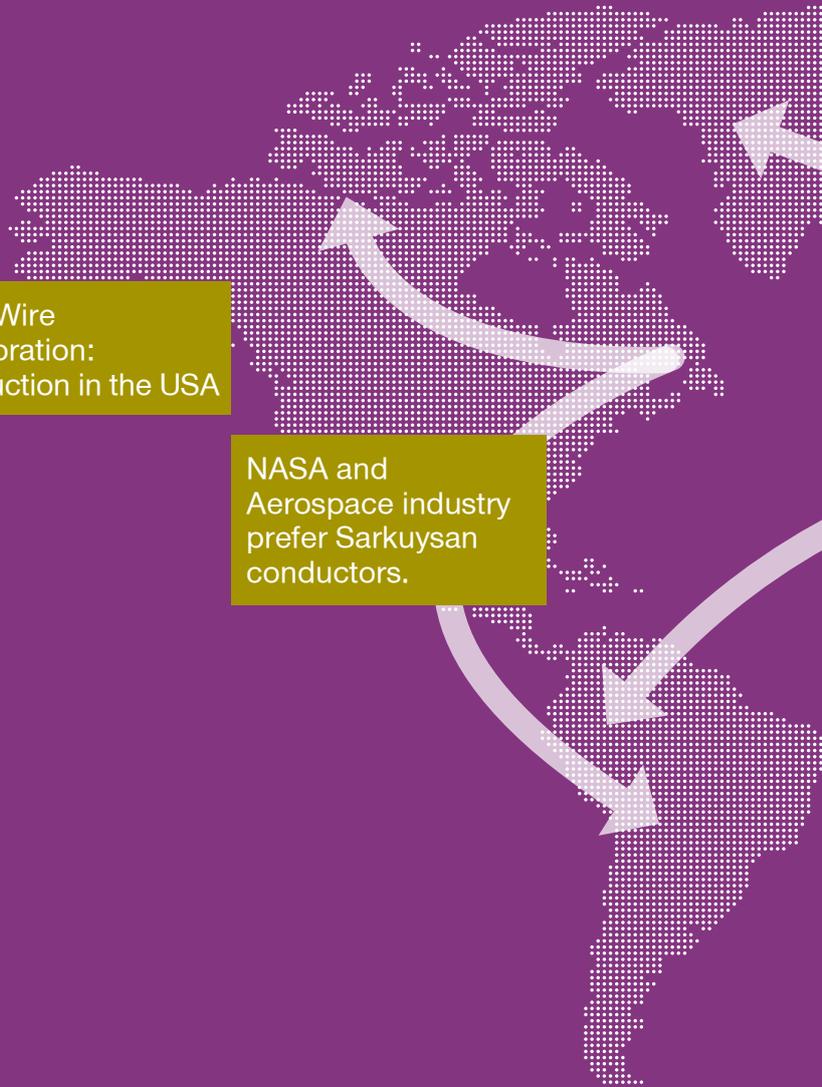
Top copper exporter in Turkey

**\$391**  
million

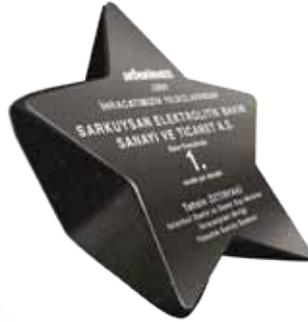
## Sarkuysan in the Global Arena

Sark Wire  
Corporation:  
Production in the USA

NASA and  
Aerospace industry  
prefer Sarkuysan  
conductors.

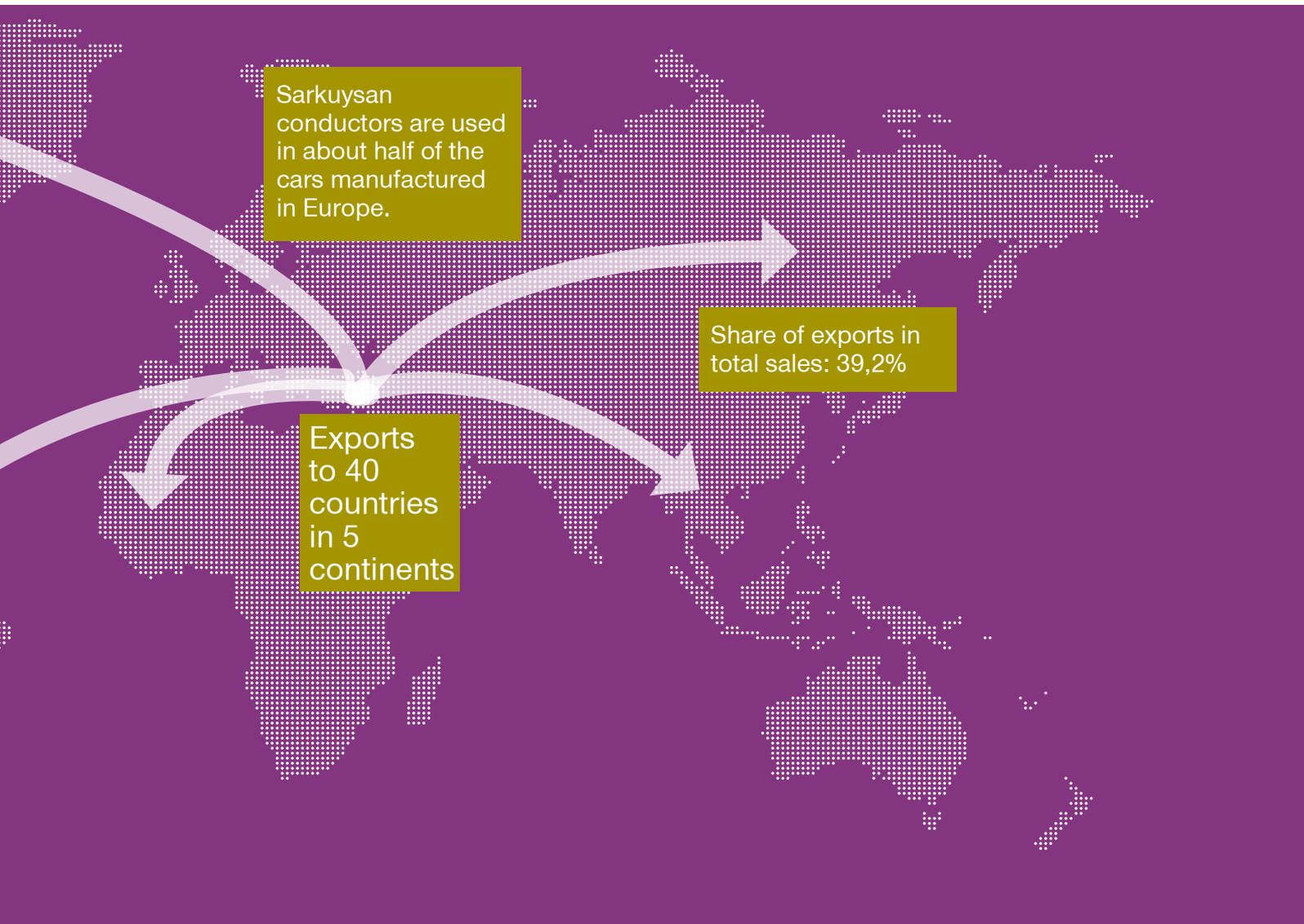


A global star with export sales to 40 countries in 5 continents and production facility in the USA



### We are TOP ONE

Sarkuysan ranked 1st in the "Copper Exports" Category of the "Stars of the Export Awards" granted by the Istanbul Mineral and Metals Exporters' Association



Sark Wire Corporation is the first and only Turkish company which carries out production in the manufacturing industry in the United States of America.

## Subsidiaries and Affiliates



### Demisaş Döküm Emaye Mamulleri Sanayi A.Ş.

Demisaş A.Ş., established in 1974, has a factory located in Bilecik. On these premises, there are two separate foundries, a cupola furnace and induction furnace where melting takes place and 4 Disamatic Lines where the production takes place. The company manufactures hermetic compressor parts, scroll compressor parts, and nodular and gray iron, brake discs, vented brake discs, hub drums, flywheels, exhaust manifolds, rings, brake cylinders, brackets and brake security parts for the automotive industry. The annual production capacity of the company is 80.000 tonnes, nearly 58% of which is exported primarily to Western Europe. Production and sales in 2010 reached 64.306 tonnes and 65.282 tonnes respectively.



### Sarda Dağıtım ve Tic. A.Ş.

The company handles a portion of domestic sales promotions and marketing of Sarkuysan products as well as exports, imports and distributes products within its field of activity. Its successful results have contributed substantially to Sarkuysan's progress for many years.



### Sarmakina San. ve Tic. A.Ş.

The company successfully continues to manufacture steel and plastic reels, supplementary special machinery for the wire and cable industry with sales to the leading companies in the domestic and global wire and cable industry. Also the company realizes copper wire paper coating, copper and aluminium bar production for the electromechanical industry and undertakes projects on a turnkey basis to its customer base in other sectors as a manufacturer, subcontractor including steel construction projects.

(TL thousand)	2006	2007	2008	2009	2010
<b>Demisaş Döküm Emaye Mamulleri Sanayi A.Ş.</b>					
Paid-up Capital	28.000	28.000	28.000	28.000	28.000
Our Shareholding	12.444	12.444	12.444	12.444	12.444
Shareholding Rate (%)	44,44	44,44	44,44	44,44	44,44
<b>Bektaş Bakır Emaye Kablo Sanayi ve Ticaret A.Ş.</b>					
Paid-up Capital	4.250	4.250	4.250	5.500	5.500
Our Shareholding	3.889	3.889	3.889	3.889	3.889
Shareholding Rate (%)	91,50	91,50	91,50	70,71	70,71
<b>Sarda Dağıtım ve Tic. A.Ş.</b>					
Paid-up Capital	3.000	6.000	6.000	6.000	6.000
Our Shareholding	2.999	5.998	5.998	5.998	5.998
Shareholding Rate (%)	99,97	99,97	99,97	99,97	99,97
<b>Sarmakina San. ve Tic. A.Ş.</b>					
Paid-up Capital	2.000	2.000	2.000	2.000	2.000
Our Shareholding	1.980	1.980	1.980	1.980	1.980
Shareholding Rate (%)	99,00	99,00	99,00	99,00	99,00
<b>(US\$ thousand)</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Sark - USA, Inc.</b>					
Paid-up Capital	100	100	100	100	100
Our Shareholding	100	100	100	100	100
Shareholding Rate (%)	100	100	100	100	100
<b>Sark Wire Corporation (formed in 2008)</b>					
Paid-up Capital			5.000	5.000	8.000
Our Shareholding			3.000	3.000	4.800
Shareholding Rate (%)			60	60	60



**BEKTAŞ**  
Bakır Emaye Kablo Sanayi ve Ticaret A.Ş.

### Bektaş Bakır Emaye Kablo Sanayi ve Tic. A.Ş.

The company, merged with Emsan A.Ş., Kavi A.Ş. and Botel A.Ş. in 2002 to create Bemka Emaye Bobin Teli ve Kablo Sanayi Ticaret A.Ş., the biggest enamelled copper winding wire factory in Turkey, currently with a capital of TL 35.000.000,00 and for this reason, Bektaş A.Ş. stopped production in 2003. Bemka A.Ş. started operation soon after the merger and continuously increased the demand potential for its products thanks to their superior quality and active marketing policy both in the domestic and international markets. Bektaş A.Ş. has a 17% stake in Bemka A.Ş.



### Sark - USA, Inc.

Incorporated with the aim of marketing Sarkuysan products directly in the US market. The capital of the company is US\$100.000,00.



### Sark Wire Corporation

Incorporated in Albany, New York in the USA, Sark Wire Corporation, whose 60% capital is owned by our company, commenced production of a wide range of electrolytic copper conductors on 15.12.2009. Its capital is US\$8.000.000,00.

# DYNAMISM

In the background of fierce competition, Sarkuysan invigorated its place in the forefronts of the global markets in 2010 by exhibiting a dynamic approach in accordance with the customer requirements.

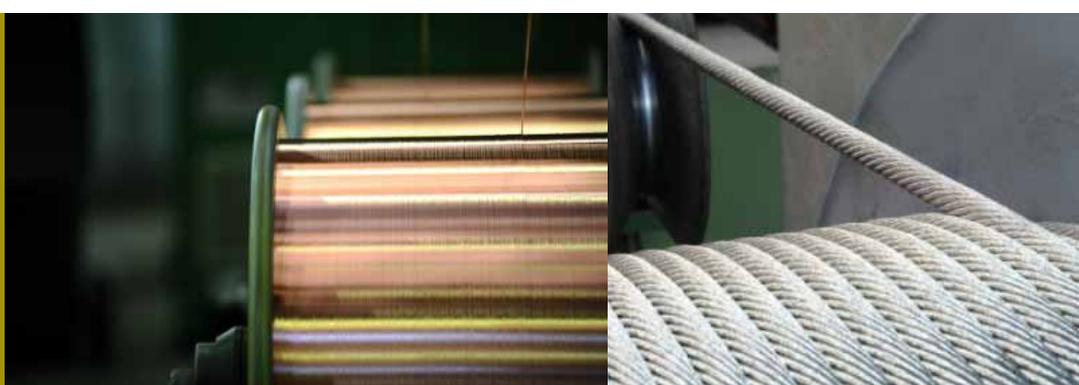




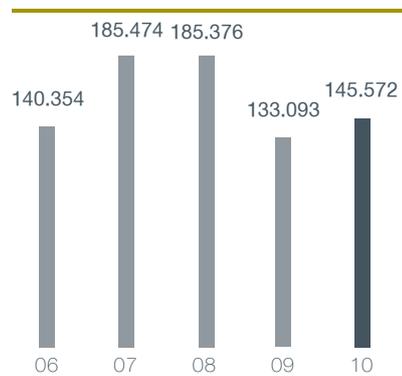
Sarkuysan's production increased by 6% to 145,7 thousand tonnes in 2010.

**145,7**  
thousand tonnes

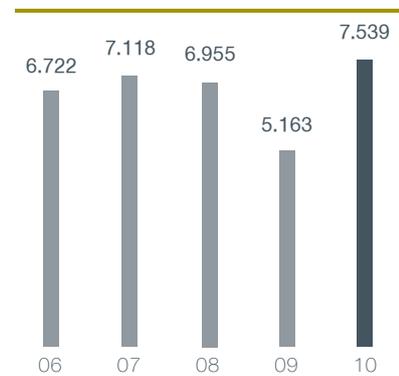
Annual Operations  
2010



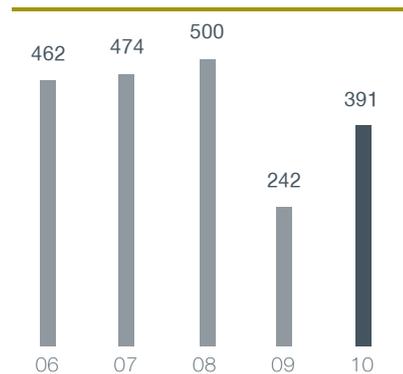
Sales  
(tonnes)



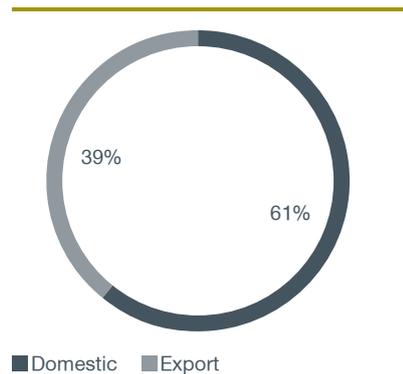
LME Copper Prices  
(US\$/tonnes)

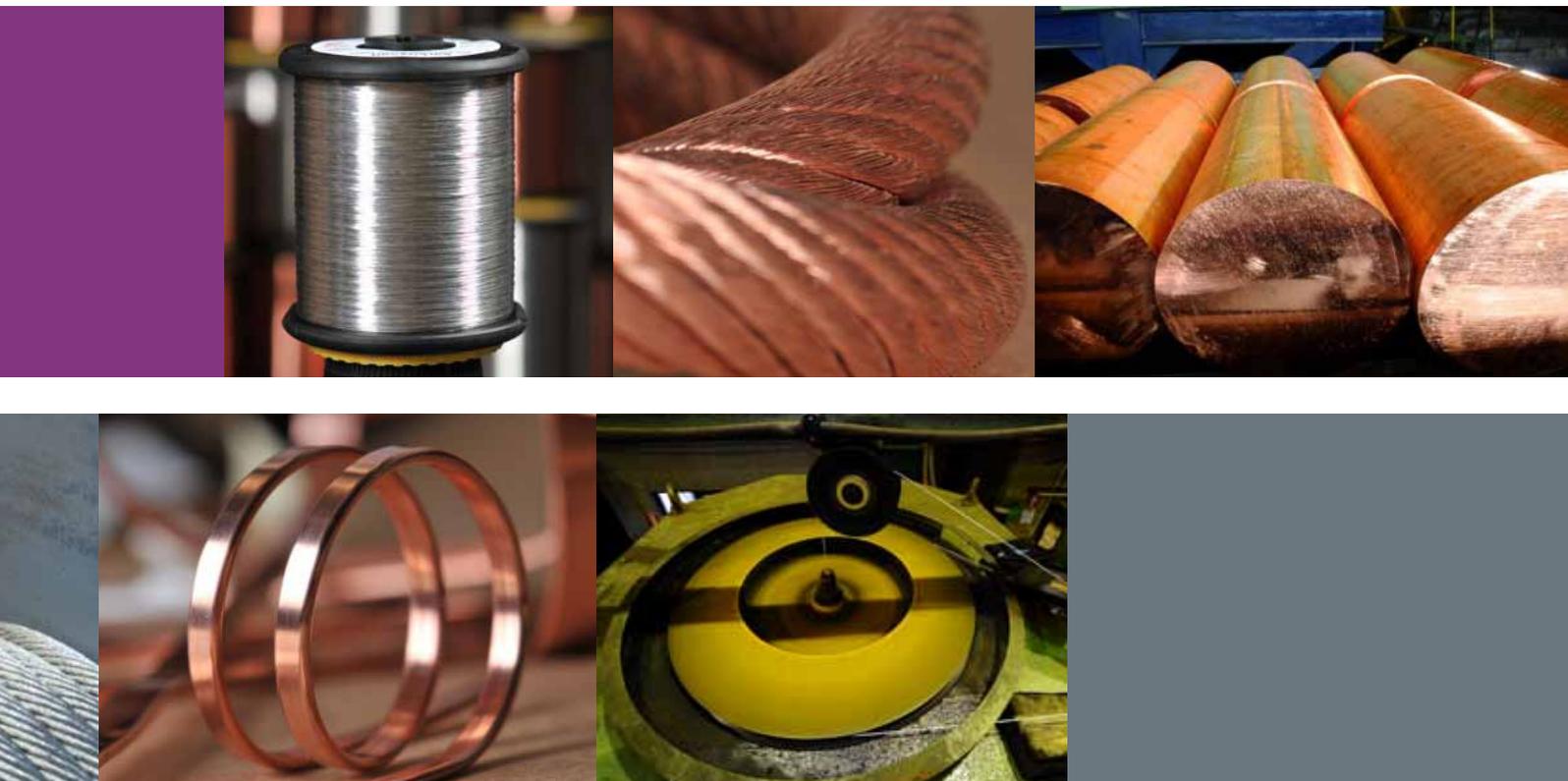


Export Sales  
(CIF US\$ million)



Distribution of Sales Turnover  
(%)





## Sales

Economic instability in the global markets going on since the fourth quarter of 2008 continued into the year 2009 while decreasing its impact and a recovery period commenced in 2010. The prices of both our raw materials and products are determined based on the LME copper price. While the LME copper price was about US\$7.500,00 per tonne in the beginning of 2010, it fluctuated during the year, thereby decreasing to the level of US\$6.500,00 midyear, at year end it increased to US\$9.500,00 per tonne level.

Unprecedented volatile environment in the London Metal Exchange and sharp fluctuations in the copper prices made long-term planning quite difficult. In such an environment to manage raw material purchases, pricing and to sell products carried considerable risk factors. In this volatile market conditions meticulous steps were taken in the light of our knowledge, experiences and intuition and necessary instruments were used to protect against risk exposure concerning both raw material purchases and product sales.

Despite the negative factors experienced in 2010, as a result of the active sales policy, high performance, top quality products and our zealous activities, the sales quantity reached 145.572 tonnes. The company's export sales reached US\$391,2 million, while domestic sales proceeds recorded at TL909,8 million.

In 2010, Sarkuysan exported its products to the countries in EU, America, Eastern Europe, Africa, Middle East.

The company participated in various exhibitions and fairs both abroad and at home to promote sales during the year. Among these are the following:

### International Exhibitions

- 09-11 February 2010  
Middle East Electricity / Dubai
- 12-16 April 2010  
Wire 2010/Düsseldorf

## Product Range

- Copper Cathode
- Electrolytic Copper Products (Tough Pitch/Oxygen Free)
  - Rods
  - Wire rods
  - Wire in various diameters
  - Flat wire (bare or insulated)
  - Profiles
  - Tin-plated wire
  - Nickel-plated wire
  - Bunched and stranded wire
  - Ropes
  - Copper tube with inner and outer groove
  - Electrolytic copper bus bar
- Silver Bearing Electrolytic Copper Products (Oxygen Free)
  - Rods
  - Flat wire

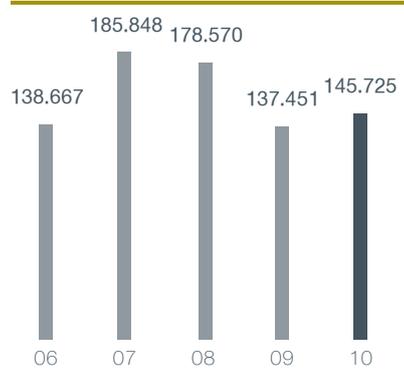
## Annual Operations 2010

Sarkuysan's annual production capacity is over 200.000 tonnes.

**+200**  
thousand tonnes



Production (tonnes)



## Investments

The company continued investment projects for many years without interruption. Likewise, investment activities went on in 2010 as well. Particularly by taking into consideration the intensive competitive climate in our industry, machinery park investment for the production of mono and flexible conductors as well as Multi Wire and Bunched Wire continued over the year in line with the mission of the company placing importance on the high value added products. Utmost care was given in order for the machineries and plants which were commissioned during the year to possess the latest technologies.

By virtue of these investments, the product range was broadened thereby contributing positively towards meeting the customer requirements. In addition, volumes of sales to cooling and heating industries were increased.

In addition, the company adopts the principle of production by respecting the environment. Since 01.12.2010, trials of burning natural gas enriched with oxygen at the anode casting plant have been carried out with successful results.

## Our Production Plant in the USA: Sark Wire Corporation

Incorporated in Albany, New York in the USA, Sark Wire Corporation, whose 60% capital is owned by our company, having completed the assembly works of the state-of-the-art machinery and plants and commenced production of a wide range of high value added electrolytic copper conductors and other electrolytic copper products towards the end of 2009. In 2010, Sark Wire, with the quality level achieved, is a corporation whose products are on demand in the US market. All the operations of Sark Wire are carried out in compliance with the requirements of ISO 9001 Quality Management System Certificate.

## Production Operations

Sarkuysan was founded in 1972 in Istanbul for the production of electrolytic copper products. The production plants of the company are located in Osmangazi, Gebze, 40 km from Istanbul on an area of 175.000 m<sup>2</sup>.

The sks trademark product range which includes various electrolytic copper conductors in various diameters and forms manufactured in accordance with international standards also includes grooved copper tubes and tin plated bus bars. The annual production capacity of the company exceeds 200.000 tons.



Environment friendly production is realized at Sarkuysan plants equipped with modern environment protection technologies.

With its subsidiaries and affiliates, approximately 5.000 shareholders, and social projects, Sarkuysan, the first truly publicly owned company of Turkey, has been adding value to the country's socio-economic life since 1972 under its professional management. The company realized sales of 145.572 tonnes in 2010 despite the fact that the negative impacts of the crisis had not diminished completely.

## R&D Operations

Research and Development Department at Sarkuysan maintains its capacity to be a centre for information and technology where existing accumulation of know-how has been enriched continuously and new projects are prepared. The obtained know-how has been combined with the machinery manufacturing ability of Sarmakina, our sister company, thus paving the way to pioneer important technological advances which were awarded a patent.

At the Research and Development Department:

- Research and development works are carried out to maintain the top quality of products at all times and broaden our product range by introducing new products;
- Also works to develop special cables with lower cost and higher performance in place of various applications in different industrial fields continued.
- Several projects were developed concerning the evaluation of secondary material and wastes, thus existing environmental protection facilities operated in compliance with the "Respect the Environment" principle.

## Annual Operations 2010

**“To produce High Quality Goods”** has always been the main policy of Sarkuysan.



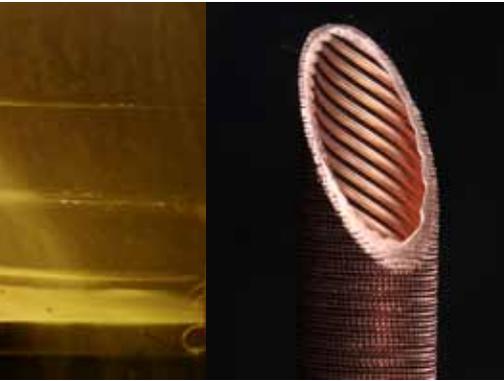
The **“sks”** trademark product range which covers various electrolytic copper conductors in various diameters and forms manufactured in accordance with international standards also includes grooved copper tubes and tin plated bus bars.

### Quality Policy

Quality is a tradition at Sarkuysan A.Ş. It has always been the main policy of our company to produce “ High Quality Goods ” which meet the needs and expectations of our customers. Our main aim is to maintain and improve our place among the leading producers in the world quality race by virtue of high technology, accumulation of information, experience, and qualified workforce. We also stick to the principle of “Environment Friendly Production” for a clean nature. Our quality management is based on continuous improvement of quality management system and its effectiveness by investment, coordination and support programs together with complete fulfilment of quality management system requirements in order to meet the expectations of our customers in a world moving towards a single market.

Since high quality production is the fruit of the mutual efforts of our workforce, training and incentive programs for the realization and improvement of the quality consciousness constitute the basis of our training policy.

Our “Handbook of Quality ” which is the main document of ISO 9001 and ISO/ TS 16949 Quality Management System, explains the complete principles and procedures of the system. Our management and employees must abide by these principles and procedures. These principles assure that products of Sarkuysan A.Ş. are produced in compliance with customer requirements, national and international standards as well as law. Effective implementation of the Quality Management System will bring about low cost and high quality production, thus increase our competitiveness both in domestic and international markets. Within the framework of this basic quality policy it is the common and essential duty of our employees to maintain and improve further the success obtained in the product quality.



Sarkuysan has ISO 14001 Environmental Management System Certificate and OHSAS 18001 Workplace Health and Safety Management System Certificate for all its activities.

## Environmental Protection, Workplace Health and Safety Policy

The principles of SARKUYSAN A.Ş. concerning environmental protection, workplace health and safety policy are: To use clean technologies which do not pollute the environment and minimize waste with recycling possibilities in the production of products in accordance with the requirements of our customers, Within the framework of our Environmental Management System which is based on continuous improvement, to ensure the efficient use of energy and natural resources for sustainable development and to develop systems which prevent pollution.

To take all necessary measures in order to prevent workplace accidents and to preserve our employees from occupational diseases,

- To comply with the requirements of environmental, workplace health and safety legislation and approved code of practice in the course of activities,
- To set achievable aims and objectives and continuously seek to improve them,
- To ensure the effective implementation of Environmental Protection, Workplace Health and Safety Systems and to educate and train the employees to raise awareness.

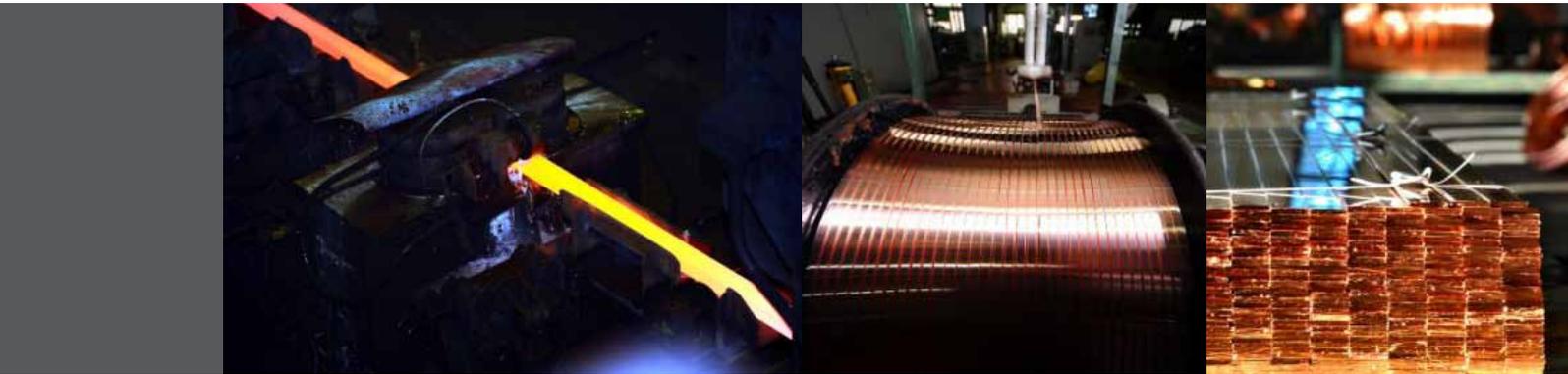
Our policies are accessible to all stakeholders and the public for information purposes.

We undertake to make efforts with all our employees to achieve these principles.

# EXPERIENCE

Sarkuysan's experience and knowledge accumulated over 39 years, qualified human resources and professional and modern management structure are the most important elements behind its successful performance.





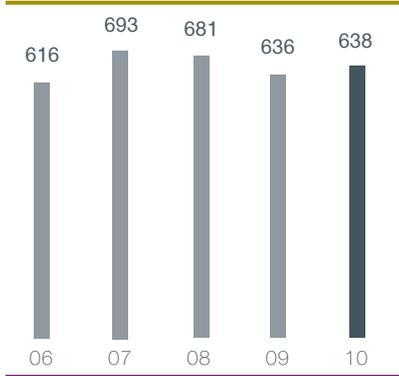
The average number of employees of Sarkuysan in 2010 is 638.

# 638

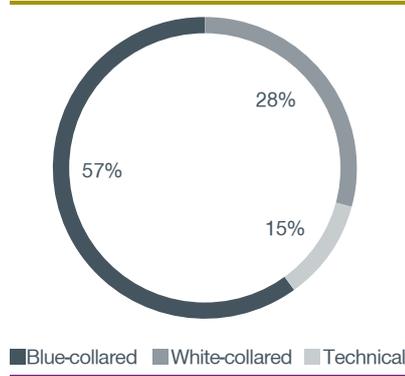
## Human Resources



Number of Employees (persons)



Distribution of Employees (%)



The human resources policy and management operations of the company have been carried out in accordance with the basic company principles and objectives. In order to decrease the labour cost so as to diminish the negative impact of the economic crisis, various measures were taken. In line with this, during the initial months of the year short time working schedule continued. In 2010, the employment volume of the company remained at almost the same level as with the previous year. Total number of personnel employed was 638, including 179 management, 95 technical and 364 workers.

**Donations and Charity (TL)**

Sarkuysan Primary School / Darca	85.899,59
Sarkuysan High School	16.299,15
Other	13.160,00
Kocaeli Chamber of Commerce (Pakistan Flood Disaster)	10.000,00
Besam Handicapped Art Centre	7.240,00
Gebze District Police Department	4.997,86
Darca Municipality	3.600,03
Istanbul Technical University	3.375,10
Darca District Public Education Authority	2.000,00
<b>Total</b>	<b>146.571,73</b>

**Social Responsibility**

The company also realized various activities in line with the corporate image of a socially responsible entity including the following.

- The company continued to contribute to youth education over the year with 58 undergraduates, including employees' children and successful graduates of Sarkuysan High School, being awarded scholarships. Also 61 students were awarded scholarships from a private fund established by our personnel. Vocational high school students and undergraduates are also given the chance of training at the company to the extent of the quota allocated by the company.
- Our relationship with Sarkuysan High School has always been maintained and traditional essay writing contest during the Atatürk Week was organized.
- As has now become a tradition, Sarkuysan allocates the funds set aside for New Year promotional gifts to the purchase of much needed medical equipment to be donated to state hospitals. In this way, contributions were made to the Brain Surgery Clinic of Farabi State Hospital in Darca by purchasing and donating various medical instruments and devices.
- As in the previous years, charity dinners were given during the Ramadan in cooperation with Beyoğlu, Gebze and Darca municipalities.
- Sarkuysan table tennis team continued to play in the super league.

Sarkuysan Classical Turkish Music Chorus, made up of our employees, gave a successful concert at the Gebze Osman Hamdi Bey Concert Hall on 06th November 2010. Also our folklore and dance groups continued their exercises.

**Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.**  
Consolidated Financial Statements and  
Independent Auditor's Report  
For the Year Ended December 31, 2010

## Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş. Auditor's Report

### TO THE BOARD OF DIRECTORS OF SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET ANONİM ŞİRKETİ

We have audited the accompanying consolidated financial statements of Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret Anonim Şirketi ("the Group"), which comprise the consolidated balance sheet as of December 31, 2010 and the consolidated income statement, consolidated statements of shareholders' equity and consolidated statements of cash-flow for the years then ended, and a summary of significant accounting policies and other explanatory notes.

#### Responsibility of Management in Accordance with Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with financial reporting standards published by Capital Market Board (CMB). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### Responsibility of Independent Auditing Firm

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

Our audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret Anonim Şirketi as of December 31, 2010 and of its consolidated financial performance and its consolidated cash flow for the year then ended in accordance with financial reporting standards published by Capital Market Board (CMB).

GÜRELİ YEMİNLİ MALİ MÜŞAVİRLİK VE  
BAĞIMSIZ DENETİM HİZMETLERİ A.Ş.  
An Independent Member of BAKER TILLY INTERNATIONAL



Dr. Hakkı DEDE  
Certified Public Accountant

İstanbul, April 06, 2011

**Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.****Consolidated Balance Sheet**

(Amounts are stated in TL unless otherwise stated)

**(XI-29 CONSOLIDATED)**

		Audited Current Period	Audited Previous Period
	Notes	31.12.2010	31.12.2009
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	Note 6	37.317.600	33.711.211
Financial Investments	Note 7	-	-
Trade Receivables	Note 10	210.189.139	166.686.857
Other Trade Receivables	Note 10	175.726.497	136.603.182
Trade Receivables from Related Parties	Note 10 - Note 37	34.462.642	30.083.675
Due From Finance Sector Operations	Note 12	-	-
Other Receivables	Note 11	56.217.197	37.757.555
Inventories	Note 13	142.261.026	100.630.474
Derivative Financial Instruments	Note 14	310.824	-
Other Current Assets	Note 26	13.916.003	5.319.887
<b>Total</b>		<b>460.211.789</b>	<b>344.105.984</b>
Fixed Assets Held For Sale Purposes	Note 34	-	-
<b>Non-Current Assets</b>			
Trade Receivables	Note 10	-	-
Due From Finance Sector Operations	Note 12	-	-
Other Receivables	Note 11	7.089	5.514
Financial Investments	Note 7	11.797	11.797
Investments Evaluated with Equity Method	Note 16	34.871.348	34.528.691
Investment Properties	Note 17	74.634.444	67.555.000
Tangible Assets	Note 18	90.279.827	98.835.816
Intangible Assets	Note 19	46.832	37.281
Goodwill	Note 20	4.056.423	4.399.646
Deferred Tax Asset	Note 35	-	-
Other Non-Current Assets	Note 26	11.714	974.330
<b>TOTAL ASSETS</b>		<b>664.131.263</b>	<b>550.454.059</b>

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

## Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.

### Consolidated Balance Sheet

(Amounts are stated in TL unless otherwise stated)

(XI-29 CONSOLIDATED)

		Audited Current Period	Audited Previous Period
	Notes	31.12.2010	31.12.2009
<b>LIABILITIES</b>			
<b>Short-Term Liabilities</b>			
Financial Liabilities	Note 8	303.915.781	237.455.390
Other Financial Liabilities	Note 9	-	-
Trade Payables	Note 10	62.719.543	31.502.133
Other Payables	Note 11	6.206.896	3.581.788
Due to Finance Sector Operations	Note 12	-	-
Government Grants And Assistance	Note 21	-	-
Period Profit Tax Liabilities	Note 35	45.756	689.263
Derivative Financial Instruments	Note 14	10.546	-
Provisions	Note 22	710.351	2.144.809
Other Short-Term Liabilities	Note 26	9.426.636	2.423.822
<b>Total</b>		<b>383.035.509</b>	<b>277.797.205</b>
Payables Related to Fixed Assets Held for Sale Purposes	Note 34	-	-
<b>Long-Term Liabilities</b>			
Financial Liabilities	Note 8	-	-
Other Financial Liabilities	Note 9	-	-
Trade Payables	Note 10	-	-
Other Payables	Note 11	-	-
Due to Finance Sector Operations	Note 12	-	-
Government Grants And Assistance	Note 21	-	-
Provisions	Note 22	-	-
Provision For Termination Indemnity	Note 24	8.629.399	6.628.774
Deferred Tax Liabilities	Note 35	5.856.118	7.176.669
Other Long-Term Liabilities	Note 26	-	-
<b>SHAREHOLDERS' EQUITY</b>			
<b>Main Shareholders' Equity</b>			
Capital	Note 27	266.480.799	258.734.478
Inflation Adjustment of Shareholders' Equity		50.000.000	50.000.000
Inflation Adjustment of Shareholders' Equity		62.162.278	62.162.278
Capital Adjustments Due to Cross-Ownership		-	-
Share Premiums		-	-
Revaluation Funds		49.304.362	48.771.367
Foreign Currency Translation Adjustments		994.874	946.950
Restricted Reserves		12.795.733	11.572.476
Retained Earnings		79.790.269	81.341.429
Net Profit/(Loss) for the Period		11.433.283	3.939.979
<b>Minority Shares</b>	Note 27	<b>129.438</b>	<b>116.933</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>664.131.263</b>	<b>550.454.059</b>

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

**Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.****Income Statement**

(Amounts are stated in TL unless otherwise stated)

(XI-29 CONSOLIDATED)	Notes	Audited	Audited
		Current Period 01.01.2010 31.12.2010	Previous Period 01.01.2009 31.12.2009
<b>CONTINUED OPERATIONS</b>			
Sales	<b>Note 5 - Note 28</b>	1.516.715.552	1.047.819.965
Cost of Sales (-)	<b>Note 5 - Note 28</b>	(1.508.268.098)	(980.993.859)
<b>Gross Profit/(Loss) from Trade Operations</b>		<b>8.447.454</b>	<b>66.826.106</b>
Interest, Premium, Commission and Other Incomes		-	-
Interest, Premium, Commission and Other Expenses (-)		-	-
<b>Gross Profit/(Loss) from Finance Sector Operations</b>		<b>-</b>	<b>-</b>
<b>GROSS PROFIT/(LOSS)</b>		<b>8.447.454</b>	<b>66.826.106</b>
Marketing, Selling and Distribution Expenses (-)	<b>Note 29</b>	(11.334.712)	(10.235.716)
General Administration Expenses (-)	<b>Note 29</b>	(15.564.612)	(13.752.832)
Research and Development Expenses (-)	<b>Note 29</b>	(1.143.527)	(1.305.305)
Other Operating Income	<b>Note 31</b>	21.235.223	16.509.245
Other Operating Expenses (-)	<b>Note 31</b>	(1.153.286)	(2.467.568)
<b>OPERATION PROFIT/(LOSS)</b>		<b>486.540</b>	<b>55.573.931</b>
The Profit/(Loss) of Investments Evaluated According to Equity Method	<b>Note 16</b>	342.656	(1.361.740)
Financial Income	<b>Note 32</b>	109.946.775	105.437.496
Financial Expense (-)	<b>Note 33</b>	(97.292.730)	(154.887.898)
<b>CONTINUED OPERATIONS PROFIT/(LOSS) BEFORE TAX</b>		<b>13.483.241</b>	<b>4.761.788</b>
<b>Continued Operations Tax Profit/(Loss)</b>	<b>Note 35</b>	<b>(2.037.453)</b>	<b>(806.571)</b>
- Current Period Tax Income/(Expense)		(3.866.146)	(2.328.776)
- Deferred Tax Income/(Expense)		1.828.693	1.522.205
<b>CONTINUED OPERATIONS PERIOD PROFIT/(LOSS)</b>		<b>11.445.788</b>	<b>3.955.218</b>
<b>DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</b>
<b>Discontinued Operations Profit/(Loss) After Tax</b>		<b>-</b>	<b>-</b>
<b>PERIOD PROFIT/(LOSS)</b>		<b>11.445.788</b>	<b>3.955.218</b>
<b>Distribution of Period Profit/(Loss)</b>		<b>11.445.788</b>	<b>3.955.218</b>
Minority Share		12.505	15.239
Parent Company		11.433.283	3.939.979
<b>Net Earnings Per Share</b>	<b>Note 36</b>	<b>0,22867</b>	<b>0,07880</b>

## Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.

### Comprehensive Income Statement

(Amounts are stated in TL unless otherwise stated)

<b>(XI-29 CONSOLIDATED)</b>		<b>Audited Current Period 01.01.2010 31.12.2010</b>	<b>Audited Previous Period 01.01.2009 31.12.2009</b>
	<b>Notes</b>		
<b>PERIOD PROFIT/(LOSS)</b>	<b>Note 36</b>	<b>11.445.788</b>	<b>3.955.218</b>
<b>Other Comprehensive Income</b>			
Changes in Financial Assets Revaluation Reserves		-	-
Changes in Investment Properties Revaluation Reserves		532.995	48.049.486
Changes in Hedging Reserves		-	-
Changes in Foreign Currency Translation Adjustment		47.924	(210.786)
Actuarial Gains and Losses From Retirement Plan		-	-
Part of Other Comprehensive Income From Partnership Evaluated by Equity Method		-	-
Tax Income/Expense Related Other Comprehensive Income		-	-
<b>OTHER COMPREHENSIVE INCOME (AFTER TAX)</b>		<b>580.919</b>	<b>47.838.700</b>
<b>TOTAL COMPREHENSIVE INCOME (AFTER TAX)</b>		<b>12.026.707</b>	<b>51.793.918</b>
<b>Distribution of Comprehensive Income</b>			
Minority Share		12.505	15.239
Parent Company		12.014.202	51.778.679

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

## Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.

### Consolidated Statement of Cash Flows

(Amounts are stated in TL unless otherwise stated)

(XI-29 CONSOLIDATED)	Notes	Audited 01.01.2010 31.12.2010	Reclassified Audited 01.01.2009 31.12.2009
<b>A) CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>CONTINUED OPERATIONS PROFIT/(LOSS) BEFORE TAX</b>			
	Note 36	<b>13.483.241</b>	<b>4.761.788</b>
Adjustments			
Depreciation (+)	Note 17 - Note 18 - Note 19	13.600.027	13.358.935
Increase in Provision for Termination Indemnities (+)	Note 24	2.569.635	1.420.338
Rediscount on Receivables (+)	Note 10 - Note 33	(58.019)	(4.109)
Provision for Doubtful Receivables (+)	Note 10 - Note 31	4.264	70.199
Other Provisions (+)	Note 22	(1.434.458)	(200.416)
Goodwill	Note 20	343.223	-
Interest Income (-)	Note 32	(7.430.952)	(11.143.829)
Interest Expense (+)	Note 33	16.480.692	53.632.569
Credit Foreign Exchange Income		6.562.500	4.373.600
Expense Accrual	Note 26	1.698.351	-
Income Accrual	Note 26	(610.613)	-
Net Income/Expense from/to Derivative Transactions	Note 14	(300.278)	-
Share in Profit/(Loss) of Investments Evaluated by Equity Method	Note 16	(342.657)	(38.695)
Provision for Decrease in Value of Inventories (+)	Note 13	(614)	40.230
Rediscount on Notes Payable (-)	Note 10 - Note 32	(5.553)	241.456
Increase in Value of Investment Property		(6.645.886)	-
<b>Operational Income before Changes in Working Capital (+)</b>		<b>37.912.903</b>	<b>66.512.066</b>
Increase in Trade Receivables/Other Receivables (-)	Note 10 - Note 11	(61.909.744)	1.030.917
Decrease in Inventories (+)	Note 13	(41.629.938)	(63.973.140)
Increase in Securities held for Trade Purposes (-)	Note 7	-	(11.259)
Decrease in Trade Payables (-)	Note 10 - Note 11	33.848.072	(39.478.825)
<b>Net Cash Inflow Provided/(Used) From Operating Activities:</b>		<b>(31.778.707)</b>	<b>(35.920.241)</b>
Interest Payments (-)		-	-
Other Increase and Decrease in Working Capital (+)/(-)	Note 22 - Note 26 - Note 35	1.402.546	(1.046.056)
Deferred VAT	Note 26	(7.575.516)	-
Advances Given for Purchases	Note 26	649.956	7.561.199
Advance Tax Returned	Note 26	-	5.025.630
Job Advances	Note 26	(7.948)	3.832.398
Advances Received	Note 26	5.107.398	(2.319.806)
<b>Net Cash Inflow Provided/(Used) From Operating Activities:</b>		<b>(32.202.271)</b>	<b>(22.866.876)</b>
Taxes Paid		(5.324.424)	(1.643.449)
Interest Paid		(15.554.493)	(56.778.107)
Termination Indemnity Paid		(569.010)	(1.242.642)
Interest Collected (+)		7.430.952	11.143.829
Net Cash Provided/(Used) From Investment Activities:		<b>(46.219.246)</b>	<b>(71.387.245)</b>
<b>B) NET CASH PROVIDED/(USED) FROM INVESTMENT ACTIVITIES:</b>			
Acquisition of Fiscal Fixed Assets (-)		-	-
Acquisitions of Tangible and Intangible Assets (-)	Note 18 - Note 19	(5.141.389)	(14.340.283)
Net Value of Tangible and Intangible Assets Disposals	Note 18 - Note 19	215.289	318.525
Dividends Collected (+)		-	-
<b>Net Cash Provided/(Used) From Investment Activities:</b>		<b>(4.926.100)</b>	<b>(14.021.758)</b>
<b>C) NET CASH PROVIDED/(USED) FROM FINANCIAL ACTIVITIES:</b>			
Foreign Currency Translation Adjustments (+)	Note 27	47.924	(210.786)
Credit Received	Note 8	413.302.332	444.348.338
Credit Paid		(354.330.640)	(522.446.129)
Revaluation Funds	Note 27	-	-
Dividend Paid (-)	Note 27	(4.267.882)	-
<b>Net Cash Used in Financial Activities:</b>		<b>54.751.734</b>	<b>(78.308.577)</b>
<b>Net Decrease in Cash and Cash Equivalents</b>		<b>3.606.389</b>	<b>(163.717.580)</b>
<b>BEGINNING BALANCE of CASH and CASH EQUIVALENTS</b>	Note 6	<b>33.711.211</b>	<b>197.428.792</b>
<b>ENDING BALANCE of CASH and CASH EQUIVALENTS</b>	Note 6	<b>37.317.600</b>	<b>33.711.211</b>

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

**Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.**  
**Statement of Changes in Shareholders' Equity**  
(Amounts are stated in TL unless otherwise stated)

(XI-29 CONSOLIDATED)

Audited

Previous Period	Notes	Capital	Inflation Adjustment of Shareholders' Equity	Restricted Reserves Assorted from Profit	Revaluation Funds	Foreign Currency Translation Adjustments	Net Period Profit/(Loss)	Retained Earnings	Main Shareholders' Equity	Minority Share	Total Shareholders' Equity
01.01.2009		50.000.000	62.162.278	11.062.913	721.882	1.157.735	621.890	81.229.102	206.955.800	101.694	207.057.494
Transfer	Note 27	-	-	509.563	-	-	(621.890)	112.327	-	-	-
Revaluation Funds	Note 27	-	-	-	48.049.485	-	-	-	48.049.485	-	48.049.485
Foreign Currency Translation Adjustments	Note 27	-	-	-	-	-	-	-	-	-	-
Capital Increase	Note 27	-	-	-	-	-	-	-	-	-	-
Dividend	Note 27	-	-	-	-	-	-	-	-	-	-
Period Profit	Note 27	-	-	-	-	(210.786)	3.939.979	-	3.729.193	15.239	3.744.432
31.12.2009		50.000.000	62.162.278	11.572.476	48.771.367	946.950	3.939.979	81.341.429	258.734.478	116.933	258.851.411

Audited

Current Period	Notes	Capital	Inflation Adjustment of Shareholders' Equity	Restricted Reserves Assorted from Profit	Revaluation Funds	Foreign Currency Translation Adjustments	Net Period Profit/(Loss)	Retained Earnings	Main Shareholders' Equity	Minority Share	Total Shareholders' Equity
01.01.2010		50.000.000	62.162.278	11.572.476	48.771.367	946.950	3.939.979	81.341.429	258.734.478	116.933	258.851.411
Transfer	Note 27	-	-	1.223.257	-	-	(3.939.979)	2.716.722	-	-	-
Revaluation Funds	Note 27	-	-	-	532.995	-	-	-	532.995	-	532.995
Foreign Currency Translation Adjustments	Note 27	-	-	-	-	-	-	-	-	-	-
Capital Increase	Note 27	-	-	-	-	-	-	-	-	-	-
Dividend	Note 27	-	-	-	-	-	(4.267.882)	(4.267.882)	(4.267.882)	-	(4.267.882)
Period Profit	Note 27	-	-	-	-	47.924	11.433.283	-	11.481.207	12.505	11.493.712
31.12.2010		50.000.000	62.162.278	12.795.733	49.304.362	994.874	11.433.283	79.790.269	266.480.798	129.438	266.610.237

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

## Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.

### Notes to the Consolidated Financial Statements as of December 31, 2010

(The amounts are stated as Turkish Lira ("TL") unless otherwise indicated.)

#### 1 ORGANIZATION AND BUSINESS SEGMENT

Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş. (The Company) was established on 02.05.1972 and company shares are traded on the Istanbul Stock Exchange. The main operations of the company are to produce and trade electrolytic copper wire, copper and copper alloys.

The registered address of the company is at Emek Mahallesi Aşıroğlu Cad. No: 147 Darıca, Kocaeli.

All of the shares are publicly traded and there is no shareholder who is holding voting rights more than 10%.

The average number of the personnel is 756. (31.12.2009:734)

	31.12.2010	31.12.2009
Unionized employees	364	368
Non-unionized employees	69	57
White-collared employees	323	309
<b>Total</b>	<b>756</b>	<b>734</b>

The subsidiaries and affiliates of the company as of 31.12.2010 are as follows:

Shareholder	Subsidiaries and Affiliates	Field of Activity	Share Percentage %
Sarkuysan A.Ş.	Sarmakina San. Ve Tic. A.Ş.	Packing material (steel reels), manufacturing and trade of the manufacturing machinery	99,00
Sarkuysan A.Ş.	Sarda Dağ. ve Tic. A.Ş.	Marketing and distribution	99,97
Sarkuysan A.Ş.	Bektaş Emaye Kablo San. Tic. A.Ş.	Not operating, but obtains participation earnings.	70,71
Sarkuysan A.Ş.	Sark USA, INC.	Marketing of Sarkuysan products in the USA market.	100,00
Sarkuysan A.Ş.	Ege Free Zone Branch	Production and Trade of Electrolytic copper wire.	100,00
Sarkuysan A.Ş.	Demisaş Döküm Emaye Mam. San. A.Ş.	Manufacture and trade of iron spare parts for Automotive and Home Electronics Industries.	44,44
Sarda Dağ. ve Tic. A.Ş.	Bektaş Emaye Kablo San. Tic. A.Ş.	Not operating, but obtains participation earnings.	29,12
Bektaş Emaye Kablo San. Tic. A.Ş.	Bemka Emaye Bobin Teli ve Kablo San. Tic. A.Ş.	Manufacturer of power, data, telecom cables, other insulated conductors and components as well as trade of these products in the domestic and export markets.	16,98
Sarkuysan A.Ş.	Sark Wire Corp	Production and Trade of copper wire.	60,00
Bektaş Emaye Kablo San. Tic. A.Ş.	Sark Wire Corp	Production and Trade of copper wire.	12,50
Sark USA, INC.	Sark Wire Corp	Production and Trade of copper wire.	12,50
Sarmakina San. Ve Tic. A.Ş.	Sark Wire Corp	Production and Trade of copper wire.	15,00

Hereafter, in the consolidated financial statements and footnotes, Sarkuysan and the consolidated subsidiaries will be referred as "Group".

These consolidated financial statements was approved to be published at a meeting of the Board of Directors, dated April 06, 2011 and was signed by the General Manager Hayrettin Çaycı, Accounting Manager Emine Gündoğ on behalf of the Board. The General Assembly has the authority to change the financial statements.

## Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.

### Notes to the Consolidated Financial Statements as of December 31, 2010

(The amounts are stated as Turkish Lira ("TL") unless otherwise indicated.)

## 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

### 2.01 Basic Principles for the Presentation

The Group maintains its books of accounts and legal financial statement in accordance with Turkish Commercial Code and accounting principles determined in tax legislations. Subsidiaries operating in foreign countries prepare accounting records and statutory financial statements according to currencies of the country where they are in and in accordance with the legislation of the countries. The Group's financial statements were prepared in accordance with the Capital Market Board's ("CMB") regulations for accounting and reporting.

The CMB published a comprehensive set of accounting principles in accordance with the communiqué Serial: XI, No: 29 on "Communiqué on Financial Reporting at Capital Markets". This communiqué has become valid for the first interim financial period subsequent to January 01, 2008. The supplementary communique Serial: XI, No: 29 was issued as an amendment to Communiqué Serial: XI No: 25 and states that, the financial statements will be prepared in accordance with the International Financial Reporting Standards ("IFRS") as conceded by the European Union ("EU"). IFRS will be applied until the time differences between the IFRS and Turkish Accounting/Financial Reporting Standards ("TFRS") are declared by the Turkish Accounting Standards Board. Thus TFRS, which are in compliant with the applied standards, will be adopted.

The accompanying consolidated financial statements and notes have been prepared in accordance with IFRS as declared in the communiqué Serial: XI, No: 29, with the required formats announced by the CMB on April 14, 2008 and January 09, 2009.

The Group's financial statements are presented with its functional currency that is the currency of the primary economic environment in which the Group operates. The Group's financial position and operation results are indicated in the Group's functional currency, Turkish Lira.

### 2.02 Dealing with the Inflation Effects in Hyper-Inflationary Periods

According to the decision dated March 17, 2005 with No: 11/367 made by the CMB, the inflation accounting has been no longer effective for the periods after January 01, 2005 for the companies that are operating in Turkey and preparing financial statements in accordance with CMB standards. Therefore, application of International Accounting Standards 29 "Financial Reporting on Hyper-Inflationist Economies" was ended after January 01, 2005.

### 2.03 Basis of Consolidation

**Subsidiaries** are companies in which the current shares has the power to control the financial and operating policies for the benefit of the Group, either (a) through the power to exercise more than 50% of the voting rights relating to shares in the companies as a result of shares owned directly and indirectly by itself and/or companies whereby the Group exercises control over the voting rights of the shares held by them, or (b) although not having the power to exercise more than 50% of the voting rights, through the exercise of an actual dominant influence over the financial and operating policies.

The balance sheets and statements of income of the Subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by the Group and its Subsidiaries is eliminated against the related shareholders' equity. Intercompany transactions and balances between the Group and its Subsidiaries are eliminated on consolidation. The cost of, and the dividends arising from, shares held by the Group in its Subsidiaries are eliminated from shareholders' equity and income for the period, respectively.

## Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.

### Notes to the Consolidated Financial Statements as of December 31, 2010

(The amounts are stated as Turkish Lira ("TL") unless otherwise indicated.)

The proportion of ownership interest and effective interest of the Group in these Joint Ventures as of December 31, 2009 and December 31, 2010 are as follows;

#### 31.12.2010

Subsidiaries Name	Direct Shares Owned by Parent Company	Indirect Shares Owned by Parent Company	Total Shares
Sarmakina San. ve Tic. A.Ş.	99%	-	99%
Sarda Dağ. ve Tic. A.Ş.	99,97%	-	99,97%
Bektaş Emaye Kablo San. Tic. A.Ş.	70,71%	29,12%	99,83%
Sark USA, INC.	100%	-	100%
Ege Free Zone Branch	100%	-	100%
Sark Wire Corp	60%	40%	100%

#### 31.12.2009

Subsidiaries Name	Direct Shares Owned by Parent Company	Indirect Shares Owned by Parent Company	Total Shares
Sarmakina San. ve Tic. A.Ş.	99%	-	99%
Sarda Dağ. ve Tic. A.Ş.	99,97%	-	99,97%
Bektaş Emaye Kablo San. Tic. A.Ş.	70,71%	29,12%	99,83%
Sark USA, INC.	100%	-	100%
Ege Free Zone Branch	100%	-	100%
Sark Wire Corp	60%	40%	100%

**Joint Ventures** are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by the Group and one or more other parties. The Group's interest in Joint Ventures is accounted for by way of proportionate consolidation. By this method, the Group includes its share of the assets, liabilities, income and expenses of each Joint Venture in the relevant components of the financial statements. The Company has no joint venture as of date December 31, 2010.

**Investments in Affiliates** are accounted for by the equity method of accounting. These are entities over which the Group generally has between 20% and 50% of voting rights or has significant influence, but does not have control on these affiliates' operations. Unrealized gains that result from intercompany transactions between the Group and its Associates are eliminated on consolidation, whereas unrealized losses are eliminated unless they do not address any impairment. Equity accounting is discontinued when the carrying amount of the investment in an Associate reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the Associates. Such Associates are accounted at fair value if the fair value can be determined objectively; otherwise, they are accounted at cost.

Demisaş A.Ş. as a subsidiary company of Sarkuysan Elektrolitik Bakır Sanayii ve Ticaret A.Ş. and Bemka A.Ş. as a subsidiary company of Bektaş A.Ş. are accounted by the equity method of accounting. According to the equity method, the participations are measured initially at acquisition cost. Subsequently the recorded amounts are increased or decreased in proportion with the share of the main partnership in the shareholders' equity of the participation.

## Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.

### Notes to the Consolidated Financial Statements as of December 31, 2010

(The amounts are stated as Turkish Lira ("TL") unless otherwise indicated.)

The table below sets out all affiliates and shows the total interest of the Group in these affiliates as of December 31, 2010 and December 31, 2009;

#### 31.12.2010

Affiliates Name	Direct Shares Owned by Parent Company	Indirect Shares Owned by Parent Company	Total Shares
Demisaş Döküm Emaye Mam. San.A.Ş.	44,44%	-	44,44%
Bemka Emaye Bobin Teli ve Kablo San. Tic. A.Ş.	-	16,9466%	16,9466%

#### 31.12.2009

Affiliates Name	Direct Shares Owned by Parent Company	Indirect Shares Owned by Parent Company	Total Shares
Demisaş Döküm Emaye Mam. San.A.Ş.	44,44%	-	44,44%
Bemka Emaye Bobin Teli ve Kablo San. Tic. A.Ş.	-	16,9466%	16,9466%

Financial Assets in which the Group and its Subsidiaries, have interest below 20%, or over which the Group does not have a significant influence are classified as financial assets available for sale. Financial Assets available for sale that do not have a quoted market price in active markets and whose fair value cannot be measured reliably are carried at cost less any provision for diminution in value. Financial Assets available for sale that have a quoted market price in active markets and whose fair values can be measured reliably are carried at fair value.

The results of Subsidiaries are included or excluded from consolidation regarding to their effective dates of acquisition and disposal, respectively.

The portion of the profit or loss and net assets of Subsidiaries attributable to equity interests that are not owned, directly or indirectly through the Subsidiaries, by the parents, is presented as minority interest.

#### 2.04 Comparative Information and Adjustment of the Previous Consolidated Financial Statements

The financial statements were prepared comparatively to assess the financial position and the performance trends of the Group. The Group prepared comparative Balance Sheet dated as of December 31, 2010 and December 31, 2009 and income statement, comprehensive income statement, cash flow and statement of changes in shareholders' equity for the period ended as of December 31, 2010 and December 31, 2009.

If necessary, the classification amendments for the financial statements in the current period can be applied to the financial statements of the previous period in order to be in coherence.

Moreover in order to provide a better analysis of cash flows, the Group management reclassified interest income, interest expenses, tax expenses and provision for termination indemnity in the cash flow statement of the current period. Also in order to sustain comparative presentation, the previous period's cash flow statement was reviewed and similar reclassifications were also applied. The reclassifications made did not have any effect of the financial results of the previous period.

#### 2.05 Significant Accounting Considerations, Predictions and Assumptions

During the preparation of the financial statements, the Group management has to make assumptions and predictions, which would indicate the possible liabilities, commitments as of the balance sheet date as well as amounts of income and expense as of the reporting date. The realized results may differ from the estimates. Estimations are reviewed regularly and any corrections made to those estimates is corrected in the current period and reflected on the income statement in the period which is occurred.

The Comments, which may have significant affects for the amounts reflected on the financial statements and the assumptions made that are existed as of balance sheet date or may occur at future are as below:

a) Termination Indemnity Liability is determined using the actuarial valuations (discount rates, salary increases for the future periods and estimated probability of retirement rates) (Note 24)

## Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.

### Notes to the Consolidated Financial Statements as of December 31, 2010

(The amounts are stated as Turkish Lira ("TL") unless otherwise indicated.)

b) Tangible assets are depreciated using the straight-line method over their economic lives. The estimated useful life and amortization are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. (Note: 2.09.03)

c) In the accompanying financial statements prepared as of December 31, 2010, the Group management made a litigation provision with amount of TL 124.381 related to the law suits disclosed in Note 22 in line with the opinion of the Group's legal counselors based on the most precise estimates.

d) According to the accounting principles disclosed in Note 2.11, the goodwill is reviewed annually by the group management. The recoverable amount of cash generating units is based on the calculations of value in use. There are certain assumptions made for these calculations which are disclosed in the Note 20.

e) The impairment for the trade receivables is determined using the credibility of debtors, previous payment performances and restructuring terms in case of restructure. (Note:10)

f) The inventories with an undefined sale price and a lower predictable net realizable value compared with their cost amounts, have provisions for the decrease in value of inventories in accordance with the information related with the waiting period and the physical received from the technical staff.

#### 2.06 Changes in Accounting Policies

The changes to the current accounting policies can be performed if it is necessary or the changes will provide more appropriate and reliable presentation of the transactions and events related to the financial position, performance and the cash flow of the Group that affect the financial statements of the Group. If the changes in accounting policies affects the prior periods, policy is applied to the prior period financial statements as if it is applied before. There are not any changes in the accounting policies of the Group in the current period.

#### 2.07 Changes in Accounting Estimates and Errors

Accounting estimates are made based on reliable information and using appropriate estimation methods. However, if new or additional information becomes available or the circumstances, which the initial estimates based on, change, then the estimates are reviewed and revised, if necessary. If the change in the accounting estimates is only related to a sole period, then only that period's financial statements are adjusted. On the other hand, if the amendments are related to the current as well as the forthcoming periods, then both current and forthcoming periods' financial statements are adjusted.

In instances where the accounting estimates affect both current and forthcoming periods, then description and monetary value of the estimate is disclosed in the notes to the financial statements. However, if the affect of the accounting estimate to the financial statement is not determinable, then it is not disclosed in the notes to the financial statements. There are not any changes in accounting estimates which may affect the period results of the current period.

#### 2.08 Offsetting

The financial assets and liabilities in the financial statements are offset and the net amount reported in the balance sheet, where there is a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

#### 2.09 Summary of Significant Accounting Policies

**The significant accounting policies used in the preparation of the financial statements are as follows:**

##### 2.09.01 Revenue Recognition

Group revenues consist of electrolytic copper wire, copper and composite sales to the domestic market and overseas. Rental Revenues from investment properties are accounted for sales revenue.

The Group recognizes income according to the accrual basis, when the Group reasonably determines the income and economic benefit is probable. Revenue is reduced for customer returns and sales discounts.

## Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.

### Notes to the Consolidated Financial Statements as of December 31, 2010

(The amounts are stated as Turkish Lira ("TL") unless otherwise indicated.)

Revenue from the sale of goods is recognized when all the following conditions are gratified:

- The significant risks and the ownership of the goods are transferred to the buyer;
- The Group refrains the managerial control over the goods and the effective control over the goods sold;
- The revenue can be measured reasonably;
- It is probable that the economic benefits related to transaction will flow to the entity;
- The costs incurred or will be incurred in conjunction with the transaction can be measured reliably.

When the revenue from services can be measured reliably, the revenue is recorded in accordance with its completion level. If the revenue cannot be measured reliably, revenues are recognized as much as the recoverable amount of expenses that are associated with these revenues.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Rental income from investment properties is recognized on a straight-line basis over the term of the respective lease.

When there is significant amount of cost of financing included in the sales, the fair value is determined by discounting all probable future cash flows with the yield rate, which is embedded in the cost of financing. The differences between the fair value and the nominal value are recorded as interest income according to the accrual basis.

#### 2.09.02 Inventories

Inventories are stated either at the lower of acquisition cost or net realizable value. The cost basis of the inventories includes; the acquisition cost, conversion costs, and the costs incurred to bring the inventories to their existing status. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory, with the majority being valued using the monthly weighted average method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make a sale.

#### 2.09.03 Tangible Fixed Assets

The property, plant, and equipment acquired after January 01, 2005 are carried at historical cost, which is computed by deducting the accumulated depreciation from their cost basis. For assets that were acquired before January 01, 2005, the tangible fixed assets is presented on the financial statement at indexed historical cost for inflation effects as at December 31, 2004. Tangible assets are depreciated using the straight-line method over their economic lives.

The following rates, determined in accordance with the economic lives of the fixed assets, are used in calculation of depreciation:

TYPE	Economic Life (Year)	Depreciation Rates as of December 31, 2010 (%)
Land Improvements	25	4
Buildings	50	2
Machinery, Plant, and Equipment	12,5	8
Furniture and Fixtures	5	20
Vehicles	5	20

The expected useful lives, residual values and the depreciation method are reviewed annually for the probable effects of changes that occur in estimates. If there are any changes regarding the estimates, their effects are recognized retroactively.

The profit and loss arisen from fixed asset sales are determined by comparing the net book value with the sales price and the difference is recorded as operating profit or loss.

## Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.

### Notes to the Consolidated Financial Statements as of December 31, 2010

(The amounts are stated as Turkish Lira ("TL") unless otherwise indicated.)

Maintenance and repair costs are recorded as expense as at their realization date. If the maintenance and repair expenses clearly improve the economic value or performance of the related asset, then these costs are capitalized.

#### 2.09.04 Intangible Assets

Intangible assets acquired before January 01, 2005 are carried at indexed historical cost for inflation effects as at December 31, 2004; however, purchases after January 01, 2005 are carried at their historical cost less accumulated amortization and impairment. Intangible assets are depreciated on a straight-line basis over their expected useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

TYPE	Economic Life (Year)	Depreciation Rates as of December 31, 2010 (%)
Rights	5	20

#### 2.09.05 Impairment of Assets

Assets that have an indefinite useful life, such as goodwill, are not subject to amortization but they are annually tested for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of impairment at each reporting date.

#### 2.09.06 Leasing Operations

##### i) Financial Leasing

None.

##### ii) Operational Leasing

Lease agreements, which the lessor retains all the risks and benefits pertaining to the goods, are described as operational leases.

##### The Group as Lessee:

Lease payments made for an operational leasing are recorded as expense according to normal method throughout the lease term. The total rent expense paid in the current period is TL 233.796.

The transactions between parent company and subsidiaries are eliminated reciprocally within the scope of consolidation. (Note: 30)

##### The Group as Lessor:

Rents received for an operational leasing are recorded as income according to normal method throughout the lease term. The total rent income in the current period is TL 2.813.849. TL 1.974.898 of this amount consists of the rent income from investment properties. The Group presents the rent income derived from investment properties in sales. The remaining amount, TL 838.951, is recognized as Other Operations Income. The transactions between parent company and subsidiaries are eliminated reciprocally within the scope of consolidation. (Note: 31)

#### 2.09.07 Research and Development Costs

Research and development costs are expensed as incurred. These expenses consist of the costs of the Group's internal research and development activities and the costs of developing new products and enhancing existing products. In case newly developed projects are tested to be successful in terms of commercial and technological use and its expenses measured reliably, they are recognized as intangible assets. Other research costs are expensed as incurred. Expenses recognized in previous periods cannot be capitalized in following periods.

## Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.

### Notes to the Consolidated Financial Statements as of December 31, 2010

(The amounts are stated as Turkish Lira ("TL") unless otherwise indicated.)

All of the Research and Development Expenses incurred in the current period are reflected to the income statement in accordance with the IFRS standards.

#### 2.09.08 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All of the other borrowing costs are recorded in the income statement in the period in which they are incurred. The Group did not capitalize any borrowing costs as of period end.

#### 2.09.09 Financial Instruments

##### (i) Financial Assets

Investments are recognized and derecognized on trade date where the purchase or sale of an investment is under a contract, whose terms require delivery of the investment within the timeframe established by the market concerned and are initially measured at fair value, net of transaction costs except for those financial assets classified as fair value through profit or loss which are initially measured at fair value.

Other financial assets are classified as "financial assets, whose fair value differences are reflected to the profit or loss", "financial assets held to the maturity", "financial assets available for-sale" and "loans and receivables."

##### Prevailing Interest Method

Prevailing interest method is the valuation of financial asset with their amortized cost and allocation of interest income to the relevant period. Prevailing interest rate is that discounts the estimated cash flow for the expected life of financial instrument or where appropriate a shorter period.

Income related to financial assets, except the "financial assets, whose fair value differences are reflected to the profit or loss", is calculated by using the prevailing interest rate.

##### **a) Financial Assets Whose Fair Value Differences Are Reflected to the Profit or Loss**

"Financial assets whose fair value differences are reflected to the profit or loss", are the financial assets that are held for trading purposes. If a financial asset is acquired for trading purposes, it is classified in this category. Also, derivative instruments, which are not exempt from financial risk, are also classified as "Financial assets whose fair value differences are reflected to the profit or loss". These financial assets are classified as current assets.

##### **b) Financial Assets Which Will Be Held to the Maturity**

Debt instruments, which the Group has the intention and capability to hold to maturity, and/or have fixed or determinable payment arrangement are classified as "Investments Held to the Maturity". Financial asset that will be held to the maturity, are recorded after deducting the impairment from the cost basis, which has been amortized with prevailing interest method. All relevant income is calculated using the prevailing interest method.

##### **c) Financial Assets Available-For-Sale**

Financial assets, which are "Available-for-Sale", are either (a) financial assets, which will not be held to maturity or (b) financial assets, which are not held for trading purposes. Financial assets Available-for-Sale are recorded with their fair value if their fair value can be determined reliably. Marketable securities are shown at their cost basis unless their fair value can be reliably measured or have an active trading market. Profit or loss pertaining to the financial assets Available-for-Sale is not recorded on the income statement. The fluctuations in the fair value of these assets are shown in the statement of shareholders' equity. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized is included in profit or loss for the period. Provisions recorded in the income statement pertaining to the impairment of financial asset Available-for-Sale cannot be reversed from the income statement in future periods. Except equity instruments classified as available-for-sale, if impairment loss decreases in next period and if therein decreasing can be related to an event occurred after the accounting of impairment loss, impairment loss accounted before, can be cancelled in income statement.

## Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.

### Notes to the Consolidated Financial Statements as of December 31, 2010

(The amounts are stated as Turkish Lira ("TL") unless otherwise indicated.)

#### d) Loans and Receivables

Trade receivables, other receivables, and loans are initially recognized at their fair value. Subsequently, receivables and loans are measured at amortized cost using the effective interest method.

#### Impairment of financial assets

Financial assets, whose fair value differences are reflected to the profit or loss are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired, where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced with the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts, which were previously written off, are reversed against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

With respect to available-for-sale equity securities, any increase in fair value subsequent to an impairment loss is recognized directly in equity.

#### Cash and Cash Equivalents

Cash and cash equivalents are cash, demand deposit and other short-term highly liquid investments, which their maturities are three months or less from the date as of acquisition, that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

#### (ii) Financial Liabilities

Financial liabilities and equity instruments are classified according to the contractual agreements entered into and the definition of financial liability and equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all the liabilities. Accounting policies determined for the financial liabilities and the financial instruments based on equity are explained below.

Financial liabilities are classified as either "financial liabilities whose fair value differences are reflected to the profit/loss" or other financial liabilities.

#### a) Financial Liabilities Whose Fair Value Differences Are Reflected to the Profit/Loss

"Financial liabilities whose fair value differences are reflected to the profit/loss" are recorded at fair value and are re-evaluated at the end of each balance sheet date. Changes in fair value are recognized in the income statement. Recognized net earnings and/or losses in the income statement also include interest payments made for this financial liability.

#### b) Other Financial Liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The prevailing interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The prevailing interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

## **Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.**

### **Notes to the Consolidated Financial Statements as of December 31, 2010**

(The amounts are stated as Turkish Lira ("TL") unless otherwise indicated.)

#### **(iii) Derivative Financial Instruments**

Derivative financial instruments are initially recorded with their fair value and evaluated with fair value in next periods.

The hedging agreements made by the Group in the current period, which contains the required risk accounting conditions in scope of TMS 39 are accounted for as derivative financial assets held for cash flow hedges, whereas although providing an efficient protection against the risks that the Group may be exposed to, hedging agreements which do not bear the required risk accounting conditions are classified as held for trading derivative financial instruments. Profit or loss arising from the changes at the fair values of held for trading derivative financial instruments which do not comprise a financial risk protection relation are reflected to the income statement. Profit or loss arising from the hedged item and which is related to the protected risk is reflected to the book value of the hedged item and is accounted for in the income statement. The mentioned policy is applied even though the hedged item was measured at cost.

#### **2.09.10 Effects of Currency Fluctuations**

All transactions, denominated in foreign currencies, are converted into TL by the exchange rate ruling at the transaction date. All foreign currency denominated monetary assets and liabilities stated at the balance sheet are converted into TL by the exchange rate ruling at the balance sheet date. Foreign exchange gains and/or losses as a result of the conversions are recorded in the income statement.

#### **2.09.11 Earnings per Share**

Earnings per share in the income statement is calculated by dividing net income by the weighted average number of common shares outstanding for the period.

In Turkey, companies are allowed to increase their share capital by distributing "bonus shares" from retained earnings. These bonus shares are deemed as issued shares while calculating the net earnings per share.

Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

#### **2.09.12 Subsequent Events**

Subsequent events cover all events that occur between the balance sheet date and the publication date of the financial statements. If there is a substantial evidence that the subsequent events existed or arose after the balance sheet date, these events are disclosed and explained in the notes to the financial statements.

#### **2.09.13 Provisions, Contingent Liabilities & Assets**

A provision is set-forth in the financial statements, if a legal liability exists as a result of past events as if (a) the cash out-flow is probable for the reversal of provision and (b) the liability amount can be estimated reliably. Contingent liabilities are consistently reviewed prior to the probability of any cash out-flow. In case of the cash out-flow is probable, provision is set forth in the financial statements of the year the probability of contingent liability accounts is changed.

A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and reliable estimate can be made for the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

When portion or full amount of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is certain that reimbursement will be received and the amount of the receivable can be measured reliably.

## Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.

### Notes to the Consolidated Financial Statements as of December 31, 2010

(The amounts are stated as Turkish Lira ("TL") unless otherwise indicated.)

#### 2.09.14 Related Party Disclosures

The partners' of the Group, Group's management personnel, Group companies and its directors, close family members in the charge of the Group, and other companies directly or indirectly controlled by the Group are considered related parties. The transactions done with the related parties due to ordinary operations are occurred in accordance with the market conditions. (Note 37- 38)

#### 2.09.15 Government Grants and Assistance

The government grants and research and development incentives are accounted according to accrual basis with their fair values when the authorities approve the Group's submission for these incentives.

#### 2.09.16 Taxation and Deferred Tax

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the consolidated financial statements, have been calculated on a separate-entity basis.

Income tax expense represents the sum of the tax currently payable and deferred tax.

##### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

##### Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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.

## **Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.**

### **Notes to the Consolidated Financial Statements as of December 31, 2010**

(The amounts are stated as Turkish Lira ("TL") unless otherwise indicated.)

#### **Current and deferred tax for the period**

Current and deferred tax are recognized as an expense or income to the income statement, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in the equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities over cost.

Taxes stated in financial statements contain changes in current and deferred taxes for the period. The Group calculates current period tax and deferred tax over the period results.

#### **Offsetting Tax Income and Liabilities**

Corporate tax amounts are offset with prepaid corporate tax as they are related. Deferred tax assets and liabilities are also offset.

#### **2.09.17 Retirement Pay**

According to Turkish Labor Law, employee termination benefit is reflected in the financial statements, when the termination indemnities are deserved. Such payments are considered as being part of defined retirement benefit plan as per IAS No.19 "Employee Benefits".

The retirement benefit obligation recognized in the financial statements represents the present value of the defined benefit obligation as adjusted for unrecognized gains and losses.

#### **2.09.18 Cash Flow Statement**

Cash and cash equivalents are stated at their fair values in the balance sheet. The cash and cash equivalents comprises cash in hand, bank deposits and highly liquid investments. On cash flow statement, the Group classifies period's cash flows as investment, financing activities and operational activities.

The cash flows from operational activities show the cash flows generated from the main operations of the Group. The cash flows from investing activities show the cash inflows and outflows generated from/used fixed assets and financial assets investments.

Cash flow concerned with financial activities represents sources used from financial activities and pay-back of these funds.

#### **2.09.19 Investment Property**

Investment property, which is held to earn rentals and/or for capital appreciation is carried at their cost less the accumulated depreciation and any impairment losses. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property.

Investment properties are taken out of the balance sheet when either they are sold or no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the income statement in the year of retirement or disposal. No assets held under the operating lease have been classified as investment properties.

Investment Properties are reviewed for any impairment and if the carrying amount of these investment properties exceeds the recoverable amount as a result of these reviews, the carrying amount is reduced to recoverable amount through making provision. The recoverable amount is the higher of the net cash flows derived from the current usage of the related investment property and net sales price.

The fair values of the real estates were determined according to the results of the appraisal reports signed by a licenced Real Estate Appraisal Company in line with the regulations of the CMB Communiqué Serial VIII No: 35 "Communiqué On Principles Regarding Appraisal Companies And Their Listings By The Board" (Note 17)

## Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.

### Notes to the Consolidated Financial Statements as of December 31, 2010

(The amounts are stated as Turkish Lira ("TL") unless otherwise indicated.)

#### 2.10 Capital and Dividends

The ordinary shares are classified as equity. The dividends paid to ordinary shares deducted from accumulated profits during the period they are declined.

#### 2.11 Goodwill

When the acquisition amount of a subsidiary/participation exceeds the share in the fair value of the net identifiable assets of the acquired subsidiary/participation, this amount is recognized as goodwill. Goodwill is reviewed annually for any impairment and is measured in the financial statements at cost value less any accumulated impairments. The goodwill is allocated per cash generating unit for the impairment analysis. The allocation is made to the cash generating units or unit groups which are expected to provide benefits as a result of the business combination that creates the goodwill. The impairment for goodwill cannot be annulled. (Note: 20)

#### 2.12 Foreign Currency Transactions

##### Functional Currency

The functional currency is defined as the currency in which the Group carries out important part of the activities and financial statement items of every group company are measured at the functional currency of the mentioned company. The accompanying financial statements are presented with the functional currency of Sarkuysan A.Ş. which is TL.

##### Group Companies Abroad, Foreign Currency Transactions and Balances

The financial statements of subsidiaries operating in foreign countries are prepared in accordance with the laws and legislations that are valid for the countries where the transactions are operated. The financial statements are arranged by the reflections of necessary adjustments and classifications in order to provide the correct presentation in accordance with the Financial Reporting Standards of Capital Market Board. The financial results of group companies which prepare their financial statements with a currency other than TL are converted to TL using the average foreign exchange rates of the related period. The difference arising from the conversion of assets and liabilities using the balance sheet date foreign exchange rates and the conversion of income statement using the average rates are presented in the consolidated financial statements under equity and are made subject to total comprehensive income.

As of December 31, 2010 and December 31, 2009 the foreign currencies and TL equivalents are as follows:

Country	Foreign Currency	31.12.2010	31.12.2009
United States of America	USD	1,5460	1,5057

#### 2.13 Going Concern Concept

The consolidated financial statements of the Group are prepared with respect to going concern concept.

#### 2.14 New and Revised International Financial Reporting Standards

The Group had come into force of new and revised standards and comments related with its operation segment, in conjunction with the presentation of International Accounting Standards Board(IASB) and International Financial Reporting Interpretations Committee for the current period that are effective as of 01.01.2010.

Standards and Interpretations those are effective from the year 2010 with no impact on the Group's financial statements;

Effective as of 01.01.2010

IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" (amendment)

IFRS 1 "First Time Adoption of International Financial Reporting Standards" (amendment)

IFRS 2 "Share-Based Payment" (amendment)

IAS 17 "Leases" (amendment)

## Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.

### Notes to the Consolidated Financial Statements as of December 31, 2010

(The amounts are stated as Turkish Lira ("TL") unless otherwise indicated.)

Below are the standards, amendments that are valid for the previous standards and comments are necessary for the financial periods beginning on or after 01.01.2011 with no impacts on the operations of the Group:

IAS 24 "Related Party Disclosures" (Amendment)	Effective on or after 01.01.2011
IFRS 9 "Financial Instruments"	Effective on or after 01.01.2013
IFRS 7 "Financial Instruments Disclosures" (Amendment)	Effective on or after 01.07.2011
IFRIC 14 (Amendment)	Effective on or after 01.01.2011

The Group considers that, the standards that will be implemented for the following periods, amendments for the previous standards that are still valid and the comments (with the exception of IFRS 9) do not have any impacts for the financial statements. The probable effects of IFRS 9 have been viewed.

### 3 BUSINESS COMBINATIONS

A business combination is the bringing together of separate entities or businesses into one reporting entity. Business combinations are accounted for using the purchase method in the scope of IFRS 3.

The cost of a business combination is allocated by recognizing the acquiree's identifiable assets, liabilities and contingent liabilities at the date of acquisition. Any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination cost is accounted for as goodwill.

Any excess of the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the business combination is accounted for as income in the related period.

The carrying value of goodwill is reviewed annually at the same time for impairment and the impairment provision, if any, is immediately recognized in the consolidated income statements.

The Group participated in SARK WIRE CORP registered in USA, whose capital is 5.000.000 USD (Sarkuysan 60%, Bektaş 20%, Sarmakina 10%, Sark USA 10%) with 100% ownership. SARK WIRE CORP was included in the consolidation after this participation. SARK WIRE increased its capital by USD 3.000.000 in the current period from USD 5.000.000 to USD 8.000.000 and the capital structure was changed to Sarkuysan 60%, Bektaş 12,5%, Sarmakina 15%, Sark USA 12,5%..

### 4 BUSINESS PARTNERSHIPS

None.

### 5 SEGMENT REPORTING

	Copper	Roller	Machine	Other	Total	Adjustment of Consolidation and Elimination	01.01.2010 31.12.2010
Sales	1.754.224.682	1.303.333	557.763	1.934.551	1.758.020.329	(241.304.777)	1.516.715.552
Cost of Sales	(1.746.036.046)	(1.030.026)	(333.690)	(1.208.422)	(1.748.608.184)	240.340.086	(1.508.268.098)
<b>Gross Profit/Loss</b>	<b>8.188.636</b>	<b>273.307</b>	<b>224.073</b>	<b>726.129</b>	<b>9.412.145</b>	<b>(964.691)</b>	<b>8.447.454</b>

The group's operating segments based on profit/loss summary are as follows:

	Copper	Roller	Machine	Other	Total	Adjustment of Consolidation and Elimination	01.01.2009 31.12.2009
Sales	1.178.884.685	723.776	1.346.440	660.813	1.181.615.714	(133.795.749)	1.047.819.965
Cost of Sales	(1.113.179.161)	(671.013)	(574.446)	(524.546)	(1.114.949.166)	133.955.307	(980.993.859)
<b>Gross Profit/Loss</b>	<b>65.705.524</b>	<b>52.763</b>	<b>771.994</b>	<b>136.267</b>	<b>66.666.548</b>	<b>159.558</b>	<b>66.826.106</b>

**Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.****Notes to the Consolidated Financial Statements as of December 31, 2010**

(The amounts are stated as Turkish Lira ("TL") unless otherwise indicated.)

**6 CASH AND CASH EQUIVALENTS**

Cash and Cash Equivalents for the periods ended are as follows:

<b>Account Name</b>	<b>31.12.2010</b>	<b>31.12.2009</b>
Cash	6.635	5.742
Banks	37.310.965	33.705.469
-Demand Deposits	26.613.189	26.700.096
-Time Deposits	10.697.776	7.005.373
<b>Total</b>	<b>37.317.600</b>	<b>33.711.211</b>

Interest income accruals related to time deposits were calculated as TL 47.010 using effective interest rate method.

Time deposits related to the maturity analysis are given below:

<b>Account Name</b>	<b>31.12.2010</b>	<b>31.12.2009</b>
Demand Deposits	26.613.189	26.700.096
1-30 days	8.697.512	4.255.373
30-90 days	2.000.264	2.750.000
<b>Total</b>	<b>37.310.965</b>	<b>33.705.469</b>

Effective interest rates of time deposits are as follows:

<b>Type of Currency</b>	<b>31.12.2010</b>		<b>31.12.2009</b>	
	<b>Amount</b>	<b>Interest Rate</b>	<b>Amount</b>	<b>Interest Rate</b>
TL	5.480.0000	5,13%-8,88%	7.005.373	6%-8,9%
USD	3.000.000	2%	-	-
EURO	260.000	0,50%	-	-

**7 FINANCIAL ASSETS & INVESTMENTS****I) Short Term Financial Investments**

None.

## Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.

### Notes to the Consolidated Financial Statements as of December 31, 2010

(The amounts are stated as Turkish Lira ("TL") unless otherwise indicated.)

#### II) Long Term Financial Investments

Financial Assets available for sale for the periods ended are as follows;

##### 31.12.2010

Company Name	Share Percentage	Provision for Decrease in Value	Net Value
Karadeniz Bakır İşletmeleri A.Ş.	-	-	7
Rabak A.Ş.	-	-	1
Kaşaş Kuyumcukent Alış Veriş Merkezi	-	-	531
Kaşaş Kuyumcukent İşletme A.Ş.	-	-	10.555
Kuşaş Kuyumculuk Gayrimenkul Yatırım Ort.	-	-	703
<b>Total</b>	<b>-</b>	<b>-</b>	<b>11.797</b>

##### 31.12.2009

Company Name	Share Percentage	Provision for Decrease in Value	Net Value
Karadeniz Bakır İşletmeleri A.Ş.	-	-	7
Rabak A.Ş.	-	-	1
Kaşaş Kuyumcukent Alış Veriş Merkezi	-	-	531
Kaşaş Kuyumcukent İşletme A.Ş.	-	-	10.555
Kuşaş Kuyumculuk Gayrimenkul Yatırım Ort.	-	-	703
<b>Total</b>	<b>-</b>	<b>-</b>	<b>11.797</b>

Available for sale financial assets consists of financial assets which are not publicly traded.

Long Term Securities	31.12.2010	31.12.2009
Opening Balance	11.797	538
Additions	-	11.259
Disposals (-)	-	-
<b>Closing Balance</b>	<b>11.797</b>	<b>11.797</b>

When the fair values of Available For Sale Financial Assets cannot be measured reliably due to the conditions that these assets are either not traded in an active market or other methods which are used for fair value calculation are not applicable, the recorded value of these assets are the acquisition costs less the impairments.

#### 8 FINANCIAL LIABILITIES

Short-Term financial liabilities for the years ended are as follows:

Account Name	31.12.2010	31.12.2009
Bank Loans	303.915.781	237.455.390
<b>Total</b>	<b>303.915.781</b>	<b>237.455.390</b>

Bank loans are reflected in accompanying financial statements with their amortized cost amounts. The provision for credit interest calculated by effective interest method is TL 4.492.309 as of December 31, 2010.

(31.12.2009: TL 3.577.590)

The Group does not have Long-Term Financial Liabilities for the period-ended.

**Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.****Notes to the Consolidated Financial Statements as of December 31, 2010**

(The amounts are stated as Turkish Lira ("TL") unless otherwise indicated.)

a) The maturities of financial liabilities are as follows:

<b>Loans</b>	<b>31.12.2010</b>	<b>31.12.2009</b>
0-3 months	81.942.824	52.699.500
3-12 months	221.972.957	184.755.890
<b>Total</b>	<b>303.915.781</b>	<b>237.455.390</b>

b) Effective interest rates of financial liabilities are as follows:

**31.12.2010****Loans**

<b>Type</b>	<b>Foreign Currency Amount</b>	<b>Amount in TL</b>	<b>Interest Rate (%)</b>
TL	-	3.159.288	9%
USD	187.905.474	290.501.862	2,40%-3,30%
EURO	5.004.456	10.254.631	2,51%
<b>Total</b>	<b>-</b>	<b>303.915.781</b>	

**31.12.2009****Loans**

<b>Type</b>	<b>Foreign Currency Amount</b>	<b>Amount in TL</b>	<b>Interest Rate (%)</b>
TL	-	2.011.479	-
USD	156.368.407	235.443.911	3,15% – 8,45%
<b>Total</b>	<b>-</b>	<b>237.455.390</b>	

**9 OTHER FINANCIAL LIABILITIES**

None.

**10 TRADE RECEIVABLES AND PAYABLES**

The details of the Short-Term Trade Receivables are as follows:

<b>Account Name</b>	<b>31.12.2010</b>	<b>31.12.2009</b>
Trade Receivables	174.621.004	154.895.595
- Trade Receivables from Related Parties	34.462.642	30.083.675
- Other	140.158.362	124.811.920
Notes Receivables	36.177.050	11.918.022
Discount on Notes Receivables (-)	(608.915)	(666.934)
Doubtful Receivables	3.755.660	3.751.396
Provision for Doubtful Receivables (-)	(3.755.660)	(3.751.396)
Other Trade Receivables	-	540.174
<b>Total</b>	<b>210.189.139</b>	<b>166.686.857</b>

When deciding upon the possibility of collection of the receivables, the Group reviews any change in the creditability of mentioned receivables starting from recording date of the receivable until the balance sheet date. There is not an important credit risk concentration due to the fact that the credit risk is distributed between many different customers the Group does business with.

The weighted term of receivables are 77 days (31.12.2009: 60 days). 90% of the Receivables related with sales to abroad are guaranteed by Exim Bank. There are guarantee letters, guarantee notes and guarantee checks which are related to domestic sales and the level of risks on trade receivables are disclosed in Note 38.

The provisions are reflected to the financial statements related to all of the receivables for which there are objective evidences concluding that they are no longer collectible. The provision amount for the current period is TL 6.214. (Note: 31)

## Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.

### Notes to the Consolidated Financial Statements as of December 31, 2010

(The amounts are stated as Turkish Lira ("TL") unless otherwise indicated.)

Receivables are recognized by amortized cost amounts. The discount rates are 7% for TL receivables, 0,78156% for USD receivables and 1,47250% for Euro receivables.

Doubtful Receivables are as follows:

Account Name	31.12.2010	31.12.2009
Opening Balance	3.751.396	3.681.197
The Amount Collected During the Period (-)	(1.950)	-
Cancellation for Provision	-	(13.919)
Period Expense	6.214	84.118
<b>Closing Balance</b>	<b>3.755.660</b>	<b>3.751.396</b>

The group has no Long-term Trade Receivables.

Short-Term Trade payables for the period ended are as follows:

Account Name	31.12.2010	31.12.2009
Trade Payables	15.392.506	10.763.809
- Trade Payables from Related Parties	-	-
- Other	15.392.506	10.763.809
Notes Payables (*)	47.485.624	20.900.192
Rediscount on Notes Payable (-)	(185.721)	(180.168)
Other Trade Payables	27.134	18.300
<b>Total</b>	<b>62.719.543</b>	<b>31.502.133</b>

(\*) As of December 31, 2010, TL 47.418.689 (30.671.856 USD) of the notes payable of the Group consists of trade bills which were given by Sarkuysan Elektrolitik Bakır ve Ticaret A.Ş. for the raw copper materials imported from Codelco.

Payables are recognized with their amortized cost amounts. The discount rates are 7% for TL payables and 0,78156% for USD payables. The rediscount interest expense related to notes payable was calculated as TL 163.530.

Average maturity of purchasing of the Group from its suppliers is 18 days.(31.12.2009: 19 days)

The Group has no Long-term Trade Payables.

#### 11 OTHER RECEIVABLES AND PAYABLES

Other Short-term Receivables for the period ended are as follows:

Account Name	31.12.2010	31.12.2009
Deposits and Guarantees Given	74.320	74.126
Receivables from Tax Administration (*)	55.989.519	37.595.228
Receivables from Personnel	82.971	72.725
Other	70.387	15.476
<b>Total</b>	<b>56.217.197</b>	<b>37.757.555</b>

(\*) Receivables from Tax Administration (TL 55.989.519) consist of V.A.T returns.

Other Long-Term Receivables for the period ended are as follows:

Account Name	31.12.2010	31.12.2009
Deposits and Guarantees Given	7.089	5.514
<b>Total</b>	<b>7.089</b>	<b>5.514</b>

**Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.****Notes to the Consolidated Financial Statements as of December 31, 2010**

(The amounts are stated as Turkish Lira ("TL") unless otherwise indicated.)

Other Short-term Payables for the periods ended are as follows:

<b>Account Name</b>	<b>31.12.2010</b>	<b>31.12.2009</b>
Other Payables	492.880	725.117
- Non-trade Payables to Related Parties	92.043	84.591
- Other	400.837	640.526
Deposits and Guarantees Taken	14.580	11.240
Taxes and Funds Payable	4.554.252	1.794.486
Social Security Institution Payable	775.274	706.868
Due to Personnel	369.910	344.077
<b>Total</b>	<b>6.206.896</b>	<b>3.581.788</b>

The Group has no other Long-term Payables.

**12 RECEIVABLES AND PAYABLES FROM/TO FINANCIAL OPERATIONS**

None.

**13 INVENTORIES**

Inventory balances for periods ended are as follows:

<b>Account Name</b>	<b>31.12.2010</b>	<b>31.12.2009</b>
Raw Materials	29.510.972	20.660.056
Semi-finished Goods	26.182.726	9.048.872
Finished Goods	67.128.398	57.773.718
Commercial Goods	14.425.581	7.753.566
Other Inventories	5.052.965	5.434.492
Provisions for Impairment of Inventories (-)	(39.616)	(40.230)
<b>Total</b>	<b>142.261.026</b>	<b>100.630.474</b>

The raw materials acquired by the Group consist of assets which are used in operating cycle of production and sold afterwards. The insurance coverage of assets is disclosed in the Note: 22. There are no inventories which are pledged as a collateral.

In the current period, finished goods with an amount of TL 1.264.276.529 and commercial goods with an amount of TL 223.484.119 were reflected to the cost of sales. There are not any borrowing costs allocated to inventory costs.

The inventories with an undefined sale price and a lower predictable net realizable value compared with their cost amounts, have provisions for the decrease in value of inventories in accordance with the information received from the technical staff related with the waiting period and the physical situations of the inventories.

Provision for Decrease in Value of Inventories is as follows:

	<b>31.12.2010</b>	<b>31.12.2009</b>
Opening Balance	(40.230)	-
Cancellation of Provision Due to Increase in Net Realizable Value (+)	614	-
Provision for the Current Period(-)	-	(40.230)
<b>Total</b>	<b>(39.616)</b>	<b>(40.230)</b>

**14 DERIVATIVE FINANCIAL INSTRUMENTS**

The Group has forward contracts in order to decrease the financial risk arising from economical transactions and the control of cash flows that are generated by these risks, in addition to this fact the Group has commodity swaps as hedge instruments to avoid from financial risk.

## Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.

### Notes to the Consolidated Financial Statements as of December 31, 2010

(The amounts are stated as Turkish Lira ("TL") unless otherwise indicated.)

#### Forward Contracts:

The Group has forward contracts within the context of Euro selling/USD buying or USD selling/Euro buying in order to dispose the currency risks that arise from export sales with the usage of Euro and the precaution of currency risks related with raw material procurement through the usage of USD.

As of December 31, 2010 the Group has foreign currency swap options with maturities, for which a total of USD 7.305.340 is hedged with Euro 5.404.542 sold. The average Euro rate and USD rate of contracts are TL 1,9717 and TL 1,4733 respectively, in parallel with these contracts that the Group has assets with the amount of TL 185.539 and liabilities with the amount of TL 10.003 as of December 31, 2010.

As of December 31, 2010 the Group has foreign currency swap options with maturities, for which a total of Euro 754.542 is hedged with USD 1.005.000 sold. The average Euro rate and USD rate of contracts are 1,9517 and 1,4733 respectively, therefore the Group has liability that amounts TL 544 in accordance with these contracts.

#### Commodity Swaps as Hedge Instruments;

The Group has commodity swaps as hedge instruments as of December 31, 2010 within the scope of USD 3.147.780 in order to be protected from price fluctuation according to inventory purchases. The Group includes the assets that amount TL 125.285 concerned with these contracts as of December 31, 2010.

	31.12.2010		31.12.2009	
	Asset	Liability	Asset	Liability
Forward Contracts	185.539	10.546		
Commodity Swaps as Hedge Instruments	125.285	-	-	-
	310.824	10.546	-	-

Derivative financial instruments are initially recognized at cost and in the subsequent periods they are measured at fair value. The hedging agreements made by the Group in the current period, which contains the required risk accounting conditions in scope of TMS 39 are accounted for as derivative financial assets held for cash flow hedges, whereas although providing an efficient protection against the risks that the Group may be exposed to, hedging agreements which do not bear the required risk accounting conditions are classified as held for trading derivative financial instruments. Profit or loss arising from the changes at the fair values of held for trading derivative financial instruments which do not comprise a financial risk protection relation are reflected to the income statement. Profit or loss arising from the hedged item and which is related to the protected risk is reflected to the book value of the hedged item and is accounted for in the income statement. The mentioned policy is applied even though the hedged item was measured at cost.

The discounted liability was calculated by applying the efficient interest method to the hedging agreements as of December 31, 2010.

The movement schedule of derivative financial instruments as of December 31, 2010 is as follows:

	31.12.2010		31.12.2009	
	Asset	Liability	Asset	Liability
Opening Balance	-	-	-	-
Reflected to Income Statement	310.824	10.546	-	-
Reflected to Other Comprehensive Income		-	-	-
Payments (-)	-	-	-	-
<b>Total</b>	<b>310.824</b>	<b>10.546</b>	<b>-</b>	<b>-</b>

#### 15 CONSTRUCTION CONTRACTS IN PROGRESS

None.

**Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.****Notes to the Consolidated Financial Statements as of December 31, 2010**

(The amounts are stated as Turkish Lira ("TL") unless otherwise indicated.)

**16 INVESTMENTS EVALUATED BY EQUITY METHOD**

Corporation Name	Participation Ratio	Provision for Impairment	December 31, 2010 Balance Sheet Net Value
Demisaş	44,44	-	33.779.202
Bemka	16,98	-	1.092.146
<b>Total</b>		<b>-</b>	<b>34.871.348</b>

Corporation Name	Participation Ratio	Provision for Impairment	December 31, 2009 Balance Sheet Net Value
Demisaş	44,44	-	32.160.084
Bemka	16,98	-	2.368.607
<b>Total</b>		<b>-</b>	<b>34.528.691</b>

Fair Value Movement Schedule of investments evaluated by Equity Method is as follow:

	Demisaş	Bemka	Total
Opening Balance - 01.01.2010	32.160.084	2.368.607	34.528.691
Fair Value Difference	1.619.118	(1.276.461)	342.657
<b>Closing Balance - 31.12.2010</b>	<b>33.779.202</b>	<b>1.092.146</b>	<b>34.871.348</b>

	Demisaş	Bemka	Total
Opening Balance - 01.01.2009	31.329.712	3.160.284	34.489.996
Fair Value Difference	830.372	(791.677)	38.695
<b>Closing Balance - 31.12.2009</b>	<b>32.160.084</b>	<b>2.368.607</b>	<b>34.528.691</b>

The summary of financial informations about investments which are recognized with "Equity Method" are as follows;

	31.12.2010	31.12.2009
Total Assets	224.311.566	226.811.864
Shareholders' Equity	79.478.386	86.319.659
<b>Net Sales</b>	<b>294.534.852</b>	<b>249.581.515</b>

**17 INVESTMENT PROPERTIES**

The Group measures the investment properties at fair value in the financial statements. As of December 31, 2010 and December 31, 2009 the tangible assets at fair values are as follows. There are no borrowing costs allocated to investment properties in scope of IAS 23.

## Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.

### Notes to the Consolidated Financial Statements as of December 31, 2010

(The amounts are stated as Turkish Lira ("TL") unless otherwise indicated.)

#### 31.12.2010

Asset Value	Opening Balance	Fair Value Difference	Additions	Disposals (-)	December 31, 2010
<b>Lands and Properties</b>	<b>7.655.000</b>	<b>1.096.046</b>	<b>263.954</b>	-	<b>9.015.000</b>
Lands	7.655.000	1.096.046	263.954	-	9.015.000
<b>Buildings</b>	<b>75.208.660</b>	<b>6.110.886</b>	-	-	<b>81.319.546</b>
Ak Trade Center	36.774.807	3.613.554	-	-	40.388.361
Sarkuysan Trade Center	25.660.306	1.830.316	-	-	27.490.622
Gebze Warehouse	4.150.861	123.532	-	-	4.274.393
Pendik Plants	8.622.686	543.484	-	-	9.166.170
<b>Total</b>	<b>82.863.660</b>	<b>7.206.932</b>	<b>263.954</b>	-	<b>90.334.546</b>
<b>Accumulated Depreciation</b>	<b>Opening Balance</b>	<b>Fair Value Differences</b>	<b>Additions</b>	<b>Disposals</b>	<b>December 31, 2010</b>
<b>Lands and Properties</b>	-	-	-	-	-
Lands	-	-	-	-	-
<b>Buildings</b>	<b>15.308.660</b>	-	<b>391.442</b>	-	<b>15.700.102</b>
Ak Trade Center	2.824.807	-	169.110	-	2.993.917
Sarkuysan Trade Center	8.860.306	-	130.316	-	8.990.622
Gebze Warehouse	850.861	-	28.532	-	879.393
Pendik Plants	2.772.686	-	63.484	-	2.836.170
<b>Total</b>	<b>15.308.660</b>	-	<b>391.442</b>	-	<b>15.700.102</b>
<b>Net Value</b>	<b>67.555.000</b>				<b>74.634.444</b>

#### 31.12.2009

Asset Value	Transfer from Tangible Fixed Assets	Fair Value Difference	Additions	Disposals (-)	December 31, 2009
<b>Lands and Properties</b>	<b>2.638.096</b>	<b>5.016.904</b>	-	-	<b>7.655.000</b>
Lands (Darica)	2.638.096	5.016.904	-	-	7.655.000
<b>Buildings</b>	<b>19.526.116</b>	<b>55.682.544</b>	-	-	<b>75.208.660</b>
Ak Trade Center	8.409.511	28.365.296	-	-	36.774.807
Sarkuysan Trade Center	6.515.797	19.144.509	-	-	25.660.306
Gebze Warehouse	1.426.597	2.724.264	-	-	4.150.861
Pendik Plants	3.174.211	5.448.475	-	-	8.622.686
<b>Total</b>	<b>22.164.212</b>	<b>60.699.448</b>	-	-	<b>82.863.660</b>
<b>Accumulated Depreciation</b>	<b>Transfer from Tangible Fixed Assets</b>	<b>Fair Value Differences</b>	<b>Additions</b>	<b>Disposals</b>	<b>December 31, 2009</b>
<b>Lands and Properties</b>	-	-	-	-	-
Lands	-	-	-	-	-
<b>Buildings</b>	<b>5.187.620</b>	<b>10.121.040</b>	-	-	<b>15.308.660</b>
Ak Trade Center	685.857	2.138.950	-	-	2.824.807
Sarkuysan Trade Center	2.926.604	5.933.702	-	-	8.860.306
Gebze Warehouse	334.020	516.841	-	-	850.861
Pendik Plants	1.241.139	1.531.547	-	-	2.772.686
<b>Total</b>	<b>5.187.620</b>	<b>10.121.040</b>	-	-	<b>15.308.660</b>
<b>Net Value</b>	<b>16.976.592</b>	<b>50.578.408</b>			<b>67.555.000</b>

## Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.

### Notes to the Consolidated Financial Statements as of December 31, 2010

(The amounts are stated as Turkish Lira ("TL") unless otherwise indicated.)

The details of Cost of Investment Properties which were reflected to Financial Statements with their fair values are as follows.

#### 31.12.2010

Fair value differences related with Investment Properties are reflected into Financial Statements as follows.

TYPE	Asset Amount	Accumulated Depreciation	Net Book Value	Fair Value	Difference in Fair Value	Increase in Value Reflected to Equity	Deferred Tax Effect	Net Difference Reflected to Equity	Value Increase Fund Reflected to Income Statement
Buildings	19.526.116	(5.579.062)	13.947.054	65.619.444	51.672.390	45.927.109	2.296.355	43.630.754	5.745.281
Lands	2.902.050	-	2.902.050	9.015.000	6.112.950	5.212.345	260.617	4.951.728	900.605
<b>Total</b>	<b>22.428.166</b>	<b>(5.579.062)</b>	<b>16.849.104</b>	<b>74.634.444</b>	<b>57.785.340</b>	<b>51.139.454</b>	<b>2.556.973</b>	<b>48.582.481</b>	<b>6.645.886</b>

Value increase in Fair value is reflected to Income Statement and the Equity with the amounts of TL 6.645.886 and TL 28.053, respectively.

#### 31.12.2009

TYPE	Asset Amount	Accumulated Depreciation	Net Book Value	Fair Value	Difference in Fair Value	Deferred Tax Effect	Net Difference Reflected to Equity
Buildings	19.526.116	(5.187.620)	14.338.496	59.900.000	45.561.504	2.278.075	43.283.429
Lands	2.638.096	-	2.638.096	7.655.000	5.016.904	250.845	4.766.059
<b>Total</b>	<b>22.164.212</b>	<b>(5.187.620)</b>	<b>16.976.592</b>	<b>67.555.000</b>	<b>50.578.408</b>	<b>2.528.920</b>	<b>48.049.488</b>

The fair values of the investment properties including Sarkuysan Ak Business Center (Üsküdar), Sarkuysan Business Center (Şişhane), warehouse in Gebze, facilities in Pendik and Lands in Kocaeli-Darica were determined according to the results of the appraisal reports signed by Elit Gayrimenkul Değerleme A.Ş. dated February 10, 2011 (Sarkuysan Business Center), February 11, 2011 (warehouse and machine factory) and February 14, 2011 (facilities and lands) respectively.

The Investment Properties of Group as of 30.06.2010 are listed as follow:

City	Province	Village	Deed (m <sup>2</sup> )	Receiving Date	Net Asset Value
İstanbul	Üsküdar	-	9.314	31.12.2005	8.409.511
İstanbul	Şişhane	Bereketzade	4.200	10.10.1983	6.515.797
Kocaeli	Gebze	Sırasöğütler	4.801	30.06.2000	1.426.597
İstanbul	Pendik	Ortamahalle	4.983,5	10.06.1990	3.174.211
Kocaeli	Darica	Darica 2	16.111	15.03.2004	1.759.814
Kocaeli	Darica	Darica 2	4.248	06.08.2004	502.732
Kocaeli	Darica	Darica 2	1.515	31.08.2009	375.550
Kocaeli	Darica	Tepecik Köyü	7.050	28.07.1998	52.241
Kocaeli	Darica	Tepecik Köyü	14.800	28.07.1998	109.668
Kocaeli	Gebze	Duraklı Köyü	23.888	09.07.1997	18.636
Kocaeli	Gebze	Duraklı Köyü	7.360	09.07.1997	38.609
Kocaeli	Gebze	Duraklı Köyü	8.620	09.07.1997	44.802
<b>Total</b>					<b>22.428.168</b>

#### Lands:

a) As of the report date, there is no mortgage, levy or annotation on the lands in Emek District, Aşiroğlu Street. 1333th block in Darica, Kocaeli and parcel of land numbered 2 with an area of 1.515 m<sup>2</sup> and parcel of land numbered 3 with an area of 4.248 m<sup>2</sup> in Darica Ş Village. These lands are showed as "municipal and regional work areas" in Darica Municipality's regulatory development plan which is approved by Kocaeli Metropolitan Municipality on July 18, 2008. These lands were showed as "Industrial Areas" in prior plans. The immovables subjected to valuation are empty lots as of the report date.

## Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.

### Notes to the Consolidated Financial Statements as of December 31, 2010

(The amounts are stated as Turkish Lira ("TL") unless otherwise indicated.)

b) As of December 31, 2010, there is an easement right of TEK for the part of 240 m<sup>2</sup> of the land which is placed in 30K-3B plot, 1365 block in Darca Ş Village, Darca – Kocaeli with an area of 16.311 m<sup>2</sup>. There is no mortgage, levy or annotation on the land apart from the above mentioned situation. This land is showed as "Municipal and regional work areas" in Darca Municipality's Regulatory Development Plant dated December 16, 2008.

There is an architectural project dated August 05, 2008 for the facilities which were planned to be constructed on this Land. In regard to this plan there are 2 construction permits numbered 360 and dated December 25, 2008. (Construction Area is 13.087 m<sup>2</sup>) But the company has not started the construction and the immovables subjected to valuation are empty lots as of the report date.

c) As of December 31, 2010, there is an enclosure within the borders of forest for the part 117,61 m<sup>2</sup> of the total 14.800 m<sup>2</sup> of the land which is placed parcel of land numbered 18, A.13.A plot, in Tepecik Village, Darca Province – Kocaeli City. The part with an area of 14.682,38 m<sup>2</sup> is based on for the determination of fair value. There is no mortgage, levy or annotation on the land apart from the above mentioned situation. The immovables subjected to valuation are empty lots as of the report date.

d) As of December 31, 2010, there is an enclosure within the borders of forest for the part 533,211 m<sup>2</sup> of the total 7.050 m<sup>2</sup> of the land which is placed parcel of land numbered 17, A.13.A plot, in Tepecik Village, Darca Province – Kocaeli City. The part with an area of 6.516,78 m<sup>2</sup> is based on for the determination of fair value. There is no mortgage, levy or annotation on the land apart from the above mentioned situation. The immovables subjected to valuation are empty lots as of the report date.

e) As of December 31, 2010, the Group owns the land which is placed parcel of land numbered 1128, 7 plot with the 23.888 m<sup>2</sup>, in Duraklı Village, Gebze Province – Kocaeli City. There is no mortgage, levy or annotation on the land apart. The immovables subjected to valuation are empty lots as of the report date.

f) As of December 31, 2010, the Group is subject to valuation of the land which is placed parcel of land numbered 1135, 7 plot with the 7.360 m<sup>2</sup>, in Duraklı Village, Gebze Province – Kocaeli City. There is no mortgage, levy or annotation on the land apart. The immovables subjected to valuation are empty lots as of the report date.

g) As of December 31, 2010, the Group is subject to valuation of the land which is placed parcel of land numbered 1155, 8 plot with the 8.620 m<sup>2</sup>, in Duraklı Village, Gebze Province – Kocaeli City. There is no mortgage, levy or annotation on the land apart. The immovables subjected to valuation are empty lots as of the report date.

#### Sarkuysan Ak Business Center:

As of the report date, there is no mortgage, levy or annotation on the Business Center placed in Kısıklı Street, No: 4, Altunizade - İstanbul. The area of the Ak Business Center is 9.314,07 m<sup>2</sup> and the 90% of the Business Center is owned by Sarkuysan Elektrolitik Bakır San. Ve Tic. A.Ş. and the 10% of the Business Center is owned by Sarda Dağıtım ve Ticaret A.Ş. The business center is rented to Ak İnşaat Mermercilik Ticaret A.Ş.

#### Sarkuysan Business Center:

As of the report date, there is no mortgage, levy or annotation on the Business Center placed in Bereketzade District, Okçu Musa Street, No: 1, Şişhane, Beyoğlu - İstanbul. The area of the Ak Business Center is 4.200 m<sup>2</sup> and the Business Center is part of the Municipality Protected Area. The immovables subjected to valuation are empty as of the report date.

#### Facilities in Pendik:

As of the report date, there is no mortgage, levy or annotation on the Facilities placed in Ortamahalle District, Cemal Gürsel Street, No: 1, Pendik - İstanbul. (8627 block, 3 and 4 parcels). The area of the Facilities is 5.795 m<sup>2</sup> and the 811,50 m<sup>2</sup> of the facilities is owned by İstanbul Municipality and 150 m<sup>2</sup> of the facilities is rented to Sarda Dağ. Ve Tic. A.Ş.

**Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.****Notes to the Consolidated Financial Statements as of December 31, 2010**

(The amounts are stated as Turkish Lira ("TL") unless otherwise indicated.)

**18 TANGIBLE ASSETS**

Tangible assets for the periods ended are as follows:

**31.12.2010****Cost**

	<b>January 01, 2010</b>	<b>Additions</b>	<b>Disposals (-)</b>	<b>Transfers</b>	<b>Transfers to Investment Property</b>	<b>December 31, 2010</b>
Land	3.500.655	-	-	-	(263.954)	3.236.701
Land Improvements	1.635.084	-	-	274.312	-	1.909.396
Buildings	37.031.404	11.423	-	432.607	-	37.475.434
Machinery, Plants and Equipment	249.580.205	512.169	(1.876.133)	367.551	-	248.583.792
Vehicles	4.321.154	325.801	(151.549)	-	-	4.495.406
Furniture and Fixtures	4.243.199	287.174	(51.870)	-	-	4.478.503
Other Fixed Assets	12.290.621	337.915	(6.007)	-	-	12.622.529
Constructions in Progress	3.038.969	3.554.003	(13.751)	(1.074.470)	-	5.504.751
Leasehold Improvements	357.549	82.023	-	-	-	439.572
<b>Total</b>	<b>315.998.840</b>	<b>5.110.508</b>	<b>(2.099.310)</b>	<b>-</b>	<b>(263.954)</b>	<b>318.746.084</b>

**Accumulated Depreciation**

	<b>January 01, 2010</b>	<b>Period Depreciation</b>	<b>Disposals</b>	<b>December 31, 2010</b>
Land Improvements	(1.099.809)	(44.227)	-	(1.144.036)
Buildings	(12.186.269)	(687.388)	10.481	(12.863.176)
Machinery, Plants and Equipment	(184.392.300)	(11.849.058)	1.745.357	(194.496.001)
Vehicles	(3.715.061)	(273.601)	59.607	(3.929.055)
Furniture and Fixtures	(3.743.549)	(153.080)	33.398	(3.863.231)
Other Fixed Assets	(11.975.082)	(155.622)	6.007	(12.124.697)
Leasehold Improvements	(50.953)	(24.279)	29.171	(46.061)
<b>Total</b>	<b>(217.163.023)</b>	<b>(13.187.255)</b>	<b>1.884.021</b>	<b>(228.466.257)</b>
<b>Tangible Assets, Net</b>	<b>98.835.816</b>		<b>(215.289)</b>	<b>90.279.827</b>

**Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.****Notes to the Consolidated Financial Statements as of December 31, 2010**

(The amounts are stated as Turkish Lira ("TL") unless otherwise indicated.)

31.12.2009

Cost

	January 01, 2009	Additions	Disposals(-)	Transfers	Transfers to Investment Property	December 31, 2009
Land	5.763.200	375.551	-	-	(2.638.096)	3.500.655
Land Improvements	1.635.084	-	-	-	-	1.635.084
Buildings	51.095.503	405.017	-	5.057.002	(19.526.116)	37.031.404
Machinery, Plants and Equipment	231.487.253	10.123.630	(565.442)	8.534.765	-	249.580.205
Vehicles	4.501.797	66.159	(246.802)	-	-	4.321.154
Furniture and Fixtures	4.057.658	333.474	(150.416)	2.483	-	4.243.199
Other Fixed Assets	12.347.917	21.470	(80.919)	2.153	-	12.290.621
Constructions in Progress	13.825.857	2.809.517	-	(13.596.403)	-	3.038.969
Leasehold Improvements	152.084	205.465	-	-	-	357.549
<b>Total</b>	<b>324.866.354</b>	<b>14.340.283</b>	<b>(1.043.580)</b>	<b>-</b>	<b>(22.164.212)</b>	<b>315.998.840</b>

Accumulated Depreciation

	January 01, 2009	Period Depreciation	Disposals	Transfers to Investment Property	December 31, 2009
Land Improvements	(1.059.267)	(40.542)	-	-	(1.099.809)
Buildings	(16.319.999)	(1.053.889)	-	5.187.620	(12.186.269)
Machinery, Plants and Equipment	(173.398.645)	(11.280.823)	287.168	-	(184.392.300)
Vehicles	(3.626.306)	(335.557)	246.803	-	(3.715.061)
Furniture and Fixtures	(3.773.071)	(120.895)	150.416	-	(3.743.549)
Other Fixed Assets	(11.858.687)	(157.064)	40.669	-	(11.975.082)
Leasehold Improvements	(15.213)	(35.740)	-	-	(50.953)
<b>Total</b>	<b>(210.051.188)</b>	<b>(13.024.510)</b>	<b>725.056</b>	<b>5.187.620</b>	<b>(217.163.023)</b>

<b>Tangible Assets, Net</b>	<b>114.815.166</b>	<b>(318.525)</b>	<b>(16.976.592)</b>	<b>98.835.816</b>
-----------------------------	--------------------	------------------	---------------------	-------------------

The amounts of liens and other restrictions on Tangible assets are disclosed in Note: 22.

Due to fact that Tangibles Assets do not fall under the scope of qualifying assets as described in IAS 23 "Borrowing Costs" the financial expenses related to tangible assets are reflected to the income statement and are not capitalized The Group does not have any tangible assets which are temporarily inoperative.

**19 INTANGIBLE ASSETS**

31.12.2010

Cost

	January 01, 2010	Transfers	Additions	Disposals (-)	December 31, 2010
Rights	235.745	-	30.879	-	266.624
<b>Total</b>	<b>235.745</b>	<b>-</b>	<b>30.879</b>	<b>-</b>	<b>266.624</b>

**Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.****Notes to the Consolidated Financial Statements as of December 31, 2010**

(The amounts are stated as Turkish Lira ("TL") unless otherwise indicated.)

**Accumulated Amortization**

	January 01, 2010	Transfers	Period Amortization	Disposals (-)	December 31, 2010
Rights	(198.464)	-	(21.328)	-	(219.792)
<b>Total</b>	<b>(198.464)</b>	<b>-</b>	<b>(21.328)</b>	<b>-</b>	<b>(219.792)</b>
<b>Intangible Assets, NET</b>	<b>37.281</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>46.832</b>

31.12.2009

**Cost**

	January 01, 2009	Transfers	Additions	Disposals (-)	December 31, 2009
Rights	235.745	-	-	-	235.745
<b>Total</b>	<b>235.745</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>235.745</b>

**Accumulated Amortization**

	January 01, 2009	Transfers	Period Amortization	Disposals (-)	December 31, 2009
Rights	(177.216)	-	(21.249)	-	(198.464)
<b>Total</b>	<b>(177.216)</b>	<b>-</b>	<b>(21.249)</b>	<b>-</b>	<b>(198.464)</b>
<b>Intangible Assets, NET</b>	<b>58.529</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37.281</b>

**20 GOODWILL**

Movements of Goodwill as of 31.12.2010 and 31.12.2009 are as follows;

	31.12.2010	31.12.2009
Opening Balance January 1	4.399.646	4.399.646
Acquisitions	-	-
Impairments	(343.223)	-
<b>Closing Balance</b>	<b>4.056.423</b>	<b>4.399.646</b>

As of December 31, 2010 the goodwill with an amount of TL 4.056.423 is composed of investments in Sarda, Bektaş, Sark USA with the amounts TL 1.421.859 (31.12.2009: TL 1.421.859), TL 2.208.029 (31.12.2009: TL 2.338.654), TL 426.535 (31.12.2009: TL 426.535) respectively.

The recoverable amount of cash generating units are determined taking the calculations of value in use or fair value less sales costs into consideration. These calculations were based on the cash flow estimates of the Group management. The estimated cash flows were calculated using the growth rates and discount rates which are specified in the following table.

The budgeted periods and important assumptions used in recoverable amount calculations are as follows:

Cash Generating Company	Method	Period	Rate 1	Rate 2
Sarda	Fair Value, TL	5 Years	5%	11%
Bektaş	Fair Value, TL	5 Years	5%	11%
Sark USA	Fair Value, USD	5 Years	5%	11%

Rate 1: The growth rates used for calculating the proforma cash flows after the budgeted periods

Rate 2: Discount rates applied to the cash flow estimates

## Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.

### Notes to the Consolidated Financial Statements as of December 31, 2010

(The amounts are stated as Turkish Lira ("TL") unless otherwise indicated.)

#### 21 GOVERNMENT GRANT AND ASSISTANCE

The Group benefits from incentives in scope of Research and Development Law. (100% Corporate Tax Exemption).

#### 22 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

##### I) Provisions

<b>Provisions for Liabilities</b>	<b>31.12.2010</b>	<b>31.12.2009</b>
Provision for Lawsuits	124.381	78.395
Provision for Costs	585.970	2.066.414
<b>Total</b>	<b>710.351</b>	<b>2.144.809</b>

<b>2010</b>	<b>Provision for Lawsuits</b>	<b>Provision for Costs (*)</b>	<b>Total</b>
January 01, 2010	78.395	2.066.414	2.144.809
Additional Provision	124.381	585.970	710.351
Payments	(78.395)	(2.066.414)	(2.144.809)
Cancelled Provisions	-	-	-
<b>December 31, 2010</b>	<b>124.381</b>	<b>585.970</b>	<b>710.351</b>

(\*) The TL 579.900 of the Provision for Costs amount consists of the raising prices concerned with the Collective Bargaining Agreement.

<b>2009</b>	<b>Provision for Lawsuits</b>	<b>Provision for Costs</b>	<b>Total</b>
January 01, 2009	78.395	2.266.830	2.345.225
Additional Provision	-	2.066.414	2.066.414
Payments	-	(2.266.830)	(2.266.830)
Cancelled Provisions	-	-	-
<b>December 31, 2009</b>	<b>78.395</b>	<b>2.066.414</b>	<b>2.144.809</b>

There are no Provisions for Long-Term Liabilities for the end of the period.

##### II) Contingent Assets and Liabilities:

###### Contingent Events:

###### 31.12.2010

The Group make provisions for doubtful receivables for the receivables which have not been collected even they have been come to maturity. As of 31.12.2010; the Group made provision for receivables amount of TL 3.755.660 and provisions for lawsuits amount of TL 124.381 for the lawsuits against the Group.

###### 31.12.2009

The Group make provisions for doubtful receivables for the receivables which have not been collected even they have been come to maturity. As of 31.12.2009; the Group made provision for receivables amount of TL 3.751.396 and provisions for lawsuits amount of TL 78.395 for the lawsuits against the Group.

## Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.

### Notes to the Consolidated Financial Statements as of December 31, 2010

(The amounts are stated as Turkish Lira ("TL") unless otherwise indicated.)

#### III) Commitments Not Presented in the Liabilities of the Balance Sheet:

Description	Type of Currency	31.12.2010 Currency Amount	31.12.2010 TL Amount	31.12.2009 Currency Amount	31.12.2009 TL Amount
Sarkuysan Letters of Guarantees Given	TL	-	60.656.164	-	51.853.137
Sarkuysan Letters of Guarantees Given	USD	9.000	13.914	9.000	13.551
Sarmakina Letters of Guarantees Given	TL	-	32.120	-	23.273
Sarmakina Letters of Guarantees Given	USD	117.495	181.647	17.495	26.342
Bektaş Letters of Guarantees Given	TL	-	6.342	-	6.342
Ege Free Zone Letters of Guarantees Given	TL	-	2.841	-	2.767
<b>Total</b>			<b>60.893.028</b>		<b>51.925.412</b>
Sarkuysan Bails Given (*)	TL	-	6.342	-	6.342
Sarkuysan Bails Given (*)	USD	22.500	34.785	22.500	33.878
Sarkuysan Bails Given (*)	EUR	542.666	1.111.976	542.666	1.172.321
Sarkuysan Bails Given (**)	USD	1.000.000	1.546.000	1.000.000	1.482.000
Bektaş Bails Given (***)	TL	-	1.622.675	-	8.711.075
<b>Total</b>			<b>4.321.778</b>		<b>11.405.616</b>
Sarda Letters of Guarantees Taken	TL	-	790.000	-	740.000
Sarkuysan Letters of Guarantees Taken	TL	-	9.060.000	-	8.954.805
Sarkuysan Letters of Guarantees Taken	USD	3.622.840	5.600.911	4.255.000	6.406.753
Sarkuysan Letters of Guarantees Taken	EURO	3.629	7.436	-	-
<b>Total</b>			<b>15.458.347</b>		<b>16.101.558</b>
Sarda Cheques of Guarantees Received	TL	-	639.000	-	1.338.000
Sarkuysan Cheques of Guarantees Received	TL	-	810.000	-	1.230.000
Sarkuysan Cheques of Guarantees Received	USD	200.000	309.200	1.200.000	1.806.840
<b>Total</b>			<b>1.758.200</b>		<b>4.374.840</b>
Sarkuysan Notes of Guarantees Received	TL	-	45.348.031	-	40.672.551
Sarkuysan Notes of Guarantees Received	USD	6.714.250	10.380.803	5.620.000	8.462.034
Sarkuysan Notes of Guarantees Received	EURO	36.215	74.208	-	-
Sarda Notes of Guarantees Received	TL	-	750.000	-	-
<b>Total</b>			<b>56.553.042</b>		<b>49.134.585</b>
Sarkuysan Notes of Guarantees Given	USD	-	-	375.000	564.637
<b>Total</b>			<b>-</b>		<b>564.637</b>
Sarkuysan Mortgages Received	TL	-	18.600.000	-	600.000
Sarda Mortgages Received	TL	-	5.000.000	-	-
<b>Total</b>			<b>23.600.000</b>		<b>600.000</b>
Sarkuysan Guarantees of Factoring	TL	-	25.679.692	-	37.642.500
Sarkuysan Hedging Operations	USD	34.677.686	53.611.703	-	-
Sarkuysan Hedging Operations	EURO	12.932.617	26.500.225	-	-
<b>Total</b>			<b>105.791.620</b>		<b>37.642.500</b>

In the current period, TL 1.698.200 of the Cheques of Guarantees Received of the company belongs to its customers and TL 60.000 belongs to the enterprises that sell service sales.

All the letter of guarantees with the amount of TL 15.458.347 have been taken from the customers.

Notes of Guarantees Received were taken from the customers and suppliers with the amounts of TL 53.880.900 and TL 2.672.142, respectively. The Notes of Guarantees Received that was taken by the customers, belongs to the related company Bemka Emaye Bobin Teli ve Kablo San. Tic. A.Ş. with the amount of TL 40.000.000.

Mortgages Received from the customers that amounts TL 18.000.000 consist of the ones from Bemka to Sarkuysan, on the other hand TL 5.000.000 is generated by the mortgages received by Sarda from Bemka.

(\*) Bails given to Bektaş (TL 6.342) and Sarmakina (TL 1.146.761) which is consolidated according to full consolidation method.

(\*\*) Bails given to Sark Wire which is consolidated according to full consolidation method.

(\*\*\*) Bails given to Bemka which is consolidated according to equity method by Bektaş which is consolidated according to full consolidation method

## Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.

### Notes to the Consolidated Financial Statements as of December 31, 2010

(The amounts are stated as Turkish Lira ("TL") unless otherwise indicated.)

#### VI) Total Amount of Insurances on Assets:

31.12.2010

Asset Insured	Company	Insurance Company	Insurance Period	Currency	Insurance Amount	
					TL	Foreign Currency
Interruption Insurance	Sarkuysan	Axa Sigorta A.Ş.	01.01.2010-31.12.2010	USD	-	65.000.000
Fire	Sarkuysan	Axa Sigorta A.Ş.	01.01.2010-31.12.2010	USD	-	265.955.000
Loss Profit	Sarkuysan	Axa Sigorta A.Ş.	01.01.2010-31.12.2010	USD	-	-
Electronical Equipment	Sarkuysan	Axa Sigorta A.Ş.	01.01.2010-31.12.2010	USD	-	3.000.000
Cash Fire-Robbery	Sarkuysan	Axa Sigorta A.Ş.	01.01.2010-31.12.2010	USD	-	5.000.000
Product Liability Insurance	Sarkuysan	Axa Sigorta A.Ş.	01.01.2010-31.12.2010	USD	-	400.000.000
Carried Money – Value	Sarkuysan	Axa Sigorta A.Ş.	01.01.2010-31.12.2010	USD	-	2.750.000
Breach of Trust	Sarkuysan	Axa Sigorta A.Ş.	01.01.2010-31.12.2010	USD	-	400.000
Employer's Liability	Sarkuysan	Axa Sigorta A.Ş.	01.01.2010-31.12.2010	USD	-	139.800.000
Individual Accident Insurance	Sarkuysan	Axa Sigorta A.Ş.	01.01.2010-31.12.2010	USD	-	370.500.000
Financial Liability Policies of Related Individuals	Sarkuysan	Axa Sigorta A.Ş.	01.01.2010-31.12.2010	USD	-	200.000
Sarkuysan- Ak Trade Center Fire	Sarkuysan	Anadolu Sigorta A.Ş.	01.01.2010-31.12.2010	TL	3.742.500	-
Sarkuysan- Ak Trade Center Interruption of Glass	Sarkuysan	Anadolu Sigorta A.Ş.	01.01.2010-31.12.2010	TL	530.640	-
Vehicles	Sarkuysan	Axa Sigorta A.Ş.	01.01.2010-31.12.2010	TL	837.923	-
Sarkuysan- Ak Trade Center - Financial Liability Policies of Related Individuals	Sarkuysan	Anadolu Sigorta A.Ş.	16.05.2010-16.05.2011	TL	540.112	-
Building (Fire)	Ege Free Zone	Axa Sigorta A.Ş.	01.01.2010-31.12.2010	USD	-	248.522
Commercial Goods (Fire)	Ege Free Zone	Axa Sigorta A.Ş.	01.01.2010-31.12.2010	USD	-	550.000
Furniture and Fixtures (Fire)	Ege Free Zone	Axa Sigorta A.Ş.	01.01.2010-31.12.2010	USD	-	59.700
Machine (Fire)	Ege Free Zone	Axa Sigorta A.Ş.	01.01.2010-31.12.2010	USD	-	527.855
Additional Guarantees	Ege Free Zone	Axa Sigorta A.Ş.	01.01.2010-31.12.2010	USD	-	1.634.599
Glk. Hh Knh. Terror	Ege Free Zone	Axa Sigorta A.Ş.	01.01.2010-31.12.2010	USD	-	1.634.599
Earthquake	Ege Free Zone	Axa Sigorta A.Ş.	01.01.2010-31.12.2010	USD	-	1.634.599
Commodity (Robbery)	Ege Free Zone	Axa Sigorta A.Ş.	01.01.2010-31.12.2010	USD	-	550.000
Fixtures (Robbery)	Ege Free Zone	Axa Sigorta A.Ş.	01.01.2010-31.12.2010	USD	-	59.700
Machinery and Facility (Robbery)	Ege Free Zone	Axa Sigorta A.Ş.	01.01.2010-31.12.2010	USD	-	527.855
Loss Profit	Ege Free Zone	Axa Sigorta A.Ş.	01.01.2010-31.12.2010	USD	-	100.000
Interruption of Glass	Ege Free Zone	Axa Sigorta A.Ş.	01.01.2010-31.12.2010	USD	-	1.000
Carried Money – Value	Sarmakina A.Ş.	Axa Sigorta A.Ş.	01.01.2010-31.12.2010	USD	-	350.000
Breach of Trust	Sarmakina A.Ş.	Axa Sigorta A.Ş.	01.01.2010-31.12.2010	USD	-	200.000
Safe Content	Sarmakina A.Ş.	Axa Sigorta A.Ş.	01.01.2010-31.12.2010	USD	-	100.000
Interruption of Machinery	Sarmakina A.Ş.	Axa Sigorta A.Ş.	01.01.2010-31.12.2010	USD	-	1.900.000
Electronical Equipment	Sarmakina A.Ş.	Axa Sigorta A.Ş.	01.01.2010-31.12.2010	USD	-	195.577
SKS Factory-Gebze (Fire)	Sarmakina A.Ş.	Axa Sigorta A.Ş.	01.01.2010-31.12.2010	USD	-	328.685
SMK Factory – Gebze (Fire)	Sarmakina A.Ş.	Axa Sigorta A.Ş.	01.01.2010-31.12.2010	USD	-	7.311.816
Financial Liability Policies of Related Individuals	Sarmakina A.Ş.	Axa Sigorta A.Ş.	01.01.2010-31.12.2010	USD	-	200.000
Vehicles	Sarmakina A.Ş.	Axa Sigorta A.Ş.	01.01.2010-31.12.2010	TL	110.950	-
Fire and Robbery	Sarda A.Ş.	Axa Sigorta A.Ş.	01.01.2010-31.12.2010	USD	-	200.000
Carried Money – Value	Sarda A.Ş.	Axa Sigorta A.Ş.	01.01.2010-31.12.2010	USD	-	360.000
Breach of Trust	Sarda A.Ş.	Axa Sigorta A.Ş.	01.01.2010-31.12.2010	USD	-	25.000
Safe Content	Sarda A.Ş.	Axa Sigorta A.Ş.	01.01.2010-31.12.2010	USD	-	1.000.000
Vehicles	Sarda A.Ş.	Axa Sigorta A.Ş.	01.01.2010-31.12.2010	TL	125.373	-
Commodity	Sarda A.Ş.	Axa Sigorta A.Ş.	01.01.2010-31.12.2010	USD	-	260.000
Sarkuysan- Ak Trade Center - Financial Liability Policies of Related Individuals	Sarda A.Ş.	Anadolu Sigorta A.Ş.	16.05.2010-16.05.2011	TL	3.025	-
Sarkuysan- Ak Trade Center Interruption of Machinery	Sarda A.Ş.	Anadolu Sigorta A.Ş.	11.05.2010-11.05.2011	TL	26.076	-
Individual Accident Insurance	Bektaş A.Ş.	Axa Sigorta A.Ş.	01.01.2010-31.12.2010	TL	150.000	-
Employer's Liability	Bektaş A.Ş.	Axa Sigorta A.Ş.	01.01.2010-31.12.2010	TL	200.000	-
<b>Total</b>					<b>6.266.599</b>	<b>1.272.564.507</b>

**Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.****Notes to the Consolidated Financial Statements as of December 31, 2010**

(The amounts are stated as Turkish Lira ("TL") unless otherwise indicated.)

31.12.2009

Asset Insured	Company	Insurance Company	Insurance Period	Currency	Insurance Amount	
					TL	Foreign Currency
Interruption Insurance	Sarkuysan	Axa Sigorta A.Ş.	01.01.2009-31.12.2009	USD	-	70.000.000
Fire	Sarkuysan	Axa Sigorta A.Ş.	01.01.2009-31.12.2009	USD	-	265.840.000
Loss Profit	Sarkuysan	Axa Sigorta A.Ş.	01.01.2009-31.12.2009	USD	-	16.415.424
Electronical Equipment	Sarkuysan	Axa Sigorta A.Ş.	01.01.2009-31.12.2009	USD	-	3.000.000
Cash Fire-Robbery	Sarkuysan	Axa Sigorta A.Ş.	01.01.2009-31.12.2009	USD	-	1.000.000
Product Liability Insurance	Sarkuysan	Axa Sigorta A.Ş.	01.01.2009-31.12.2009	USD	-	150.000.000
Carried Money – Value	Sarkuysan	Axa Sigorta A.Ş.	01.01.2009-31.12.2009	USD	-	1.500.000
Breach of Trust	Sarkuysan	Axa Sigorta A.Ş.	01.01.2009-31.12.2009	USD	-	500.000
Employer's Liability	Sarkuysan	Axa Sigorta A.Ş.	01.01.2009-31.12.2009	USD	-	163.200.000
Individual Accident Insurance	Sarkuysan	Axa Sigorta A.Ş.	01.01.2009-31.12.2009	USD	-	370.500.000
Financial Liability Policies of Related Individuals	Sarkuysan	Axa Sigorta A.Ş.	01.01.2009-31.12.2009	USD	-	200.000
Sarkuysan- Ak Trade Center Fire	Sarkuysan	Anadolu Sigorta A.Ş.	28.03.2009-31.12.2009	TL	3.355.110	-
Sarkuysan- Ak Trade Center Interruption of Glass	Sarkuysan	Anadolu Sigorta A.Ş.	28.03.2009-31.12.2009	TL	530.640	-
Vehicles	Sarkuysan	Axa Sigorta A.Ş.	01.01.2009-31.12.2009	TL	794.108	-
Sarkuysan- Ak Trade Center - Financial Liability Policies of Related Individuals	Sarkuysan	Anadolu Sigorta A.Ş.	16.05.2009-16.05.2010	TL	66.000	-
Sarkuysan- Ak Trade Center Interruption Insurance	Sarkuysan	Anadolu Sigorta A.Ş.	11.05.2009-11.05.2010	TL	474.112	-
Commercial Goods (Fire)	Ege Free Zone	Axa Sigorta A.Ş.	01.01.2009-31.12.2009	USD	-	798.522
Furniture and Fixtures (Fire)	Ege Free Zone	Axa Sigorta A.Ş.	01.01.2009-31.12.2009	USD	-	59.700
Machine (Fire)	Ege Free Zone	Axa Sigorta A.Ş.	01.01.2009-31.12.2009	USD	-	527.855
Commercial Goods(Robbery)	Ege Free Zone	Axa Sigorta A.Ş.	01.01.2009-31.12.2009	USD	-	550.000
Furniture and Fixtures(Robbery)	Ege Free Zone	Axa Sigorta A.Ş.	01.01.2009-31.12.2009	USD	-	59.700
Machine installation Robbery	Ege Free Zone	Axa Sigorta A.Ş.	01.01.2009-31.12.2009	USD	-	527.855
Loss Profit	Ege Free Zone	Axa Sigorta A.Ş.	01.01.2009-31.12.2009	USD	-	100.000
Interruption of Glass	Ege Free Zone	Axa Sigorta A.Ş.	01.01.2009-31.12.2009	USD	-	1.000
Carried Money – Value	Sarmakina A.Ş.	Axa Sigorta A.Ş.	01.01.2009-31.12.2009	USD	-	15.000
Breach of Trust	Sarmakina A.Ş.	Axa Sigorta A.Ş.	01.01.2009-31.12.2009	USD	-	200.000
Cash	Sarmakina A.Ş.	Axa Sigorta A.Ş.	01.01.2009-31.12.2009	USD	-	100.000
Interruption Insurance	Sarmakina A.Ş.	Axa Sigorta A.Ş.	01.01.2009-31.12.2009	USD	-	2.150.000
Furniture and Fixtures	Sarmakina A.Ş.	Axa Sigorta A.Ş.	01.01.2009-31.12.2009	USD	-	195.577
SKS Factory –Gebze Fire	Sarmakina A.Ş.	Axa Sigorta A.Ş.	01.01.2009-31.12.2009	USD	-	328.685
SMK Factory –Gebze Fire	Sarmakina A.Ş.	Axa Sigorta A.Ş.	01.01.2009-31.12.2009	USD	-	7.088.252
Financial Liability of Related Individuals	Sarmakina A.Ş.	Axa Sigorta A.Ş.	01.01.2009-31.12.2009	USD	-	200.000
Vehicles	Sarmakina A.Ş.	Axa Sigorta A.Ş.	01.01.2009-31.12.2009	TL	118.131	-
Fire+Robbery	Sarda A.Ş.	Axa Sigorta A.Ş.	01.01.2009-31.12.2009	USD	-	100.000
Carried Money	Sarda A.Ş.	Axa Sigorta A.Ş.	01.01.2009-31.12.2009	USD	-	360.000
Breach of Trust	Sarda A.Ş.	Axa Sigorta A.Ş.	01.01.2009-31.12.2009	USD	-	25.000
Cash	Sarda A.Ş.	Axa Sigorta A.Ş.	01.01.2009-31.12.2009	USD	-	2.500.000
Vehicles	Sarda A.Ş.	Axa Sigorta A.Ş.	01.01.2009-31.12.2009	TL	79.651	-
Commercial Goods	Sarda A.Ş.	Axa Sigorta A.Ş.	01.01.2009-31.12.2009	USD	-	260.000
Altunizade-Fire	Sarda A.Ş.	Anadolu Sigorta A.Ş.	01.01.2009-31.12.2009	TL	372.790	-
Altunizade- Interruption of Glass	Sarda A.Ş.	Anadolu Sigorta A.Ş.	01.01.2009-31.12.2009	TL	58.960	-
Sarkuysan- Ak Trade Center - Liability Policies of Related Individuals	Sarda A.Ş.	Anadolu Sigorta A.Ş.	16.05.2009-16.05.2010	TL	3.025	-
Sarkuysan- Ak Trade Center. Interruption Insurance	Sarda A.Ş.	Anadolu Sigorta A.Ş.	11.05.2009-11.05.2010	TL	26.075	-
Fire	Bektaş A.Ş.	Axa Sigorta A.Ş.	01.01.2009-31.12.2009	USD	-	20.000
Electronical Equipment	Bektaş A.Ş.	Axa Sigorta A.Ş.	01.01.2009-31.12.2009	USD	-	5.000
Personal Accident Insurance	Bektaş A.Ş.	Axa Sigorta A.Ş.	01.01.2009-31.12.2009	USD	-	150.000
Employer's Liability	Bektaş A.Ş.	Axa Sigorta A.Ş.	01.01.2009-31.12.2009	USD	-	200.000
<b>Total</b>					<b>5.878.602</b>	<b>1.058.677.570</b>

## Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.

### Notes to the Consolidated Financial Statements as of December 31, 2010

(The amounts are stated as Turkish Lira ("TL") unless otherwise indicated.)

#### VII) The ratio of Mortgages and Guarantees Given to Shareholders' Equity as of 31.12.2010 and 31.12.2009 are as follows:

<b>Mortgages &amp; Guarantees Given by the Company</b>	<b>31.12.2010</b>	<b>31.12.2009</b>
A. Total amount of M&G Given on behalf of the Group	60.670.078	51.866.688
B. Total amount of M&G Given on behalf of the Subsidiaries and Affiliated	2.699.103	2.694.539
C. Total Amount of M&G Given on behalf of the third person liability in order to sustain usual business activities.		
D. Total Amount of other M&G Given		
i. Total Amount of M&G Given on behalf of main shareholder		-
ii. Total Amount of M&G Given on behalf of other affiliated companies which cannot be classified under section B and C.		
iii. Total Amount of M&G Given on behalf of the third person that cannot be classified under section C.		
iv. Total Amount of M&G Given on behalf of other affiliated companies which cannot be classified under section B and C.		
<b>Total</b>	<b>63.369.181</b>	<b>54.561.227</b>

As of December 31, 2010, the ratio of Mortgages and Guarantees Given to Shareholders' Equity is 0%: (31.12.2009: 0%)

#### 23 COMMITMENTS

None.

#### 24 EMPLOYEE TERMINATION BENEFITS

<b>Account Name</b>	<b>31.12.2010</b>	<b>31.12.2009</b>
Provisions For Termination Indemnity	8.629.399	6.628.774
<b>Total</b>	<b>8.629.399</b>	<b>6.628.774</b>

In context of current Labor Law, liability of payment of legal benefit for termination indemnity arises when terminated employment contract is qualified for termination indemnity. In addition, according to currently operated Social Insurance Law making payment to employee, who has the right of severance with termination indemnity, is a legal liability. As of December 31, 2010, termination indemnity upper limit is monthly TL 2.623,23 (December 31, 2009: TL 2.365,16).

Termination indemnity payable is not subjected to any legal funding.

Termination indemnity payable, is calculated by forecasting the present value of currently working employee's possible future liabilities IAS 19 ("Employee Termination Benefits"), predicts to build up Group's liabilities with using actuarial valuation techniques in context of defined benefit plans. According to these predictions, actuarial assumptions used in calculation of total liabilities are as follows:

Base assumption is the inflation parallel increase of maximum liability of each year Applied discount rate must represent expected real discount rate after the adjustment of future inflation As of December 31, 2010, provisions in financial statement are calculated by forecasting the present value of currently working employee's possible future liabilities.

The provisions at the balance sheet dates have been calculated assuming an annual inflation rate of 5,10% and a discount rate of 10%. The real discount rate of 4,66% (31.12.2009: 5,92%) was used in the computation. Employee termination benefits related to severance for December, 31 2010 probability estimate was calculated as 97%. (31.12.2009: 97%)

**Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.****Notes to the Consolidated Financial Statements as of December 31, 2010**

(The amounts are stated as Turkish Lira ("TL") unless otherwise indicated.)

Movements of Provisions for Termination Indemnity are as follows:

	January 1, 2010 – December 31, 2010	January 1, 2009 – December 31, 2009
Provision as of January 1	6.628.774	6.471.424
Current Period Service Cost	785.974	309.726
Interest Cost	1.145.290	956.672
Actuarial Income/Loss	638.371	133.594
Payments	(569.010)	(1.242.642)
<b>Closing Balance</b>	<b>8.629.399</b>	<b>6.628.774</b>

**25 RETIREMENT BENEFIT PLANS**

None.

**26 OTHER ASSETS AND LIABILITIES**

Other current assets for the periods ended, are as follows:

Account Name	31.12.2010	31.12.2009
Prepaid Expenses	1.934.431	1.973.466
Income Accruals	616.645	6.032
Personnel Advances	93	15.640
Job Advances	43.822	35.874
Prepaid Taxes	818.711	3.940
Deferred V.A.T	7.575.516	-
Other V.A.T	83.377	-
Advances Given For Purchases	1.830.017	2.025.272
Advances Given for Non-Current Assets	503.952	
Other	509.439	1.259.663
<b>Total</b>	<b>13.916.003</b>	<b>5.319.887</b>

Group's Other Non-Current Assets for the periods ended, are as follows:

Account Name	31.12.2010	31.12.2009
Advances Given for Tangible and Intangible Assets	-	958.653
Other	11.714	15.677
<b>Total</b>	<b>11.714</b>	<b>974.330</b>

Group's Other Short-Term Liabilities for the periods ended, are as follows:

Account Name	31.12.2010	31.12.2009
Advances Received	7.213.128	2.105.730
Taxes and Funds Payable	407.796	239.929
Social Security Institution Payable	78.775	64.208
Income for the following months	22.513	
Expense Accruals (*)	1.704.362	6.011
Other	62	7.944
<b>Total</b>	<b>9.426.636</b>	<b>2.423.822</b>

(\*) TL1.006.142 of the Expense Accruals related with the foreign currency loss arises from transactions with Codelco, one of the group's suppliers and the portion that amounts to TL426,939 is related with the provision for Commission of Foreign Sales.

The Group has no Other Long-Term Liabilities for the periods ended.

## Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.

### Notes to the Consolidated Financial Statements as of December 31, 2010

(The amounts are stated as Turkish Lira ("TL") unless otherwise indicated.)

#### 27 SHAREHOLDERS' EQUITY

##### I) Minority Shares/Minority Shares Profit - (Loss)

Account Name	31.12.2010	31.12.2009
Minority Shares	129.438	116.933
<b>Total</b>	<b>129.438</b>	<b>116.933</b>
Account Name	01.01.2010	01.01.2009
	31.12.2010	31.12.2009
Minority Shares Profit/(Loss)	12.505	15.239
<b>Total</b>	<b>12.505</b>	<b>15.239</b>

Minority Shares Movement table is as follows:

	January 1, 2010 December 31, 2010	January 1, 2009 December 31, 2009
1 January	116.933	101.694
Share from Current Period Profit	25.648	23.784
Capital Increase	-	2.125
Profit Distribution	(13.147)	-
Other	4	(10.670)
<b>Closing Balance</b>	<b>129.438</b>	<b>116.933</b>

##### II) Capital

Account Name	31.12.2010	31.12.2009
Capital	50.000.000	50.000.000
Capital Adjustments Differences	62.162.278	62.162.278
Value Increase Funds	49.304.362	48.771.367
Foreign Currency Exchange Differences	994.874	946.950
Restricted Reserves	12.795.733	11.572.476
Previous Years' Profit	79.790.269	81.341.429
Net Period Profit	11.433.283	3.939.979
<b>Parent Company Shareholders' Equity</b>	<b>266.480.799</b>	<b>258.734.478</b>
<b>Minority Shares</b>	<b>129.438</b>	<b>116.933</b>
<b>Total Shareholders' Equity</b>	<b>266.610.237</b>	<b>258.851.411</b>

##### III) Capital/Share Capital/Elimination Adjustments

All of the equity is open to public and there is no shareholder who has right more than 10%.

##### Increase in Capital:

None.

##### Changes in Shareholder Structure

None.

## Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.

### Notes to the Consolidated Financial Statements as of December 31, 2010

(The amounts are stated as Turkish Lira ("TL") unless otherwise indicated.)

#### IV) Restricted Reserves from Profit

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

#### V) Previous Years' Profits/(Losses)

Profits of previous years consist of extraordinary reserves, and profits of other previous years.

Previous year's profits/(Losses) for the period ended are as follows.

Account Name	31.12.2010	31.12.2009
Extraordinary Reserves	49.536.638	46.587.611
Other Previous Years' Profits/(Losses)	30.253.631	34.753.818
<b>Total</b>	<b>79.790.269</b>	<b>81.341.429</b>

In accordance with the CMB's decision numbered 7/242 dated on February 25, 2005; if the amount of net distributable profit based on the CMB's requirement on the minimum profit distribution arrangements, which is computed over the net profit determined based on the CMB's regulations, does not exceed the net distributable profit in the statutory accounts, the whole amount should be distributed, otherwise; all distributable amount in the statutory accounts are distributed. However, no profit distribution would be made if any financial statements prepared in accordance with the CMB or any statutory accounts carrying net loss for the period. Based on the declaration concerning the publicly held corporations on January 27, 2010 by the Capital Markets Board of Turkey, it is decided that there will be no minimum dividend payment obligation.

Capitalization issue of Equity Inflation Adjustment Differences and Extraordinary Reserves registered values can be used in deduction of cash profit distribution or loss. However, Equity Inflation Adjustment Differences will be liable to corporate tax if it is used in cash profit distribution.

According to the financial statements of the Group prepared in accordance with CMB standards, current period's profit is TL 11.433.283. The profit distribution that can be realized from the profit belongs to 2010 is limited with the distribution of current profit placed in legal records. The current period profit which is subject to distribution is TL 9.304.953 based on legal records. The accumulated profit calculated in accordance with the financial statements due to CMB standards is TL 79.790.269. The accumulated profit with the amount of TL 39.377.325 that is subject to distribution based on legal records limits the profit that is subject to distribution from previous year's profit. The profit that is subject to distribution from the current period's profit and previous years' profit is TL 48.682.278 which can be used for the calculation of Second Legal Reserves that is 1/10 of the profit amount during the profit distribution. The Group Management has not already taken a decision of profit distribution as of independent audit report date. The inflation adjustment differences and the exceptions that are related with real estate sales' income held as fund in order to add into shareholders' equity are not considered for the calculation of the total amount that is subject to distribution.

#### VI) Value Increase Funds

The Group was subject to valuation for its investment properties for the first time at 2009 and based on this valuation, the Group had recognized the valuation differences under the equity. These deferred tax liabilities, that are corresponded to the value increase funds, had been offset from the fund. The calculations regarding to revaluation done by Elit Gayrimenkul Değerleme A.Ş as of December 31, 2010 for the investment properties are disclosed in Note:17. The Value increases related with investment properties that are subject to valuation for the first time in the current period are recognized in shareholders' equity. On the other side, the Value increases related with investment properties that are subject to revaluation (valuated in the past years) during the current period are recognized within the context of income statement.

## Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.

### Notes to the Consolidated Financial Statements as of December 31, 2010

(The amounts are stated as Turkish Lira ("TL") unless otherwise indicated.)

The values concerning the value increase funds as of December 31, 2010 are as follows:

#### 31.12.2010

	Investment properties Fair Value	Fixed Assets Fair Value	Deferred Tax offset from Shareholders' Equity	Deferred Tax shown at Income Statement	31.12.2010
<b>Opening Balance</b>	50.578.407	721.881	2.528.920	-	48.771.367
Fair Value Differences of Investment Properties	7.206.933	-	28.053	6.645.886	532.995
Fair Value Differences of Non-Current Assets	-	-	-	-	-
<b>Closing Balance</b>	<b>57.785.340</b>	<b>721.881</b>	<b>2.556.973</b>	<b>6.645.886</b>	<b>49.304.362</b>

#### 31.12.2009

	Amount
31.12.2008 Transfer (*)	721.882
Fair Value Cost Differences of Investment Properties	50.578.406
Offsetting of Deferred Tax	(2.528.921)
<b>31.12.2009</b>	<b>48.771.367</b>

(\*) This balance is equal to Tangible Fixed Asset Revaluation Fund belonging to the Group providing from the Affiliates that are recognized with Equity method.

#### VII) Other

In accordance with the communiqué numbered Serie:XI, No: 29 which has become effective as of January 1, 2008 and the explanatory announcements of the CMB, 'Paid in Capital' has to be shown over the legal registered amounts of 'Restricted Reserves Assorted from Profit' and 'Share Premium'. During the application of this communiqué, the differences occurred in the valuation shall be disclosed:

- As a separate line item "Capital Adjustment Differences" on the shareholders' equity statement when the difference is due to Paid in capital and has not yet added to the Capital,

- As part of the "Prior Period Profit/Loss" if the difference is due to the of Restricted Reserves Assorted from Profit and Share Premium and the profit distribution not yet occurred or not yet become subject to Capital increase.

Other Equity accounts shall be disclosed in accordance with the CMB Standards.

#### 28 SALES AND COST OF SALES

Breakdown of Sales for the periods ended are as follows:

	01.01.2010 31.12.2010	01.01.2009 31.12.2009
<b>Account Name</b>		
Domestic Sales	910.648.955	675.201.757
Foreign Sales	634.066.826	380.506.415
Rental Income From Investment Properties	1.974.898	2.260.524
Other Sales	1.060.120	17.213.939
Discounts (-)	(31.035.247)	(27.362.670)
<b>Net Sales</b>	<b>1.516.715.552</b>	<b>1.047.819.965</b>
<b>Cost of Sales (-)</b>	<b>(1.508.268.098)</b>	<b>(980.993.859)</b>
<b>Gross Operating Profit/(Loss)</b>	<b>8.447.454</b>	<b>66.826.106</b>

**Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.****Notes to the Consolidated Financial Statements as of December 31, 2010**

(The amounts are stated as Turkish Lira ("TL") unless otherwise indicated.)

Details of Cost of Sales are as follows:

<b>Account Name</b>	<b>01.01.2010 31.12.2010</b>	<b>01.01.2009 31.12.2009</b>
Cost of Products Sold (-)	(1.264.276.529)	(925.163.224)
Cost of Commercial Goods Sold (-)	(223.484.119)	(44.591.535)
Cost of Services Sold (-)	(14.274.766)	(5.125.973)
Cost of Other Sales (-)	(6.232.684)	(6.113.127)
<b>Cost of Sales (-)</b>	<b>(1.508.268.098)</b>	<b>(980.993.859)</b>

<b>Production Quantities</b>	<b>Amount</b>	<b>01.01.2010 31.12.2010</b>	<b>01.01.2009 31.12.2009</b>
Copper Wire	Tons	142.023	126.861
Copper Tube, Bars, Bronze, etc.	Tons	10.952	11.140
Steel, Reel Dimensions	Units	2.342	7.395
Machine Manufacturing	Units	45	15

<b>Production Quantities</b>	<b>Amount</b>	<b>01.01.2010 31.12.2010</b>	<b>01.01.2009 31.12.2009</b>
Copper Wire	Tons	140.945	122.159
Copper Tube, Bars, Bronze, etc.	Tons	10.792	10.838
Steel, Reel Dimensions	Units	2.342	7.395
Machine Manufacturing	Units	45	15

**29 RESEARCH AND DEVELOPMENT, MARKETING, SALES & DISTRIBUTION EXPENSES AND GENERAL ADMINISTRATION EXPENSES**

The Operation Expenses of the Group for the periods ended are as follows:

<b>Account Name</b>	<b>01.01.2010 31.12.2010</b>	<b>01.01.2009 31.12.2009</b>
Marketing, Sales & Distribution Expenses (-)	(11.334.712)	(10.235.716)
General Administration Expenses (-)	(15.564.612)	(13.752.832)
Research and Development Expenses (-)	(1.143.527)	(1.305.305)
<b>Total Operation Expenses</b>	<b>(28.042.851)</b>	<b>(25.293.853)</b>

**30 EXPENSES RELATED TO THEIR NATURE**

Group's Expenses Related to Their Nature for the periods ended are as follows:

<b>Marketing, Sales &amp; Distribution Expenses</b>	<b>01.01.2010 31.12.2010</b>	<b>01.01.2009 31.12.2009</b>
Personnel Expenses	(3.806.146)	(3.598.960)
Market Research Expenses	(92.084)	(96.257)
Termination Indemnity Expenses	(11.874)	-
Communication Expenses	(149.451)	(163.243)
Transportation Expenses	(2.358.677)	(2.969.326)
Packaging Expenses	(3.196.218)	(2.423.371)
Rent Expenses	(87.978)	(139.958)
Advertisement Expenses	(67.907)	(72.336)
Building Maintenance and Repair Expenses	(148.377)	(157.079)
Insurance Expenses	(288.657)	(185.825)
Taxes, Duties and Charges Expenses	(67.572)	(75.800)
Depreciation Expenses	(274.231)	(147.124)
Other	(785.540)	(206.437)
<b>Total</b>	<b>(11.334.712)</b>	<b>(10.235.716)</b>

## Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.

### Notes to the Consolidated Financial Statements as of December 31, 2010

(The amounts are stated as Turkish Lira ("TL") unless otherwise indicated.)

	01.01.2010	01.01.2009
	31.12.2010	31.12.2009
<b>General Administration Expenses</b>		
Personnel Expenses	(7.965.494)	(8.539.258)
Communication Expenses	(296.847)	(239.189)
Scholarship Expenses	(252.267)	(203.769)
Representation Expenses	(162.791)	(122.822)
Insurance Expenses	(226.532)	(152.739)
Consultancy Expenses	(312.518)	(307.089)
Building Maintenance and Repair Expenses	(281.661)	(209.845)
Termination Indemnity Expenses	(2.471.081)	(388.034)
Rent Expenses	(145.818)	(135.704)
Taxes, Duties and Charges Expenses	(192.164)	(289.179)
Advertisement Expenses	(305.784)	(59.871)
Depreciation Expenses	(1.659.673)	(1.373.491)
Other	(1.291.982)	(1.731.842)
<b>Total</b>	<b>(15.564.612)</b>	<b>(13.752.832)</b>
<b>Research &amp; Development Expenses</b>		
Personnel Expenses	(933.736)	(910.381)
Outsourced Benefits and Services	(7.536)	(12.954)
Depreciation Expenses	(45.166)	(44.117)
Other	(157.089)	(337.853)
<b>Total</b>	<b>(1.143.527)</b>	<b>(1.305.305)</b>

The distribution of depreciation expenses that are stated in the income statement are as follows;

	01.01.2010	01.01.2009
	31.12.2010	31.12.2009
Cost of Sales	11.584.691	11.366.307
Marketing, Sales&Distribution Expenses	274.231	147.124
General Administration Expenses	1.659.673	1.373.491
Research & Development Expenses	45.166	44.117
Idle Capacity Expenses	36.266	114.720
<b>Total</b>	<b>13.600.027</b>	<b>13.045.759</b>

The distribution of the personnel expenses that are stated in the income statement are as follows;

	01.01.2010	01.01.2009
	31.12.2010	31.12.2009
Cost of Sales	21.820.629	18.765.937
Marketing, Sales&Distribution Expenses	3.806.146	3.598.960
General Administration Expenses	7.965.494	8.539.258
Research & Development Expenses	933.736	910.381
<b>Total</b>	<b>34.526.005</b>	<b>31.814.536</b>

**Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.****Notes to the Consolidated Financial Statements as of December 31, 2010**

(The amounts are stated as Turkish Lira ("TL") unless otherwise indicated.)

**31 OTHER OPERATING INCOME/EXPENSE**

Group's Other Operating Income for the periods ended are as follows:

	<b>01.01.2010</b>	<b>01.01.2009</b>
	<b>31.12.2010</b>	<b>31.12.2009</b>
<b>Other Income</b>		
Previous Period Revenues and Profits	3.795	198.294
Provisions for Doubtful Receivables Released	83.412	13.919
Profit on Sale of Fixed Assets	492.700	288.009
Rent Income	838.951	315.029
Insurance Indemnity Revenue Income	201.886	77.659
Profit on Sale of Marketable Securities	172.808	-
Inventory Differences	12.108.871	14.911.273
Investment Properties Fair Value Profits	6.645.886	-
Other	686.914	705.062
<b>Total</b>	<b>21.235.223</b>	<b>16.509.245</b>

Expenses from Other Operations for the periods ended are as follows:

	<b>01.01.2010</b>	<b>01.01.2009</b>
	<b>31.12.2010</b>	<b>31.12.2009</b>
<b>Other Expenses</b>		
Previous Period Expenses and Losses	(19.848)	(30.615)
Provisions for Doubtful Receivables Expenses	(6.214)	(84.118)
Provisions for Lawsuits Expenses	(124.381)	-
Idle Capacity Expenses	(150.876)	(214.455)
Provision for Decrease in Value of Inventories	-	(40.230)
Provision for Decrease in Value of Goodwill	(343.223)	-
Donations and Aid	(146.572)	(1.972.373)
Other	(362.172)	(125.777)
<b>Total</b>	<b>(1.153.286)</b>	<b>(2.467.568)</b>

**32 FINANCIAL INCOME**

Group's Financial Income for the periods ended are as follows:

	<b>01.01.2010</b>	<b>01.01.2009</b>
	<b>31.12.2010</b>	<b>31.12.2009</b>
<b>Financial Income</b>		
Interest Income	3.397.461	5.100.288
Foreign Exchange Gain	101.352.344	89.407.505
Late Interest Income	-	4.053.180
Incomes Provided from Derivative Transactions	310.824	-
Interest Eliminated from Sales	4.033.491	6.043.541
Rediscount Interest Income	185.721	161.940
Cancellation of Previous Period's Rediscount Expense	666.934	671.042
<b>Total</b>	<b>109.946.775</b>	<b>105.437.496</b>

## Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.

### Notes to the Consolidated Financial Statements as of December 31, 2010

(The amounts are stated as Turkish Lira ("TL") unless otherwise indicated.)

#### 33 FINANCIAL EXPENSES

Group's Financial Expenses for the periods ended are as follows:

	01.01.2010	01.01.2009
	31.12.2010	31.12.2009
<b>Financial Expenses</b>		
Interest Expense (-)	(15.556.795)	(53.013.534)
Foreign Exchange Loss (-)	(80.012.409)	(98.073.262)
Expenses from Derivative Transactions (-)	(10.546)	-
Late Interest Expense (-)	(137.296)	(53.373)
Losses From Hedging Operations (-)	(786.601)	(619.034)
Rediscount Expense of Current Period (-)	(608.915)	(648.706)
Cancellation of Previous Period's Rediscount	(180.168)	(421.624)
Other	-	(2.058.364)
<b>Total</b>	<b>(97.292.730)</b>	<b>(154.887.897)</b>

#### 34 FIXED ASSETS HELD FOR SALE PURPOSES AND DISCONTINUED OPERATIONS

None.

#### 35 TAX ASSETS AND LIABILITIES

The Group's tax income/(expense) is composed of current period's corporate tax expense and deferred tax income/(expense).

	01.01.2010	01.01.2009
	31.12.2010	31.12.2009
<b>Account Name</b>		
Current Corporate Tax Provision (-)	(3.866.146)	(2.328.776)
Deferred Tax Income/(Expense)	1.828.693	1.522.205
<b>Total Tax Income/(Expense)</b>	<b>(2.037.453)</b>	<b>(806.571)</b>

##### I) Provision for Current Period Tax

The Group and subsidiaries are subject to Corporate Tax in Turkey. The necessary tax liability provisions have been made for the estimated Group's operation results for the current period.

	31.12.2010	31.12.2009
<b>Account Name</b>		
Provision for Taxes	3.866.146	2.328.773
Prepaid Taxes	(3.820.390)	(1.639.510)
<b>Total Tax Liabilities of Current Period</b>	<b>45.756</b>	<b>689.263</b>

Companies calculate their temporary taxes on their quarterly financial profits in Turkey. Corporate income as of the temporary tax periods, temporary tax rate of 20% over the corporate income was calculated and prepaid taxes deducted from taxation on income.

According to Turkish Corporate Tax Law, losses can be carried forward to offset the future taxable income for a maximum period of 5 years. On the other hand, such losses cannot be carried back to offset prior years' profits.

According to Corporate Tax Law's Article: 20, the corporate tax is imposed by the taxpayer's tax returns. There is no procedure for a final and definitive agreement on tax assessments. Annual corporate tax returns are submitted until the 25th of April following the closing of the accounting year. Moreover, the tax authorities have the right to examine the tax returns and the related accounting records within five years.

**Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.****Notes to the Consolidated Financial Statements as of December 31, 2010**

(The amounts are stated as Turkish Lira ("TL") unless otherwise indicated.)

The informations about the consolidated temporary tax and provision of tax for the period ended as follows:

Account Name	01.01.2010 31.12.2010	01.01.2009 31.12.2009
<b>Trade Profit/(Loss)</b>	<b>15.957.452</b>	<b>13.501.274</b>
<b>Additions</b>	<b>3.420.418</b>	<b>5.056.491</b>
Rediscount on Notes and Cheques	259.079	143.081
Other Nonallowable Charges	493.197	379.869
Provision for Termination Indemnity	2.590.738	2.611.821
Donations and Aid	77.404	1.921.720
Participation Income	-	-
<b>Discount from Tax Base (-)</b>	<b>4.874.383</b>	<b>6.913.902</b>
Participation Income	2.732.334	2.286.605
Research & Development Discount	1.054.143	992.609
Rediscount on Notes and Cheques	142.081	370.499
Donations and Aid	77.404	1.921.720
Termination Indemnity rediscounted from Basis (Payment Balance)	594.785	1.242.641
Dividend Sales Profit from Affiliate	-	-
Incomes Received from Free Zones	273.637	-
Other Discounts	-	99.828
<b>Fiscal Profit/(Loss)</b>	<b>14.503.486</b>	<b>11.643.863</b>

**Effective Corporate Tax Rate:**

According to the corporate tax law numbered 5520, which was published in the official gazette dated June 21, 2006, the effective corporate tax rate was set as 20%.

According to Turkish Corporate Tax Law, losses can be carried forward to offset the future taxable income for a maximum period of 5 years. On the other hand, such losses cannot be carried back to offset prior years' profits.

According to Corporate Tax Law's Article: 20, the corporate tax is imposed by the taxpayer's tax returns.

There is no procedure for a final and definitive agreement on tax assessments. Annual corporate tax returns are submitted until the 25th of April following the closing of the accounting year. Moreover, the tax authorities have the right to examine the tax returns and the related accounting records within five years.

**Income Withholding Tax:**

In addition to corporate tax, companies should also calculate income withholding tax on any dividends and income distributed, except for resident companies in Turkey receiving dividends from resident companies in Turkey and Turkish branches of foreign companies. The rate of withholding tax has been increased from 10% to 15% upon the Cabinet decision No: 2006/10731, which was published in Official Gazette on July 23, 2006.

**II) Deferred Tax:**

The deferred tax asset and tax liability is based on the temporary differences, which arise between the financial statements prepared according to CMB's accounting standards and statutory tax financial statements. These differences usually due to the recognition of revenue and expenses in different reporting periods for the CMB standards and tax purposes.

## Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.

### Notes to the Consolidated Financial Statements as of December 31, 2010

(The amounts are stated as Turkish Lira ("TL") unless otherwise indicated.)

Temporary differences are result of recognizing certain income and expense items differently for accounting and tax purposes. Temporary differences are calculated off of the tangible fixed assets (except land and buildings), intangible fixed assets, stocks, the revaluation of prepaid expenses, discount of receivables, provision for termination indemnities, and previous years' loss. Every accounting year, the Group reviews the deferred tax asset and in circumstances, where the deferred tax assets cannot be used against the future taxable income, the Group writes-off the recorded deferred tax asset. Corporate tax rate is used in the calculation of deferred taxes.

Account Name	31.12.2010	31.12.2009
Fixed Assets	(3.987.819)	(5.196.480)
Investment Property Valuation Differences (Equity)	(2.556.973)	(2.528.920)
Investment Property Valuation Differences (Income Statement)	(332.294)	-
Fiscal Loss	168.706	480.089
Elimination of Profit Margin on Inventories	38.243	-
Depreciation Expense Allocated to Inventories	(76.025)	(106.283)
Rediscount Expense	121.783	133.387
Provision for Termination Indemnity	1.709.687	1.312.747
Provision for Doubtful Receivables	17.676	29.095
Provision for Law Suits	24.876	15.679
Provision for Decrease in Value of Inventories	7.923	99.564
Provision for Effective interest expense	14.986	-
Rediscount of Payables	(35.087)	(36.036)
Net Expenses/Income from Derivative Transactions	370.861	-
Special Funds	(1.342.661)	(1.379.511)
<b>Deferred Tax Assets/Liabilities</b>	<b>(5.856.118)</b>	<b>(7.176.669)</b>
	<b>01.01.2010</b>	<b>01.01.2009</b>
	<b>31.12.2010</b>	<b>31.12.2009</b>
Balance at the beginning of the period	(7.176.672)	(5.624.555)
Recognized at other comprehensive income statement	(28.053)	(2.528.920)
Tax Refund	(480.086)	(545.402)
Deferred Tax Income/(Expense)	1.828.693	1.522.205
<b>Balance at the end of the period</b>	<b>(5.856.118)</b>	<b>(7.176.672)</b>

Reconciliation of Tax Provision for the periods ended are as follows;

	01.01.2010	01.01.2009
Reconciliation of Tax Provision	31.12.2010	31.12.2009
Profits obtained from continuing operations	13.483.241	4.761.788
Income tax rate 20%	(2.696.648)	952.358
Tax effect:		
-Non-taxable Income	836.365	865.511
-Non-allowable Expenses	(98.639)	(1.011.298)
-Other Temporary Differences	(78.531)	-
<b>Deferred Tax Income</b>	<b>(2.037.453)</b>	<b>(806.571)</b>

**Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.****Notes to the Consolidated Financial Statements as of December 31, 2010**

(The amounts are stated as Turkish Lira ("TL") unless otherwise indicated.)

**36 EARNINGS PER SHARE**

Earnings per share in the income statement are calculated by dividing net income by the weighted average number of common shares outstanding for the period:

	<b>01.01.2010</b>	<b>01.01.2009</b>
	<b>31.12.2010</b>	<b>31.12.2009</b>
Net Profit For The Period/(Loss)	11.433.283	3.939.979
Weighted Average Number of Common Shares Outstanding	50.000.000	50.000.000
<b>Earnings per Share</b>	<b>0,22867</b>	<b>0,0788</b>

**37 EXPLANATIONS OF RELATED PARTIES****a) Balances of Related Parties:**

<b>December 31, 2010</b>	<b>Receivables</b>		<b>Liabilities</b>	
	<b>Commercial</b>	<b>Non-Commercial</b>	<b>Commercial</b>	<b>Non-Commercial</b>
Bemka (*)	34.171.270	-	-	-
Demisaş	291.372	-	-	-
Shareholders	-	-	-	92.043
<b>Total</b>	<b>34.462.642</b>	<b>-</b>	<b>-</b>	<b>92.043</b>

<b>December 31, 2009</b>	<b>Receivables</b>		<b>Liabilities</b>	
	<b>Commercial</b>	<b>Non-Commercial</b>	<b>Commercial</b>	<b>Non-Commercial</b>
Bemka	29.841.585	-	-	-
Demisaş	242.090	-	-	-
Shareholders	-	-	-	84.591
<b>Total</b>	<b>30.083.675</b>	<b>-</b>	<b>-</b>	<b>84.591</b>

(\*) The balance related with Bemka A.Ş generates from product sold. The amount of TL 40.000.000 included in mortgages taken from customers is from Bemka.

The mortgages taken from customers with the amount of TL 18.000.000 is from Bemka to Sarkuysan, and TL 50.000.000 Bemka to Sarda. There is not any guarantee taken from Group companies except the ones mentioned above.

## Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.

### Notes to the Consolidated Financial Statements as of December 31, 2010

(The amounts are stated as Turkish Lira ("TL") unless otherwise indicated.)

#### b) Details of the Purchases and Sales of Related Parties:

31.12.2010

Related Parties	Good and Service		F/X - Interest		Other Sales	Total
	Sales	Rent Income	Income			
Bemka	47.513.831	697.394	2.805.962		36.673	51.053.860
Demisaş	2.028.470	96.000	-		89.256	2.213.725
<b>Total</b>	<b>49.542.301</b>	<b>793.394</b>	<b>2.805.962</b>		<b>125.929</b>	<b>53.267.586</b>

Related Parties	Purchase of Goods and Services		F/X - Interest		Other Purchases	Total
		Rent Expense	Expense			
Bemka	5.156	-	1.776.190		248.215	2.029.561
Demisaş	126.326	-	1.509		-	127.835
<b>Total</b>	<b>131.482</b>	<b>-</b>	<b>1.777.699</b>		<b>248.215</b>	<b>2.157.396</b>

31.12.2009

Related Parties	Good and Service		F/X - Interest		Other Sales	Total
	Sales	Rent Income	Expense			
Bemka	51.605.470	140.400	5.691.226		-	57.437.096
Demisaş	1.538.192	192.684	-		125.917	1.856.793
<b>Total</b>	<b>53.143.662</b>	<b>333.084</b>	<b>5.691.226</b>		<b>125.917</b>	<b>59.293.889</b>

Related Parties	Purchase of Goods and Services		F/X - Interest		Other Purchases	Total
		Rent Expense	Expense			
Bemka	109.690	-	4.123.122		-	4.232.812
Demisaş		-	-		3.095	3.095
<b>Total</b>	<b>109.690</b>	<b>-</b>	<b>4.123.122</b>		<b>3.095</b>	<b>4.235.907</b>

#### c) Benefits Provided to senior executives:

Benefits provided to senior executives as of December 31, 2010 are TL 3.796.202 TL. (31.12.2009:TL 3.760.400)

### 38 THE CHARACTERISTICS AND LEVEL OF RISKS EXISTING FROM FINANCIAL INSTRUMENTS

#### a) Capital Risk Management

The Group is planning to secure the business continuity and on the other hand planning to increase the profitability by using the balance of liabilities and share capital efficiently.

The Group's capital structure consists of payables including the credits remarked in Note 8, cash and cash equivalents in Note 6, shareholders' equity including issued capital, capital reserves, profit reserves and previous years' profit remarked in Note 27.

The risks related to cost of capital and all categories of capital are evaluated by senior executives. By these evaluations of senior executives, structure of capital is planned to be balanced by dividend payments and issuing new shares as much as new credits or time extension of existent credits.

**Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.****Notes to the Consolidated Financial Statements as of December 31, 2010**

(The amounts are stated as Turkish Lira ("TL") unless otherwise indicated.)

The group is monitoring capital by liabilities/share capital rate. This rate is calculated by dividing net liabilities to share capital. Net liabilities is calculated by subtracting cash and cash equivalents from total liabilities (stated in balance sheet like credits, financial leasings and trade payables). Total share capital, as stated in balance sheet, is calculated by the sum of owners' equity and net liabilities.

The Group's general strategy which depends on borrowings was not changed according to previous periods.

The Group risk policy mainly focuses on unpredictability and volatility of financial markets and intends to minimize the probable negative effects through the policies applied.

**(b) Important Accounting Policies**

The Group's important accounting policies relating to financial instruments are presented in the Note 2.

**(c) Market Risk**

The Group, due to its activities, is exposed to changes in exchange rates (see article d) and interest rates (see article e), and other risks (article f). The Group, as it holds the financial instruments, also bears the risk of other party not meeting the requirements of the agreement. (Article g)

Market risks seen at the level of group are measured according to the sensitivity analysis principle. The market risk of the Group incurred during the current year or the method of handling the encountered risks or the method of measuring those risks are no different from the previous year.

The Group's raw materials are foreign based. Accordingly, production costs are sensitive to the exchange rates. There is possibility of decreasing in the Group's profit margin in the case of increasing costs do not reflect to the sale prices because of competitive conditions in the period when foreign currency increases. The forward raw material purchases contract have been made in order to decrease of the adverse effect of fluctuation in prices on the Group's profitability.

**(d) Foreign currency risk management**

Transactions in foreign currencies expose the Group to foreign currency risk.

This risk mainly arises from fluctuation of foreign currency used in conversion of foreign assets and liabilities into Turkish Lira. Foreign currency risk arises as a result of trading transactions in the future and the difference between the assets and liabilities recognized.

## Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.

### Notes to the Consolidated Financial Statements as of December 31, 2010

(The amounts are stated as Turkish Lira ("TL") unless otherwise indicated.)

The Group is exposed to foreign currency risk mainly due to bank deposits, receivables and payables in foreign currencies

#### Foreign Exchange Rate Sensitivity Analysis Table

	Current Period			
	Profit/Loss		Equity	
	Appreciation of Foreign Exchange	Devaluation of Foreign Currency	Appreciation of Foreign Exchange	Devaluation of Foreign Currency
In the event of 10% value change of US Dollar against TL;				
1- US Dollar Net Asset/Liability	(20.737.973)	20.737.973	-	-
2- The part, hedged from US Dollar Risk (-)	-	-	-	-
<b>3- US Dollar Net Effect (1+2)</b>	<b>(20.737.973)</b>	<b>20.737.973</b>	-	-
In the event of 10% value change of Euro against TL;				
4- Euro Net Asset/Liability	2.659.344	(2.659.344)	-	-
5- The part, hedged from Euro Risk (-)	-	-	-	-
<b>6- Euro Net Effect (4+5)</b>	<b>2.659.344</b>	<b>(2.659.344)</b>	-	-
In the event of 10% value change of GBP against TL;				
7- GBP Net Asset/Liability	722.076	(722.076)	-	-
8- The part, hedged from GBP Risk (-)	-	-	-	-
<b>9- GBP Net Effect (7+8)</b>	<b>722.076</b>	<b>(722.076)</b>	-	-
In the event of 10% value change of Other against TL;				
10- Other Net Asset/Liability	-	-	-	-
11- The part, hedged from Other Risk (-)	-	-	-	-
<b>12- Other Net Effect (10+11)</b>	<b>-</b>	<b>-</b>	-	-
<b>TOTAL</b>	<b>(17.356.553)</b>	<b>17.356.553</b>	-	-

**Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.****Notes to the Consolidated Financial Statements as of December 31, 2010**

(The amounts are stated as Turkish Lira ("TL") unless otherwise indicated.)

	Previous Period			
	Profit/Loss		Equity	
	Appreciation of Foreign Exchange	Devaluation of Foreign Currency	Appreciation of Foreign Exchange	Devaluation of Foreign Currency
In the event of 10% value change of US Dollar against TL;				
1- US Dollar Net Asset/Liability	(7.952.310)	7.952.310	-	-
2- The part, hedged from US Dollar Risk (-)	-	-	-	-
<b>3- US Dollar Net Effect (1+2)</b>	<b>(7.952.310)</b>	<b>7.952.310</b>	<b>-</b>	<b>-</b>
In the event of 10% value change of Euro against TL;				
4- Euro Net Asset/Liability	4.115.624	(4.115.624)	-	-
5- The part, hedged from Euro Risk (-)	-	-	-	-
<b>6- Euro Net Effect (4+5)</b>	<b>4.115.624</b>	<b>(4.115.624)</b>	<b>-</b>	<b>-</b>
In the event of 10% value change of GBP against TL;				
7- GBP Net Asset/Liability	357.202	(357.202)	-	-
8- The part, hedged from GBP Risk (-)	-	-	-	-
<b>9- GBP Net Effect (7+8)</b>	<b>357.202</b>	<b>(357.202)</b>	<b>-</b>	<b>-</b>
In the event of 10% value change of Other against TL;				
10- Other Net Asset/Liability	-	-	-	-
11- The part, hedged from Other Risk (-)	-	-	-	-
<b>12- Other Net Effect (10+11)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>(3.479.484)</b>	<b>3.479.484</b>	<b>-</b>	<b>-</b>

## Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.

### Notes to the Consolidated Financial Statements as of December 31, 2010

(The amounts are stated as Turkish Lira ("TL") unless otherwise indicated.)

Table of Foreign Exchange Position

	Current Period					Previous Period				
	TL Value	USD	Euro	GBP	Other	TL Value	USD	Euro	GBP	Other
1. Trade Receivables	158.884.730	73.917.627	18.348.553	2.934.798	-	199.852.964	103.620.805	18.685.344	1.450.347	-
2a. Monetary Financial Assets	22.675.047	13.801.960	575.910	65.779	-	24.421.059	15.539.700	420.624	47.824	-
2b. Non-Monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
3. Other	1.941.198	1.158.922	37.179	30.696	-	656.174	38.998	269.968	5.961	-
<b>4. Current Assets Total (1+2+3)</b>	<b>183.500.975</b>	<b>88.878.509</b>	<b>18.961.641</b>	<b>3.031.274</b>	<b>-</b>	<b>224.930.197</b>	<b>119.199.503</b>	<b>19.375.936</b>	<b>1.504.132</b>	<b>-</b>
5. Trade Receivables	-	-	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
7. Other	-	-	-	-	-	-	-	-	-	-
<b>8. Fixed Assets Total (5+6+7)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9. Total Assets (4+8)</b>	<b>183.500.975</b>	<b>88.878.509</b>	<b>18.961.641</b>	<b>3.031.274</b>	<b>-</b>	<b>224.930.197</b>	<b>119.199.503</b>	<b>19.375.936</b>	<b>1.504.132</b>	<b>-</b>
10. Trade Payables	60.475.679	37.884.683	926.344	3.260	-	3.558.291	1.900.990	321.157	910	-
11. Financial Liabilities	300.756.494	187.905.474	5.004.456	-	-	256.070.471	170.067.391	-	-	-
12a. Other Monetary Liabilities	-	-	-	-	-	-	-	-	-	-
12b. Other Non-Monetary Liabilities	708.872	380.894	52.734	5.004	-	96.277	45.828	3.610	8151	-
<b>13. Total Short Term Liabilities (10+11+12)</b>	<b>361.941.045</b>	<b>226.171.051</b>	<b>5.983.535</b>	<b>8.264</b>	<b>-</b>	<b>259.725.039</b>	<b>172.014.210</b>	<b>324.767</b>	<b>9.061</b>	<b>-</b>
14. Trade Payables	-	-	-	-	-	-	-	-	-	-
15. Financial Liabilities	-	-	-	-	-	-	-	-	-	-
16a. Other Monetary Liabilities	-	-	-	-	-	-	-	-	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-	-	-	-	-	-	-
<b>17. Total Long Term Liabilities (14+15+16)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>18. Total Liabilities (13+17)</b>	<b>361.941.045</b>	<b>226.171.051</b>	<b>5.983.535</b>	<b>8.264</b>	<b>-</b>	<b>259.725.039</b>	<b>172.014.210</b>	<b>324.767</b>	<b>9.061</b>	<b>-</b>
<b>19. Net Asset/(Liability) Position of Derivative Instruments off the Balance Sheet (19a-19b)</b>	<b>4.874.538</b>	<b>3.153.000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
19a. Total Amount of Hedged Assets	4.874.538	3.153.000	-	-	-	-	-	-	-	-
19b. Total Amount of Hedged Liabilities	-	-	-	-	-	-	-	-	-	-
<b>20. Net Foreign Exchange Asset/(Liability) Position (9-18+19)</b>	<b>(173.565.532)</b>	<b>(134.139.542)</b>	<b>12.978.107</b>	<b>3.023.010</b>	<b>-</b>	<b>(34.794.842)</b>	<b>(52.814.707)</b>	<b>19.051.169</b>	<b>1.495.071</b>	<b>-</b>
<b>21. Monetary Items Net Foreign Exchange Asset/(liability) position (1+2a+3+5+6a-10-11-12a-12b-14-15-16a)</b>	<b>(177.731.198)</b>	<b>(136.911.648)</b>	<b>13.030.841</b>	<b>3.028.014</b>	<b>-</b>	<b>(35.354.739)</b>	<b>(52.807.877)</b>	<b>18.784.810</b>	<b>1.497.261</b>	<b>-</b>
<b>22. Total Fair Value of Financial Instruments Used for the Foreign Exchange Hedge</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>22a. The Amount of Hedged part of Foreign Exchange Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>22b. The Amount of Hedged part of Foreign Exchange Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>23. Export</b>	<b>636.126.947</b>	<b>203.221.823</b>	<b>147.975.715</b>	<b>16.418.881</b>	<b>-</b>	<b>369.748.038</b>	<b>141.006.516</b>	<b>66.642.008</b>	<b>5.636.948</b>	<b>-</b>
<b>24. Import</b>	<b>1.398.358.511</b>	<b>905.950.869</b>	<b>20.245.572</b>	<b>37.935</b>	<b>6.868</b>	<b>930.073.465</b>	<b>616.272.685</b>	<b>824.147</b>	<b>50.311</b>	<b>1.205.824</b>

Liabilities are shown as (-)

**Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.****Notes to the Consolidated Financial Statements as of December 31, 2010**

(The amounts are stated as Turkish Lira ("TL") unless otherwise indicated.)

**Interest Position Table**

<b>Fixed Interest Financial Instruments</b>	<b>Current Period</b>	<b>Previous Period</b>
Financial Assets	10.697.776	7.005.373
Financial Liabilities	(303.915.781)	(237.455.390)
<b>Variable Interest Financial Instruments</b>		1.522.205
Financial Assets	-	-
Financial Liabilities	-	-

The significant part of bank deposits of Group is time deposits. All financial liabilities are short term loans.

**(e) Analysis Related to Other Risks****Risks Related to Financial Instruments, Stocks Etc.**

Group has no stocks or similar marketable securities evaluated by fair value in the current period.

**(f) Credit Risk Management**

Possessing financial instruments has the risk of other party's inexecution of liabilities resulting from agreement. Group's payment collection risk mostly arises from trade receivables. Trade receivables must be assessed in accordance with corporate policies and procedures for making net value of trade receivables after provision of doubtful receivables are classified. (Note 10)

The financial liabilities exposes the Group to interest rate risk.

## Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.

### Notes to the Consolidated Financial Statements as of December 31, 2010

(The amounts are stated as Turkish Lira ("TL") unless otherwise indicated.)

#### CREDIT TYPES INCURRED IN RESPECT OF FINANCIAL INSTRUMENT TYPES

Current Period	Receivables				Notes	Bank Deposits	Notes
	Trade Receivables		Other Receivables				
	Related	Other	Related	Other			
<b>Maximum credit risk incurred as of the date of reporting (A+B+C+D+E) (1)</b>	34.462.642	175.726.497	-	56.217.197		37.310.965	
- The part of maximum risk secured by guarantee etc.	-	-	-	-	22	-	22
<b>A. Net book value of financial assets which are undue or which did not decline in value (2)</b>	34.462.642	175.726.497	-	56.217.197	10-11	37.310.965	6
<b>B. Book value of financial assets which conditions are renegotiated, and which otherwise would be counted as overdue or declined in value (3)</b>	-	-	-	-	10-11	-	6
<b>C. Net book value of assets, overdue but did not decline in value. (6)</b>	-	-	-	-		-	6
- The part secured by guarantee etc.	-	-	-	-	10-11	-	6
<b>D. Net book values of assets declined in value (4)</b>	-	-	-	-		-	6
- Overdue (gross book value)	-	3.755.660	-	-	10-11	-	6
- Decline in value (-)	-	(3.755.660)	-	-	10-11	-	6
- The part of net value secured by guarantee etc.	-	-	-	-	10-11	-	6
- Undue (gross book value)	-	-	-	-	10-11	-	6
- Decline in value (-)	-	-	-	-	10-11	-	6
- The part of net value secured by guarantee etc.	-	-	-	-	10-11	-	6
<b>E. Elements containing credit risk off the balance (5)</b>	-	-	-	-		-	

#### CREDIT TYPES INCURRED IN RESPECT OF FINANCIAL INSTRUMENT TYPES

PREVIOUS PERIOD	Receivables				Notes	Bank Deposits	Notes
	Trade Receivables		Other Receivables				
	Related	Other	Related	Other			
<b>Maximum credit risk incurred as of the date of reporting (A+B+C+D+E) (1)</b>	30.083.675	136.603.182	-	37.757.555		33.705.469	
- The part of maximum risk secured by guarantee etc.	-	-	-	-	22	-	22
<b>A. Net book value of financial assets which are undue or which did not decline in value (2)</b>	30.083.675	136.603.182	-	37.757.555	10-11	33.705.469	6
<b>B. Book value of financial assets which conditions are renegotiated, and which otherwise would be counted as overdue or declined in value (3)</b>	-	-	-	-	10-11	-	6
<b>C. Net book value of assets, overdue but did not decline in value. (6)</b>	-	-	-	-		-	6
- The part secured by guarantee etc.	-	-	-	-	10-11	-	6
<b>D. Net book values of assets declined in value (4)</b>	-	-	-	-		-	6
- Overdue (gross book value)	-	3.751.396	-	-	10-11	-	6
- Decline in value (-)	-	(3.751.396)	-	-	10-11	-	6
- The part of net value secured by guarantee etc.	-	-	-	-	10-11	-	6
- Undue (gross book value)	-	-	-	-	10-11	-	6
- Decline in value (-)	-	-	-	-	10-11	-	6
- The part of net value secured by guarantee etc.	-	-	-	-	10-11	-	6
<b>E. Elements containing credit risk off the balance (5)</b>	-	-	-	-		-	

**Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.****Notes to the Consolidated Financial Statements as of December 31, 2010**

(The amounts are stated as Turkish Lira ("TL") unless otherwise indicated.)

**CREDIT TYPES INCURRED IN RESPECT OF FINANCIAL INSTRUMENT TYPES****(g) Liquidity Risk Management**

Group manages liquidity risk by matching maturities of assets and liabilities with regular control of cash flows and providing permanence in adequate funds and reserves.

**Liquidity Risk Statements**

Liquidity risk management involves having adequate cash, and power of offsetting fund resources with adequate loan.

Risk of funding current and future possible loan requirements should be managed by providing permanent access to adequate and quality loan providers.

Following statement indicates maturity allocation of Group's derivative and non-derivative financial liabilities.

**31.12.2010**

Expected Terms	Book Value	Cash Outflows				
		Total As Per the Agreement	Less than 3 Months	3-12 Months	1-5 Years	More than 5 Years
Non-derivative Financial Liabilities	372.842.220	376.870.381	151.331.554	225.538.827	-	-
Loans	303.915.781	307.758.221	82.219.394	225.538.827	-	-
Issued debt instrument	-	-	-	-	-	-
Financial Lease Liabilities	-	-	-	-	-	-
Trade Payables	62.719.543	62.905.264	62.905.264	-	-	-
Related Parties	-	-	-	-	-	-
Other	62.719.543	62.905.264	62.905.264	-	-	-
Other Payables	6.206.896	6.206.896	6.206.896	-	-	-
Related Parties	92.043	92.043	92.043	-	-	-
Other	6.114.853	6.114.853	6.114.853	-	-	-

Derivative Financial Instruments	Book Value	Cash Outflows				
		Total As Per the Agreement	Less than 3 Months	3-12 Months	1-5 Years	More than 5 Years
Derivative Cash Flow	-	17.802.006	6.452.457	10.932.979	416.570	-
Derivative Cash Outflow	-	17.501.728	6.344.571	10.750.974	406.183	-
<b>Net Derivative Financial Instruments</b>	<b>-</b>	<b>300.278</b>	<b>107.886</b>	<b>182.005</b>	<b>10.387</b>	<b>-</b>

**Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.****Notes to the Consolidated Financial Statements as of December 31, 2010**

(The amounts are stated as Turkish Lira ("TL") unless otherwise indicated.)

**31.12.2009**

Expected Terms	Book Value	Cash Outflows				
		Total As Per the Agreement	Less than 3 Months	3-12 Months	1-5 Years	More than 5 Years
Non-derivative Financial Liabilities	271.484.671	275.242.429	90.486.539	184.755.890	-	-
Loans	233.877.800	237.455.390	52.699.500	184.755.890	-	-
Issued debt instrument	-	-	-	-	-	-
Financial Lease Liabilities	-	-	-	-	-	-
Trade Payables	31.502.133	31.682.301	31.682.301	-	-	-
Related Parties	-	-	-	-	-	-
Other	31.502.133	31.682.301	31.682.301	-	-	-
Other Payables	3.581.788	3.581.788	3.581.788	-	-	-
Related Parties	84.591	84.591	84.591	-	-	-
Other	3.497.197	3.497.197	3.497.197	-	-	-

**39 FINANCIAL INSTRUMENTS (DECLARATIONS WITHIN THE CONTEXT OF FAIR VALUE AND HEDGING)**

Group claims that book values of financial instruments reflect fair values.

**Objectives of Financial Risk Management**

Group's department of Finance is responsible for adequate access to financial market and managing financial risks arises from operational activities of Group. Financial risks of operation contain market risk (currency rate risk, fair value of interest risk and price risk), loan risk, liquidity risk and cash flow interest rate risk.

In order to decrease the effect of risk and avoiding financial risk, Group uses forward foreign currency transaction agreements as a financial instrument. The group has option transactions in order to reduce the foreign currency risk and to finalize these risks that can occur in market.

**NOT 40 – EVENTS AFTER BALANCE SHEET DATE****31.12.2010**

Starting from 01.01.2011 the valid termination indemnity ceiling has been increased to TL 2.623,23

**31.12.2009**

Starting from 01.01.2010 the valid termination indemnity ceiling has been increased to TL 2.427,04.

**NOT 41 – OTHER ISSUES**

None.

## Proposal for Profit Distribution

Under the Capital Markets Board's Legislation and in accordance with the 25th Article of the Articles of Incorporation, we propose that after the legal reserve is appropriated and tax is deducted and grants and contributions are included, the net distributable profit in the amount of TL 11.114.607,09 included in the consolidated balance sheet dated 31.12.2010 is to be distributed in the manner indicated in the following table.

Should this proposal of ours is accepted, for each share of TL1,00 par value forming the paid-up capital of TL50.000.000,00, a gross dividend of 15% (TL0,15) and a net dividend of 12,75% (TL0,1275) will be paid in cash.

### SAR KUYSAN ELEKTROLİTİK BAKIR SANAYİ ve TİCARET A.Ş. PROFIT DISTRIBUTION STATEMENT FOR 2010

1.	Paid-up Capital		50.000.000,00
2.	Total Reserves (According to legal records)		10.849.921,40
	Privileges with respect to profit distribution as per the Articles of Incorporation		None.
		ACCORDING TO CAPITAL MARKETS LEGISLATION	ACCORDING TO LEGAL RECORDS
3.	<b>PROFIT FOR THE YEAR</b>	<b>13.470.736,00</b>	<b>11.260.609,94</b>
4.	Taxes to be paid (-)	(2.037.453,00)	(1.955.657,12)
		Corporation tax (-)	(3.866.146,00)
		Provision for deferred tax (+)	1.828.693,00
5.	<b>NET PROFIT FOR THE YEAR (Excluding Minority Interest)</b>	<b>11.433.283,00</b>	<b>9.304.952,82</b>
6.	Loss from previous years (-)	-	-
7.	First legal reserves (-)	(465.247,64)	(465.247,64)
8.	<b>NET DISTRIBUTABLE PROFIT FOR THE YEAR</b>	<b>10.968.035,36</b>	<b>8.839.705,18</b>
9.	Donations (+)	146.571,73	-
10.	<b>Net distributable profit including donations as calculation basis for first dividends</b>	<b>11.114.607,09</b>	-
11.	First dividend to shareholders	555.730,35	-
		In cash	555.730,35
		Bonus share	0,00
		Total	555.730,35
12.	Dividends to preferred shareholders	-	-
13.	Dividends to directors	415.978,85	-
14.	Dividends to founder shareholders	-	-
15.	Second dividend to shareholders	6.944.269,65	-
		In cash	6.944.269,65
		Bonus share	0,00
		Total	6.944.269,65
16.	Second legal reserves (-)	541.597,89	-
17.	Statutory reserves	-	-
18.	Special reserves	-	-
19.	EXTRAORDINARY RESERVES	2.657.030,35	382.128,44
20.	. Other Distributable Funds	-	-
	- Profit from previous period	-	-
	- Extraordinary reserves	-	-
	- Other distributable reserves as per law and Articles of Incorporation	-	-

#### INFORMATION ON DISTRIBUTABLE DIVIDEND

INFORMATION ON DIVIDEND PER SHARE				
	GROUP	TOTAL DIVIDEND AMOUNT (TL)	DIVIDEND PER SHARE OF TL 1	
			AMOUNT (TL)	RATE (%)
GROSS	A	0,62	0,15	15,00
	B	7.499.999,38	0,15	15,00
	TOTAL	7.500.000,00	0,15	15,00
NET	A	0,54	0,1275	12,75
	B	6.374.999,46	0,1275	12,75
	TOTAL	6.375.000,00	0,1275	12,75
RATIO OF NET DISTRIBUTABLE PROFIT TO THE NET PROFIT INCLUDING DONATIONS				
TOTAL DIVIDENDS TO SHAREHOLDERS	RATIO OF NET DISTRIBUTABLE PROFIT TO THE NET PROFIT INCLUDING DONATIONS			
7.500.000,00	0,67			

## Directory



### Head Office

Address : Emek Mahallesi  
Aşıroğlu Caddesi No: 147  
41700 Darıca / KOCAELİ  
Phone : (+90 262) 676 66 00 (20 lines)  
Fax : (+90 262) 676 66 80  
(+90 262) 676 66 81  
(+90 262) 676 66 88  
E-mail : marketing@sarkuysan.com

### Factory

Address : Osmangazi Tren İstasyonu Karşısı  
41401 Gebze - KOCAELİ  
Phone : (+90 262) 653 26 04 (3 lines)  
(+90 262) 653 27 52 (7 lines)  
(+90262) 653 45 07 (4 lines)  
Fax : (+90 262) 653 55 12  
(+90 262) 653 27 59  
E-mail : plant@sarkuysan.com

### Sales Store

Address : Perpa İş Merkezi, A Blok  
7. ve 8. Kat, No: 733-735  
34350 Okmeydanı  
Şişli-İSTANBUL  
Phone: : (+90 212) 222 45 96 (2 lines)  
Fax : (+90 212) 221 98 77  
E-mail : sksper@sarkuysan.com

### Branch

**Aegean Region Free Zone Branch**  
Address : Ege Serbest Bölgesi Nilüfer Sok.  
No: 19 Gaziemir /İZMİR  
Phone : (+90 232) 251 57 51  
(+90 232) 258 00 26  
Fax : (+90 232) 251 72 78  
E-mail : sksege@sarkuysan.com

### Representative Office

**SARKUYSAN S.P.A.**  
Address : Via Caracciolo 30 20155  
Milano-ITALIA  
Phone : (+39) 0234592237  
Fax : (+39) 0234592189  
E-Mail : italia@sarkuysan.com

### Subsidiaries and Affiliates

#### Demisaş Döküm Emaye Mamulleri Sanayi A.Ş.

**Head Office**  
Address : Emek Mah. Aşıroğlu Cad. No:147  
41700 Darıca /KOCAELİ  
Phone : (+90 262) 677 46 00 (pbx)  
Fax : (+90 262) 677 46 99  
www.demisas.com.tr

#### Factory

Address : Vezirhan Beldesi/Bilecik  
P.K. 11130  
Phone : (+90 228) 233 10 14  
Fax : (+90 228) 233 12 46  
E-mail : info@demisas.com.tr

#### Sarda Dağıtım ve Tic. A.Ş.

Address : Bankalar Cad. İletim Şark Han  
No:16 Kat: 5-6  
34420 Karaköy  
Beyoğlu / İstanbul  
Phone : (+90 212) 252 88 34 (pbx)  
Fax : (+90 212) 251 25 24  
E-mail : sarda@sarkuysan.com

### Sarmakina San. ve Tic. A.Ş.

**Head Office**  
Address : Sırasöğütler Mah. Çelikoğlu Cad.  
1676. Sok. No: 3  
41700 Darıca / KOCAELİ  
Phone : (+90 262) 653 90 82 (pbx)  
Fax : (+90 262) 653 90 89

### Factory

Address : Sırasöğütler Mah. Çelikoğlu Cad.  
1676. Sok. No: 3  
41700 Darıca / KOCAELİ  
Phone : (+90 262) 653 90 82 (pbx)  
Fax : (+90 262) 653 90 89  
E-mail : info@sarmakina.com.tr  
www.sarmakina.com.tr

### Bektaş Bakır Emaye Kablo San. ve Tic. A.Ş.

Address : Emek Mah. Aşıroğlu Cad. No:147  
41700 Darıca / KOCAELİ  
Phone : (+90 262) 676 66 95  
Fax : (+90 262) 676 66 85  
E-mail : bektasemaye@sarkuysan.com

### Sark - USA, Inc.

Address : 120 Industrial Park Road Albany,  
NY 12206 USA  
Phone : (+1) 518 453 4199  
Fax : (+1) 518 453 4166  
E-mail : marketing@sark-usa.com  
www.sark-usa.com

### Sark Wire Corporation

Address : 120 Industrial Park Road  
Albany, NY 12206 USA  
Phone : (+1) 518 453 4199  
Fax : (+1) 518 453 4166  
E-mail : marketing@sark-usa.com  
www.sarkwire.com

[www.sarkuysan.com](http://www.sarkuysan.com)