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INDEPENDENT AUDITOR'S REPORT ON ANNUAL REPORT

Eren Bağımsız Denetim ve
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To The Shareholders and Board of Directors of
Zorlu Holding A.Ş.

We have audited the annual report of Zorlu Holding A.Ş. (the "Company") and its subsidiaries ("Group") as at 31.12.2013.

Management's responsibility for the annual report

Management is responsible for the preparation of the annual report in accordance with Turkish Commercial Code No. 6102 and Article 514 and for the internal control relevant to preparation of annual report consistent with the audited consolidated financial statements.

Auditor's responsibility

Our responsibility as independent auditors is to express an opinion based on our audit in accordance with Turkish Commercial Code Article 397 on whether the consolidated financial information provided in the annual report is consistent with the audited consolidated financial statements.

Our assessment is made in accordance with the principles and procedures for the preparation and issuing of annual reports in accordance with Turkish Commercial Code ("TCC"). Those principles and procedures require that audit is planned and performed to obtain reasonable assurance whether the financial information provided in the annual report are free from material misstatement regarding the consistency of such information with the audited financial statements and the information obtained during the audit.

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

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

Opinion

In our opinion, the financial information and the assessment and explanations of the Board of Director's in the accompanying annual report of Zorlu Holding A.Ş. as at 31.12.2013 are consistent with the audited consolidated financial statements.

EREN Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş.
Member Firm of GRANT THORNTON International



Ayktut Halit
Partner

Istanbul, 29.05.2014



Chairman's message

Esteemed Zorlu Holding shareholders,

We hereby submit the 2013 annual report for our company, Zorlu Holding A.Ş., whose mission as a holding company is to provide coordination, financial control, and management and administration services among Zorlu Group companies. As a result of the activities of those companies, which are engaged in manufacturing and services in sectors ranging from textiles, energy, real estate, electronics, and defense industry to aviation, insurance, leasing, finance, and mining, we completed 2013 showing successful and profitable results. In 2013 we significantly integrated our operations through the aggregation of 75% of the shares in Vestel Electronics under the direct control of Zorlu Holding.

It is thanks to the confidence and understanding shown by you, our esteemed shareholders, that Zorlu Holding enjoys the position it deserves in Turkey today. I offer my best wishes for our continued and even greater success.

Very truly yours
Ahmet ZORLU

A handwritten signature in black ink, appearing to read 'Ahmet Zorlu'. The signature is stylized with a large, sweeping initial 'A' and a long horizontal stroke at the end.

1. GENERAL

1.1- Our company's vision, mission, values, and strategy

- **Our vision**

Our company is the flagship of the Zorlu Group, one of Turkey's leading commercial conglomerates. In our awareness of the responsibility entailed by this position, our priority objective is to advance our group to the utmost. We know that the success of the Zorlu Group is important to our nation's economy, employment, and prestige. Having adopted the motto "If you're going to ascend, then go as high as you can. If you're going to go, then go as far as you can. If you're going to do, then do the best you can", our company creates the Zorlu future in light of that vision.

- **Our mission**

Our company's primary mission is to optimize the management and administration of the numerous members of the Zorlu Group of Companies as they pursue their activities in many different sectors.

- **Our values**

We seek to fulfill the goals we have planned through the corporate governance principles of transparency, fairness, accountability, and responsibility within the framework of our values which may be summed up as "My Country, My Work, and My Family".

- **Our strategy**

Zorlu Holding's strategy in every business line in which it is active is to be a successful global competitor. Recognizing that our human resources are our most important asset as we advance towards our objectives, we make the collective wisdom that we have accumulated through our employees the principal means whereby we achieve those objectives.

1.2- The reporting period

This annual report covers the period beginning on 1 January 2013 and ending on 31 December 2013.

1.3- Title of the Company and Other Information

Title of the Company: Zorlu Holding A.Ş.

Address: Zorlu Plaza 34310 Avcılar/İstanbul

Trade Registration No: 267687

Tax Office No: 999 003 0324

Tel: 0212 456 20 00

Fax: 0212 422 03 40

Website: <http://www.zorlu.com.tr>

Central Registration System No : 0999003032400010

1.4- The company's historical evolution

Our company was set up in 1990 to provide centralized management and administration, coordination, and financing services for the members of the Zorlu Group of Companies as they pursue their business in many different sectors.

In 2006 Zorlu Holding secured USD 2.4 billion as proceeds from the sale of its 75% stake in Denizbank A.Ş. About USD 2 billion of that amount represents the holding company's profit on the investment. None of this was distributed among shareholders but was instead retained in the company as equity to be used to finance future investments that Zorlu Holding anticipated undertaking.

A major step in the development of Zorlu Holding's identity as a global player competing in world markets was taken when the company subscribed to the United Nations Global Compact (UNGC). Consisting of ten principles in the areas of human rights, the environment, labor standards, and anti-corruption, this commitment to UNGC is proof that Zorlu Holding's operations in global markets are informed as much by a sense of social responsibility as it is by a concern for business profit.

Recognizing that taking maximum advantage of the benefits of information technology is an essential prerequisite for both progress and transparency, Zorlu Holding has integrated its entire accounting, financing, human resources, and procurements infrastructure into its SAP system. The process of SAP centralization, which began in 2008, continues without letup as it expands into ever new areas.

Work is continuing on developing system infrastructure to ensure that our company is in compliance with the requirements of the new Turkish Commercial Code (TTK) that was introduced in 2012. As required by Council of Ministers TTK resolutions, Zorlu Holding joined the ranks of independently-audited companies in 2013. For this reason, the SAP-supported accounting system has also been overhauled to make it capable of generating Turkish Accounting Standards-compliant reports.

1.5- Changes in the articles of association during the reporting period

There were no changes in the company's articles of association during the reporting period.

1.6- Company directors and statutory auditors serving during the reporting period

Members of the Board of Directors;

Name, Surname	Position	Term of Office
Ahmet Nazif ZORLU	Chairman	13.06.2011- 13.06.2014
Zeki ZORLU	Vice Chairman	13.06.2011- 13.06.2014
Olgun ZORLU	Member	13.06.2011- 13.06.2014
Mehmet Emre ZORLU	Member	13.06.2011- 13.06.2014
Selen ZORLU MELİK	Member	13.06.2011- 13.06.2014

Because our company is subject to independent audit under the Turkish Commercial Code (Statute 6102), the firm of Eren Bağımsız Denetim ve YMM A.Ş. (Grant Thornton) has been identified as the company's external auditors for 2013 and 2014. Information about this firm is provided below.

Title:	Eren Bağımsız Denetim ve YMM A.Ş.
Period:	01.01.2013 –31.12.2013
Official independent audit registration no:	658491
Address:	Abide-i Hürriyet Cad. Bolkan Center 211 C Kat 3 ŞİŞLİ / İSTANBUL

1.7- Business dealings with the company that are authorized by the general assembly and involve members of company governing bodies acting on their own behalf or on behalf of others; no-competition clauses

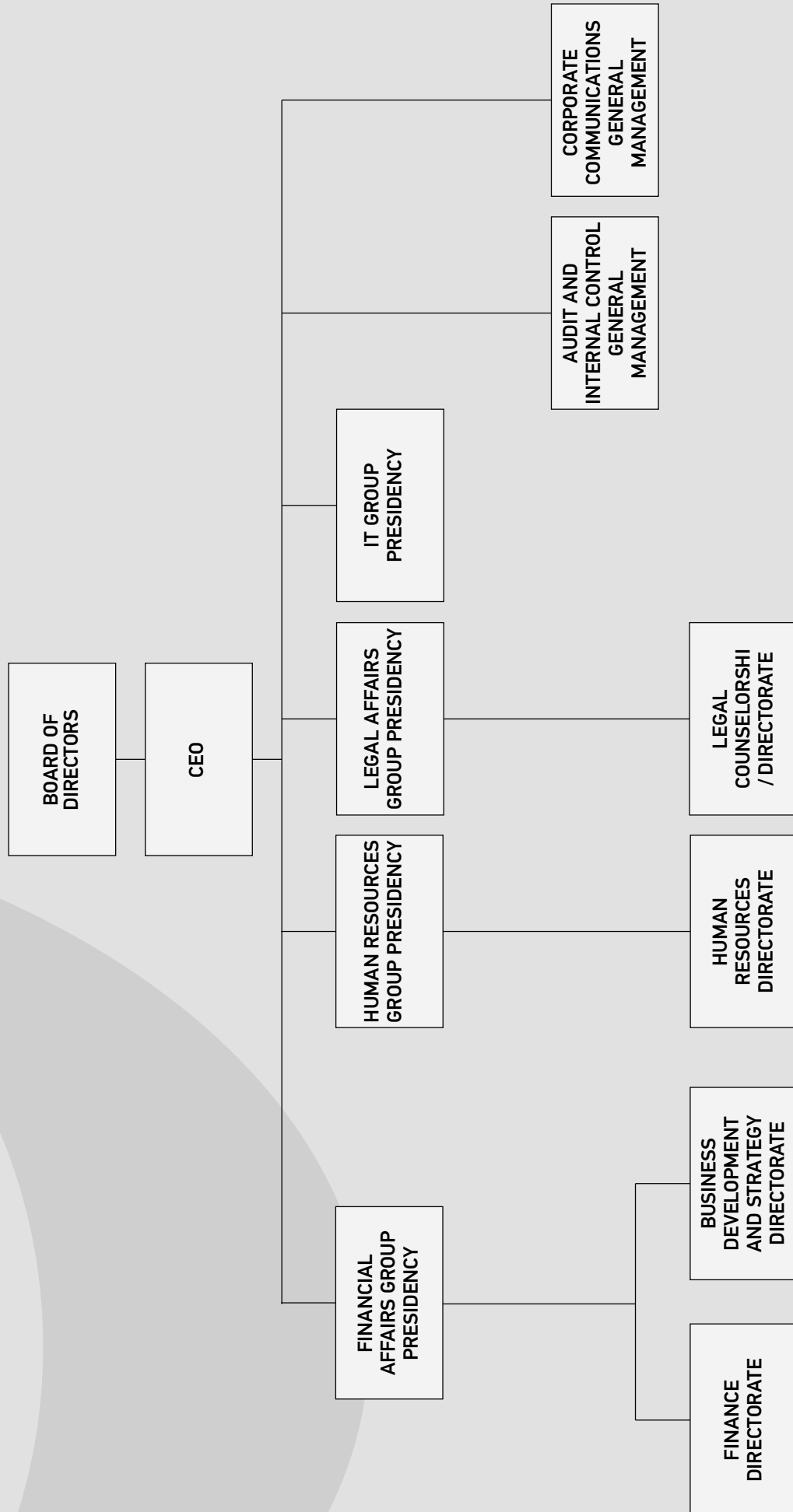
No member of any company governing body is authorized by the general assembly to do business with the company on their own behalf or on behalf of others; neither did any member compete with the company.

1.8- The company's capital during the reporting period

Shareholder	Share Amount (TL)	Number of Shares	Share (%)
Zeki ZORLU	473,250,000	473,250,000	15
Ahmet Nazif ZORLU	1,482,850,000	1,482,850,000	47
Olgun ZORLU	1,009,600,000	1,009,600,000	32
Türkan ZORLU	31,550,000	31,550,000	1
Zülal ZORLU	31,550,000	31,550,000	1
Selen ZORLU MELİK	31,550,000	31,550,000	1
Fatma Şehenaz ÇAPKINOĞLU	31,550,000	31,550,000	1
Şehminur AYDIN	31,550,000	31,550,000	1
Mehmet Emre ZORLU	31,550,000	31,550,000	1
Total	3,155,000,000	3,155,000,000	100

The company's capital is divided into 3,155,000,000 (three billion one hundred fifty-five million) shares each with a par value of one Turkish lira. All shares are registered. There are no preferential shares.

1.9- Organisation Chart



2. INFORMATION ON PERSONNEL AND FINANCIAL BENEFITS PROVIDED TO MEMBERS OF GOVERNING BODIES AND SENIOR MANAGERS

2.1- Changes in personnel during the reporting period

Sector	31.12.2013	31.12.2012
White goods and consumer electronics	13,673	-
Textiles	4,466	4,218
Energy	708	854
Holding	196	187
Others	224	239
Total	19,267	19,191

2.2- Financial benefits provided to members of governing bodies and senior managers

A total of TL 4,379 thousand was provided as financial benefits to members of governing bodies and senior managers during the 2013 reporting period.

No member of any company governing body or senior management received any payment under the rubrics of "travel allowance", "accommodation allowance", or "representation expense". A total of TL 42,264.74 was paid on behalf of such persons as insurance expenses.

2.3- Severance pay liability

As of 31 December 2013, the company was calculated to have a severance pay liability in the amount of TL 104,181 thousand.

3. THE COMPANY'S RESEARCH & DEVELOPMENT ACTIVITIES

One of the first companies whose R&D units were accredited as a "R&D Center" by the Ministry of Science, Industry and Technology pursuant to Statute 5746, Vestel continues to undertake pioneering and innovative projects aimed at furthering its technical experience and competency as it transforms knowledge into technology and technology into products. Vestel has eight R&D centers: one white goods and three electronics R&D centers in Manisa; two Vestek R&D centers, one at Istanbul Technical University in Istanbul and the other at the METU Teknopark in Ankara; and one each in Shanghai and Taiwan. Vestel also engages in R&D and design work on middleware for digital broadcasting at its Cabot UK subsidiary headquartered in Bristol England.

Vestel's production strengths are derived from its R&D activities. Vestel ranks among the world's top 1,000 companies on the basis of its R&D expenditures and it is one of the top three in Turkey by the same measure. The company's R&D activities are revised each year in line with growth targets and are supported by the hiring of newly-graduated personnel. In 2013 this ongoing growth was further nourished with the installation and renovation of a new R&D center occupying an area measuring 10,000 m². These new premises were designed to provide R&D personnel with a more productive working environment.

4. 2013 OPERATIONS

4.1 Developments in our sector in 2013

Undertaking its assigned mission of providing coordination, financial control, and management and administration services among the companies that make up the Zorlu and Vestel groups, Zorlu Holding A.Ş. has successfully continued to carry out those duties for manufacturing and services companies active in sectors ranging from electronics, real estate & construction, energy, textiles, and mining to defense industry, insurance, leasing, hospitality & tourism, and software.

Zorlu Holding carries out its operations at its self-owned headquarters located at Zorlu Plaza in the Avcılar district of İstanbul. For the conduct of these activities, the company employs a staff of 196 managerial and other personnel.

Our company posted a profit in 2013. As in previous years, the company procured credit from domestic and international financial institutions and provided them with collateral and guarantees in order to create funding for subsidiaries, associates, and group companies, particularly for those active in the construction and energy business lines.

As of end-2013, our company's portfolio consisted of a total of 63 subsidiaries, associates, and other entities in which Zorlu Holding owned a shareholding interest. Our company will continue to do everything incumbent upon it in order to enable the firms in which it has a stake to improve their results year after year by strengthening their capital structures and enabling them to benefit from the latest advances in technology.

Zorlu Center, a mall located in the heart of İstanbul and the home of ten leading global brands, opened its doors for business on October 10th, 2013. The mall is a focal point of attention as new stores and restaurants continue to be opened one after the other.

Through the series of SAN-TEZ projects that are supported by universities, TÜBİTAK, and the Ministry of Industry, Korteks is constantly improving its textile and yarn manufacturing processes and expanding yarn functionality through the use of nanotechnology.

With its 80 MW installed capacity, Kızıldere II is Turkey's biggest geothermal power plant. Owned and operated by the Zorlu Energy Group and the subject of a documentary, the plant went into service in October 2013.

In the 10th round of the "Plus X Design Awards" in Germany, Vestel received the "Best Design Brand" award in the "Home Entertainment Systems" category. The company received a total of 52 awards and recognitions on the basis of the superior quality, ease of use, design, operationality, and eco-friendliness of its products.

In the 13th round of the "Respect For People Awards" conducted annually by kariyer.net, the Zorlu Energy Group once again received recognition for the fourth year in a row.

Zorlu Energy Electricity Generation A.Ş. received the "Best Corporate Governance Award" from World Finance, a leading financial industry magazine.

4.2- Equity stakes, subsidiaries, and affiliates as of 31 December 2013

• Sectoral breakdown of our directly-held companies

Finance

Title of the Company	Capital	Share Amount (TL)	Number of Shares	Share (%)
Zorlu Financial Services	USD 150,000	86,194.60	150,000.00	100.00
Zorlu International Investments Ltd	CHF 1,320,000,000	1,516,800,826.00	131,998.00	99.99
Zorlu Faktoring A.Ş.	TL 16,750,000	16,349,000.00	16,349,000.00	97.61

Textiles

Title of the Company	Capital	Share Amount (TL)	Number of Shares	Share (%)
Zorluteks Tekstil Sanayi ve Ticaret A.Ş.	395,000,000.00	1.00	1.00	>0,01
Zorlu Dış Ticaret A.Ş.	28,500,000.00	7,219,000.00	7,219,000.00	25.33
Linens Pazarlama A.Ş.	45,000,000.00	13,408,857.00	13,408,857.00	29.80
Korteks Mensucat Sanayi ve Ticaret A.Ş.	330,000,000.00	329,996,000.00	329,996,000.00	99.99
Zorlu Tekstil Ürünleri Pazarlama A.Ş.	1,900,000.00	1,850,000.00	1,850,000.00	97.37
Zorlu Ev Tekstil Ürünleri Ticaret A.Ş.	245,000.00	198,450.00	198,450.00	75.00
Zorlu Hometeks Tekstil Ürünleri San. Ve Tic. A.Ş.	250,000.00	249,995.00	249,995.00	99.99

Energy

Title of the Company	Capital	Share Amount (TL)	Number of Shares	Share (%)
Zorlu Enerji Elektrik Üretim A.Ş.	500.000.000,00	363.354.280,29	22.948.919.185,28	45,89
Zorlu Endüstriyel ve Enerji Tes. İnş.Tic. A.Ş.	5.000.000,00	4.800.000,00	4.800.000,00	96,00
Zorlu Elektrik Ener. İth.İhr. ve Toptan Tic. A.Ş.	1.000.000,00	960.000,00	96.000.000,00	96,00
Zorlu Doğalgaz İth.İhr. ve Toptan Tic. A.Ş.	3.500.000,00	3.360.000,00	336.000.000,00	96,00
Zorlu O/M En.Tes.İşlet.ve Bakım Hiz. A.Ş.	5.000.000,00	2.950.000,00	2.950.000,00	59,00
Zorlu Enerji ve İnşaat Sanayi ve Ticaret A.Ş.	1.000.000,00	840.000,00	840.000,00	84,00
Zorlu Doğal Gaz Tedarik Ticaret A.Ş.	3.500.000,00	2.800.000,00	2.800.000,00	80,00
Trakya Bölgesi Doğal Gaz Dağıtım A.Ş.	63.500.000,00	57.635.000,00	57.635.000,00	90,76
Gazdaş Gaziantep Doğal Gaz Dağıtım A.Ş.	32.500.000,00	21.874.437,00	21.874.437,00	67,31
Rosmiks International B.V	EUR 18,001.00	42.584,97	18.001,00	100,00
Rosmiks Netherlands B.V	USD 3,000,000.00	6.312.460,00	6.312.460,00	100,00

Construction

Title of the Company	Capital	Share Amount (TL)	Number of Shares	Share (%)
Zorlu Gayr. Geliş. ve Yatırım A.Ş.	6.000.000,00	138.060,00	138.060,00	2,30
İntermar Ticaret Paz.Turizm Sanayi A.Ş.	15.092.000,00	2.340.612,00	2.340.612,00	15,51
Zorlu İnş. End. ve Ener. Tesis.San.Tic.A.Ş.	1.000.000,00	840.000,00	840.000,00	84,00

Tourism

Title of the Company	Capital	Share Amount (TL)	Number of Shares	Share (%)
Zorlu Grand Hotel İşletmeleri A.Ş.	3.500.000,00	2.871.248,50	2.800.720,29	80,02
ABH Turizm Temsilcilik ve Ticaret A.Ş.	90.000,00	67.100,00	67.100,00	74,56

Electronics

Title of the Company	Capital	Share Amount (TL)	Number of Shares	Share (%)
Vestel Elektronik Sanayi ve Ticaret A.Ş.	335.456.275,00	304.699.331,29	260.100.674,24	77,54

Others

Title of the Company	Capital	Share Amount (TL)	Number of Shares	Share (%)
Bursa Serbest Bölge Kurucu ve İşleticisi A.Ş.	6.000.000,00	75.762,00	75.762,00	1,26
Zorlu Air Havacılık A.Ş.	30.500.000,00	30.404.522,00	30.404.522,00	99,69
Zorlu Sigorta Aracılık Hizmetleri A.Ş.	50.000,00	48.500,00	48.500,00	97,00
Zorlu Ambalaj San. ve Tic. A.Ş.	50.000,00	40.000,00	40.000,00	80,00
Zorlu Petrol Gaz ve Petrokimya Ürün.İnş.San.Tic.A.Ş.	50.000,00	50.000,00	50.000,00	100,00
Deniz Destek Oto Alım Sat.Kira.Tem. Hizm.İnş.A.Ş.	50.000,00	49.200,00	49.200,00	98,40

* All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.

- **Acquisitions in 2013**

Title of the Company	Capital	Share Amount (TL)	Number of Shares	Share (%)
Rosmiks Netherlands B.V	USD 3,000,000.00	6.312.460,00	6.312.460,00	100,00
Zorlu Petrol Gaz ve Petrokimya Ürün. İnş. San. Tic. A.Ş.	50.000,00	50.000,00	50.000,00	100,00
Vestel Elektronik Sanayi ve Ticaret A.Ş.	335.456.275,00	304.699.331,29	260.100.674,24	77,54
İntermar Ticaret Paz.Turizm Sanayi A.Ş.	15.092.000,00	2.340.612,00	2.340.612,00	15,51

As the chart above shows, our company acquired a stake in Holland-based Rosmiks Netherlands BV in 2013.

Our company has a total of twenty direct and indirect international shareholding interests in entities based in China, Finland, Germany, Holland, Ireland, Macedonia, Malta, Pakistan, Russia, Spain, UK, USA, and Virgin Islands.

- **Planned investments**

In 2013, surveying, architectural design, and planning work was initiated for a property located in the Levent district of Beşiktaş that was purchased and is to be used for management functions.

- **Social responsibility projects and practices**

By subscribing to the United Nations Global Compact, our company has committed itself to fulfilling the social responsibility duties that are incumbent upon it. In addition to this and out of its awareness of the responsibilities entailed by its position, the Mehmet Zorlu Foundation was also provided with a total of TL 5,570,310.93 in cash and material donations in 2013.

The Zorlu Energy Group has been recognized twice for the successful participation of its members in the Carbon Disclosure Project (CDP): Zorlu Natural Power Generation is the recipient of the “Turkey’s Climate Performance Leaders” award while Zorlu Energy Electricity Generation earned the highest score among four power-generation companies on the basis of its CDP reporting.

As certified by the Gold Standard Committee, the clean energy generated by the Zorlu Energy Group’s Gökçedağ Wind Farm has prevented 581,625 tons of carbon emissions.

- **Administrative or criminal penalties imposed on the company or on members of its governing bodies on account of violations of laws and regulations**

No administrative or criminal penalties were imposed on the company or on any member of any of its governing bodies on account of any violations of laws or regulations during the 2013 reporting period.

- **Audits carried out by private or by public authorities during the reporting period**

Our company was not subjected to any privately- or publicly-conducted special audits during the 2013 reporting period.

- **Compliance/non-compliance with general assembly resolutions**

All decisions taken at the annual general meeting for 2012 were complied with during the 2013 reporting period.

4.3- Structure and operations of the Zorlu Group Internal Audit Department

Since 2000, internal auditing functions and services among Zorlu Group companies have been carried out by the Internal Audit Department of Zorlu Holding. The Internal Audit Department conducts its activities on the basis of International Internal Audit Standards within the framework of government regulations and audit programs approved by senior management. Both the reports of every audit carried out by the department and the department’s annually-prepared report of the results of the entire year’s activities are submitted to the Zorlu Holding Board of Directors, to the audit committees of companies that have one, and to business sector heads. In addition to the Internal Audit Department, in 2011 a Financial Control and Tax Audit and Compliance Department was set up to conduct financial audits in all group companies. This department commenced its operations in 2012. In the last quarter of 2013, responsibility for all internal audit, financial control, and tax compliance functions was assigned to the Zorlu Holding General Manager for Audit and Internal Control.

The purpose, authorities, responsibilities, operations, and structure of internal audit activities are defined in documents such as “Internal Audit Regulations” and “Internal Audit Working Principles”, which have been approved by the Board of Directors and announced at all group companies.

■ Internal audit;

Process audits are conducted looking into the issues of the effective and productive use of resources, compliance with written rules (laws, regulations, company policies and directives), and information accuracy, reliability and security. These audits are performed within the framework of an annual audit program which is risk-based in its focus and which is approved by the Board of Directors, the Audit Committee, and business sector heads. At the start of each audit, a meeting is held with company senior managers if necessary during which a risk assessment is carried out. Companies’ objectives and the risks that might prevent them from being achieved are placed in a risk matrix taking into account their impact and likelihood. During the actual conduct of audits, tests are performed to check the effectiveness of internal controls that are supposed to manage risks whose impact and/or likelihood is high. A draft report of the results of these observations is circulated among company managers, who add their own views to be taken into account in the preparation of the financial report that is submitted to senior management.

In addition to presenting a reasonably accurate picture of risk exposure, this report also takes advantage of group-wise synergies by providing advice about possible ways of dealing with it through examples of best practices. A month after the report’s publication, the Board of Directors is informed of action that has been taken in accordance with the “4T” (Treat / Terminate / Transfer / Tolerate) methodology.

At regularly conducted meetings attended by members of the Internal Audit Department and Audit Committee, all audit, advisory, special examination, and similar activities conducted during the most recent audit cycle are reviewed and assessed, findings are discussed, the results of action plans concerning previously-made findings are assessed, and plans for future cycles are reviewed.

The Zorlu Group Internal Audit Team consists of fourteen people who are supported and encouraged by the Zorlu Group in their efforts to increase and strengthen their individual knowledge, skills, and other qualifications through additional training and membership in and certification by professional organizations (such as the Turkish Institute of Internal Auditing) as well as international bodies. Team members currently hold three Certified Internal Auditor, one Certified Public Accountant, Certified Fraud Examiner, one Certified Information Technology Auditor, and seven Certified Risk Management Assurance accreditations.

■ Financial control and tax compliance;

The Financial Control and Tax Compliance Department has been conducting its activities among Zorlu Group companies since 2012. This department employs a team of nineteen people in the conduct of its activities.

The department reviews and analyzes the validity of the group company balance sheets and income statements that are to be used in their financial and tax reporting and it also checks their compliance with the requirements of the uniform chart of accounts, tax laws, and auditing standards. The department is additionally responsible for providing the Board of Directors with a reasonable level of assurance about such issues.

Reports based on the findings of audits that have been carried out are circulated among appropriate levels of individual and holding company management.

The same team is also responsible for checking the regular reports that companies prepare for submission to the Capital Markets Board.

■ **Board of Directors' opinion of the company's auditing activities**

Zorlu Holding employs a staff of thirty-three people to ensure that all company activities are regularly, maximally, and independently audited with respect to process oversight, financial results verification and control, and tax compliance. A newly-constituted financial control and audit team completed its 2013 activities subject to the direct control of the Board of Directors and in compliance with auditing standards and it has given the board its credible assurances as to the validity of these operational results.

5. ZORLU HOLDİNG A.Ş. 2013 CONSOLIDATED FINANCIAL PERFORMANCE

5.1. Consolidated Statements of Financial Position

5.2. Board of Directors' statement concerning and assessment of the company's capital adequacy and/or insolvency

5.3. Investments

5.4. Changes in assets

5.5. Changes in liabilities

5.6. Statements of profit/loss

5.7. Financial Ratios

5.1. Consolidated Statements of Financial Position

ZORLU HOLDİNG A.Ş. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2013 AND 2012

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

Assets	31.12.2013	31.12.2012
Current assets		
Cash and cash equivalents	601,423	207,125
Investment securities	2,177,712	2,663,439
Trade receivables		
-Related parties	82,577	214,296
-Third parties	2,189,843	439,646
Receivables from factoring sector operations		
-Other trade receivables from finance sector operations	222,333	42,677
Other receivables		
-Related parties	1,052,248	5,547
-Third parties	191,659	22,524
Inventories	1,681,347	401,062
Prepaid expenses	156,783	43,079
Current income tax assets	18,597	5,974
Derivative financial instruments	491	12,395
Other current assets	193,432	127,259
Total current assets	8,568,445	4,185,023
Non-current assets		
Trade receivables		
-Related parties	--	34,801
-Third parties	119,508	14,969
Other receivables		
-Related parties	278,460	265,487
-Third parties	16,166	157
Investment in associate	103,086	51,180
Investment securities	2,519,747	1,302,547
Property, plant and equipment	5,441,340	3,816,566
Intangible assets	1,517,652	1,114,914
Prepaid expenses	91,214	124,003
Other non-current assets	16,943	29
Deferred tax asset	168,046	65,751
Total non-current assets	10,272,162	6,790,404
Total assets	18,840,607	10,975,427

ZORLU HOLDİNG A.Ş. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2013 AND 2012

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

Liabilities and equity	31.12.2013	31.12.2012
Current liabilities		
Financial liabilities	4,107,920	1,224,552
Trade payables		
-Related parties	1,975	3,908
-Third parties	4,081,588	563,600
Payables from finance sector operations		
-Other trade payables from finance sector operations	177,588	34,046
Employee benefit obligations	54,457	10,528
Other payables		
-Related parties	14,676	552
-Third parties	10,623	1,590
Deferred income	98,983	44,354
Derivative financial instruments	111,592	99,668
Taxation on income	23,562	48,454
Short term provisions		
-Other provisions	129,577	1,649
Other liabilities	75,071	29,591
Total current liabilities	8,887,612	2,062,492
Non-current liabilities		
Financial liabilities	3,888,431	3,313,787
Trade payables		
-Third parties	115,813	590,503
Other payables		
-Related parties	250,529	143,827
Derivative financial instruments	36,075	--
Long term provisions		
-Provision for employee benefits	104,181	39,286
-Other provisions	21,216	--
Other non-current liabilities	113,455	65,476
Deferred tax liability	108,406	104,060
Total non-current liabilities	4,638,106	4,256,939
Equity		
Share capital	3,155,000	3,155,000
Adjustments to share capital	446,109	446,109
Share premium	13,488	--
Other comprehensive income / (expense) not to be reclassified to profit or loss		
-Revaluation reserves	286,157	286,157
-Actuarial gain/loss arising from defined benefit plans	(6,251)	--
Other comprehensive income / (expense) to be reclassified to profit or loss		
-Cash flow hedge fund	17,699	(7,099)
-Translation reserve	1,484,564	1,095,473
Restricted reserves	63,485	45,975
General reserves	(569,093)	(524,601)
Net profit (loss) for the year	67,435	(17,827)
Equity attributable to owners of the parent	4,958,593	4,479,187
Non controlling interests	356,296	176,809
Total equity	5,314,889	4,655,996
Commitments and contingencies	--	--
Total liabilities and equity	18.840.607	10.975.427

**ZORLU HOLDİNG A.Ş. CONSOLIDATED STATEMENTS OF PROFIT/LOSS
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012**

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

	01.01.- 31.12.2013	01.01.- 31.12.2012
Revenue	5,307,520	2,363,097
Cost of sales (-)	(4,656,982)	(2,082,000)
Gross profit	650,538	281,097
Selling expenses (-)	(376,111)	(177,593)
General and administrative expenses (-)	(312,514)	(210,597)
Other income	644,818	611,464
Other expense (-)	(648,922)	(673,247)
Operating profit (loss)	(42,191)	(168,876)
Income from investment activities	472,495	18,657
Expenses from investment activities (-)	(6,227)	(3,458)
Share of loss of associates	(3,128)	--
Operating profit (loss) before financing income/ (expense)	420,949	(153,677)
Financing income	2,731,481	950,955
Financing expense (-)	(3,144,838)	(859,509)
Profit (loss) before taxation	7,592	(62,231)
Taxation charge		
Current tax charge	(69,579)	(47,216)
Deferred tax income	85,176	19,686
Taxation on income (expense)	15,597	(27,530)
Net profit (loss) for the period	23,189	(89,761)
Profit (loss) attributable to:		
Equity holders of the Parent	67,435	(17,827)
Non controlling interests	(44,246)	(71,934)

**ZORLU HOLDİNG A.Ş. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013 AND 2012**

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

	01.01.- 31.12.2013	01.01.- 31.12.2012
Net profit (loss) for the period	23.189	(89.761)
Other comprehensive income / expense not to be reclassified to profit / loss		
- Actuarial losses	(9,334)	--
- Tax effect	1,867	--
	(7.467)	--
Other comprehensive income / expense to be reclassified to profit / loss		
- Cumulative losses on cash flow hedging	30,245	(13,401)
- Translation differences	318,336	(145,542)
- Tax effect	(6,049)	2,680
	342.532	(156.263)
Total comprehensive profit (loss) for the period	358.254	(246.024)
Net profit (loss) attributable to:		
Equity holders of the Parent	467,102	(142,001)
Non controlling interests	(108,848)	(104,023)

**ZORLU HOLDING A.Ş. CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013 AND 2012**

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

	Paid in capital	Adjustments to share capital	Share premium	Other comprehensive income / (expense) not to be reclassified to profit or loss				Retained earnings			Total equity	
				Revaluation reserve	Actuarial gain/loss arising from defined benefit plans	Cash flow hedge fund	Currency translation difference	Other comprehensive income / (expense) to be reclassified to profit or loss	Restricted reserve	General reserves		Net income (loss) for the year
Balances at 01.01.2012	3.155.000	446.109	--	286.157	--	--	1.212.548	17.346	(53.512)	4.595.807	264.271	4.860.078
Transfer to accumulated deficit	--	--	--	--	--	--	--	--	(467.841)	467.841	--	--
Cash increase in subsidiaries share capital	--	--	--	--	--	--	--	--	--	--	42.131	42.131
Dividend paid to minority interest	--	--	--	--	--	--	--	--	--	--	(189)	(189)
Transfer to restricted reserves	--	--	--	--	--	28.629	--	28.629	(28.629)	--	--	--
Total comprehensive income	--	--	--	--	--	(7.099)	(117.075)	--	--	(17.827)	(142.001)	(104.023)
Transactions with non-controlling interests	--	--	--	--	--	--	--	--	25.381	--	25.381	(25.381)
Balances at 31.12.2012	3.155.000	446.109	--	286.157	--	(7.099)	1.095.473	45.975	(524.601)	4.479.187	176.809	4.655.996
Transfer to accumulated deficit	--	--	--	--	--	--	--	--	(17.827)	17.827	--	--
Acquisition of subsidiary, note 3	--	--	--	--	--	--	--	--	--	--	311.559	311.559
Dividend paid to non-controlling interests	--	--	--	--	--	--	--	--	--	--	(92)	(92)
Transfer to restricted reserves	--	--	--	--	--	--	17.510	17.510	(17.510)	--	--	--
Total comprehensive income	--	--	--	--	(6.363)	24.798	389.091	--	(7.859)	67.435	467.102	(108.848)
Transactions with non-controlling interests	--	--	13.488	--	112	--	--	--	(1.296)	--	12.304	(23.132)
Balances at 31.12.2013	3.155.000	446.109	13.488	286.157	(6.251)	17.699	1.484.564	63.485	(569.093)	4.958.593	356.296	5.314.889

**ZORLU HOLDİNG A.Ş. CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013 AND 2012**

(All amounts in thousands of Turkish Lira ("TL") unless indicated otherwise.)

	01.01.- 31.12.2013	01.01.- 31.12.2012
Profit (loss) before taxation	23.189	(89.761)
Depreciation of property, plant and equipment	315,404	236,756
Amortization of intangible assets	48,550	36,335
Profit on sale of property, plant and equipment	(8,185)	(1,277)
Loss on sale of property, plant and equipment	6,227	853
Provision for employee termination benefits	19,790	9,001
Provision for doubtful receivables, net	(147,498)	(9,993)
Provision for (release from) diminution of inventories, net	(3,867)	994
Losses (gains) on derivative financial instruments, net	46,898	10,940
Interest expense	675,850	355,490
Interest income	(131,006)	(59,495)
Unearned interest on receivables	37,102	11,382
Unearned interest on payables	(35,773)	(12,030)
Profit on bargain purchases	(463,651)	--
Adjustments to tax income / expense	(122,499)	16,415
Other	3,689	(7,720)
Operating profit before changes in working capital	264.220	497.890
Changes in trade receivables	(85,582)	(53,115)
Changes in inventories	45,449	(39,764)
Changes in other receivables	(932,364)	(122,181)
Changes in other assets	(30,571)	150,008
Changes in trade payables	732,596	196,419
Changes in other payables	134,128	(43,791)
Changes in other liabilities	12,132	39,420
Changes in deferred income	54,629	4,775
Changes in prepaid taxes	(44,366)	(29,295)
Employee termination paid	(10,422)	(6,310)
Net cash provided by (used in) operating activities	139.849	594.056
Cash flows from investing activities		
Purchases of property, plant and equipment	(490,927)	(467,057)
Purchases of intangible assets	(26,940)	(2,801)
Proceeds from sale of property, plant and equipments	11,141	2,367
Proceeds from sale of intangible assets	173	--
Acquisition of subsidiaries, net of cash	(102,916)	--
Net cash used in investing activities	(609,469)	(467,491)
Cash flows from financing activities		
Unconsolidated subsidiary	--	(9)
Consolidated subsidiary as from 27.07.2012	--	400
Proceeds from borrowings	5,997,258	1,389,397
Repayments of borrowings	(3,847,640)	(1,026,461)
Cash increase (decrease) in subsidiaries share capital	--	41,740
Changes in investment securities	(778,624)	(167,563)
Payment of settlement of derivatives	(87,253)	(13,775)
Interest received	131,006	59,495
Interest paid	(620,780)	(322,467)
Dividend paid to non-controlling interests	(92)	(189)
Net cash provided by financing activities	793.875	(39.432)
Translation differences	106,009	(125.483)
Net change in cash and cash equivalents	430.264	(38.350)
Cash and cash equivalents at beginning of year	171.159	209.509
Cash and cash equivalents at end of year	601.423	171.159

5.2- Board of Directors' statement concerning and assessment of the company's capital adequacy and/or insolvency

As of 31 December 2013, the company's equity ratio was 1.57. Under article 376 of the Turkish Commercial Code, this means that the company has neither suffered a capital impairment nor is insolvent.

5.3- Investments

Type	Amount 2013 (TL)	Amount 2012 (TL)
Land and buildings	1,835,234	1,074,502
Machinery and equipment	2,443,654	1,624,720
Motor vehicles	8,216	8,975
Furniture and fixtures	91,912	29,090
Construction in progress	1,062,324	1,079,279
Goodwill	427,928	225,487
Energy production rights	841,218	875,267
Development cost	188,989	390
Other rights	29,317	3,830
Other intangible assets	30,200	9,940
Total	6,958,992	4,931,480

5.4- Changes in assets

Current assets	increased from	TL 4,185,023	to	TL 8,568,445.
Non-current assets	increased from	TL 6,790,404	to	TL 10,272,162.
Total assets	increased from	TL 10,975,427	to	TL 18,840,607.

The increase in current assets amounted to TL 4,383,422, which corresponds to a year-on rise of 104.74%. The items that made significant contributions to this change are presented below.

Cash and cash equivalents	increased by	TL 394,298.00	or	190%.
Investment securities	decreased by	TL (485,727.00)	or	(18)%.
Trade receivables	increased by	TL 1,618,478.00	or	247%.
Factoring receivables	increased by	TL 179,656.00	or	421%.
Other receivables	increased by	TL 1,215,836.00	or	4,331%.
Inventories	increased by	TL 1,280,285.00	or	319%.
Prepaid expenses	increased by	TL 113,704.00	or	264%.
Current income tax assets	increased by	TL 12,623.00	or	211%.
Derivative financial instruments	decreased by	TL (11,904.00)	or	(96)%.
Other current assets	increased by	TL 66,173.00	or	52%.

The increase in non-current assets amounted to TL 3,481,758, which corresponds to a year-on rise of 51.27%. The items that made significant contributions to this change are presented below.

Trade receivables	increased by	TL 69,738.00	or	140%.
Other receivables	increased by	TL 28,982.00	or	11%.
Investment in associates	increased by	TL 51,906.00	or	101%.
Investment securities	increased by	TL 1,217,200.00	or	93%.
Property, plant and equipment	increased by	TL 1,624,774.00	or	43%.
Intangible assets	increased by	TL 402,738.00	or	36%.
Prepaid expenses	decreased by	TL (32,789.00)	or	(26)%.
Other non-current assets	increased by	TL 16,914.00	or	58,324%.
Deferred tax assets	increased by	TL 102,295.00	or	156%.

5.5- Changes in liabilities

Total current liabilities	increased from	TL 2,062,492.00	to	TL 8,887,612.00.
Total non-current liabilities	increased from	TL 4,256,939.00	to	TL 4,638,106.00.
Total equity	increased from	TL 4,655,996.00	to	TL 5,314,889.00.
Total liabilities and equity	increased from	TL 10,975,427.00	to	TL 18,840,607.00.

The increase in current liabilities amounted to TL 6,825,120, which corresponds to a year-on rise of 330.92%. The items that made significant contributions to this change are presented below.

Short-term financial liabilities	increased by	TL 2,883,368.00	or	235%.
Trade payables	increased by	TL 3,516,055.00	or	620%.
Factoring-related payables	increased by	TL 143,542.00	or	422%.
Employee benefit obligations	increased by	TL 43,929.00	or	417%.
Other payables	increased by	TL 23,157.00	or	1,081%.
Deferred income	increased by	TL 54,629.00	or	123%.
Derivative financial instruments	increased by	TL 11,924.00	or	12%.
Taxation on income	decreased by	TL (24,892.00)	or	(51)%.
Short-term provisions	increased by	TL 127,928.00	or	7,758%.
Other current liabilities	increased by	TL 45,480.00	or	154%.

The increase in non-current liabilities amounted to TL 381,167, which corresponds to a year-on rise of 8.95%. The items that made significant contributions to this change are presented below.

Long-term financial liabilities	increased by	TL 574,644.00	or	17%.
Trade payables	decreased by	TL (474,690.00)	or	(80)%.
Other payables	increased by	TL 106,702.00	or	74%.
Derivative financial instruments	increased by	TL 36,075.00	or	100%.
Long-term provisions	increased by	TL 86,111.00	or	219%.
Other non-current liabilities	increased by	TL 47,979.0	or	73%.
Deferred tax liabilities	increased by	TL 4,346.00	or	4%.

The increase in shareholders' equity amounted to TL 658,893, which corresponds to a year-on rise of 14.15%. The items that made significant contributions to this change are presented below.

Share capital	did not change at all.			
Adjustments to share capital	did not change at all.			
Share premiums	increased by	TL 13,488.00	or	100%.
Revaluation reserves	did not change at all.			
Actuarial gain/loss arising from defined benefit plans	decreased by	TL (6,251.00)	or	(100)%.
Cash flow hedge funds	decreased by	TL (24,798.00)	or	(349)%.
Translation reserve	increased by	TL 389,091.00	or	36%.
Restricted reserves	increased by	TL 17,510.00	or	38%.
General reserves	decreased by	TL (44,492.00)	or	(8)%.
Net profit (loss) for the year	increased by	TL 85,262.00	or	478%
Equity attributable to owners of the parent	increased by	TL 479,406.00	or	11%.
Non controlling interests	increased by	TL 179,487.00	or	102%.

5.6- Statements of profit/loss

	2013	2012	Increase/Decrease	Change
Revenue	5,307,520	2,363,097	2,944,423	124%
Cost of sales (-)	(4,656,982)	(2,082,000)	(2,574,982)	123%
Gross profit	650,538	281,097	369,441	131%
Selling expenses (-)	(376,111)	(177,593)	(198,518)	111%
General and administrative expenses (-)	(312,514)	(210,597)	(101,917)	48%
Other income	644,818	611,464	33,354	5%
Other expense (-)	(648,922)	(673,247)	24,325	4%
Operating profit (loss)	(42,191)	(168,876)	126,685	75%
Income from investment activities	472,495	18,657	453,838	243%
Expenses from investment activities (-)	(6,227)	(3,458)	(2,769)	80%
Share of loss of associates	(3,128)	-	(3,128)	100%
Operating profit (loss)before financing income/ (expense)	420,949	(153,677)	574,626	373%
Financing income	2,731,481	950,955	1,780,526	187%
Financing expense (-)	(3,144,838)	(859,509)	(2,285,329)	265%
Profit (loss) before taxation	7,592	(62,231)	69,823	112%
Taxation charge	(69,579)	(47,216)	(22,363)	47%
Current tax charge	85,176	19,686	65,490	332%
Deferred tax income	15,597	(27,530)	43,127	156%
Net profit (loss) for the period				
Profit (loss) attributable to:	23.189	(89.761)	112.950	% 125
Equity holders of the Parent	67.435	(17.827)	85.262	% 478
Non controlling interests	(44.246)	(71.934)	27.688	% 38

5.7- Financial Ratios

A. FINANCIAL POSITION	2013	2012
Current Assets/Total Assets	45%	38%
Non-current Assets/Total Assets	55%	62%
Current Liabilities/Total Liabilities	47%	19%
Non-current Liabilities/Total Liabilities	25%	39%
Equity/Total Liabilities	28%	42%

B. LIQUIDITY RATIOS	2013	2012
Current Ratio	104%	49%
Liquidity Ratio	73%	174%

C. PROFITABILITY RATIOS	2013	2012
Period Profit/Paid-in Capital	2%	-1%
Net Profit/Sales	1%	-1%
Cost of Sales /Sales	88%	88%
Operating Profit (Loss)/ Sales	8%	-7%
Period Profit / Sales	0%	-3%

6. PROFIT DISTRIBUTION PROPOSAL

DISTRIBUTION OF PROFIT	236.020.688,28
PERIOD PROFIT	276.424.236,04
TAXES AND OTHER LIABILITIES PAYABLE	27.981.406,27
Corporate Tax	27.981.406,27
NET PERIOD PROFIT	248.442.829,77
LEGAL RESERVE	12.422.141,49
DISTRIBUTABLE NET PERIOD PROFIT	236.020.688,28
EXTRAORDINARY RESERVES	-

We believe that it would be appropriate not to distribute 2013-year profits and instead to retain them as a reserve in order to strengthen the company's financial resources.

7. RISKS AND MANAGEMENT'S ASSESSMENT OF THEM

Zorlu Holding A.Ş. risk management

Set up to identify, in advance, risks that might threaten the assets, wellbeing, and continuity of Zorlu Holding and the subsidiaries and associates that make up the Zorlu Group, to take such measures as are made necessary by risks that have been detected, and to centrally manage risk, the Zorlu Holding Corporate Risk Management Department commenced operation in the second quarter of 2012. As one of its first acts, the department prepared a "Zorlu Holding Corporate Risk Policy & Procedure" and a "Corporate Risk Management Framework", both of which are to be used in all of Zorlu Holding's subsidiaries and associated entities.

Zorlu Holding's vision is defined as "Creating sustainable value for all parties through operational effectiveness, growth, and regulatory compliance." In the conduct of activities undertaken in line with this vision, Zorlu Holding is confronted by a variety of risks. These risks may be related to strategic objectives, financial standing, operations, legal framework, occupational health & safety, assets, and business reputation. Properly recognizing and managing such risks is possible only by ensuring that the risks are understood at every level of the organization and that they are dealt with in a coordinated manner.

In this regard, the Zorlu Holding Corporate Risk Management Philosophy may be summarized as follows:

- Ensure that risks are an element of group activity-related decision-making mechanisms by inculcating risk-awareness and a risk culture.
- Make use of shared wisdom to identify risks and opportunities that may affect group objectives.
- Define and assess risks according to their impact and likelihood.
- Once risks have been identified and prioritized, monitor them by means of Key Risk Indicators.
- Monitor, quantify, and report alerting risk indicator alerts as well as all other risk control points
- Proactively manage risks through action deemed to be the most appropriate to and compatible with risk appetite.

The publicly-traded members of the Zorlu Group are Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş., Vestel Elektronik Sanayi ve Ticaret A.Ş., and Zorlu Enerji Elektrik Üretim A.Ş. A risk detection committee was set up at Zorlu Enerji Elektrik Üretim A.Ş. on 19 February 2013 while those at Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. and Vestel Elektronik Sanayi ve Ticaret A.Ş. were set up on 15 March 2013. These committees' duties and working principles were also approved as of the same respective dates. These committees are responsible for compliance with article 378 of the Turkish Commercial Code (Statute 6102) and for the coordinated management of risks by identifying, in advance, anything that might threaten their companies' assets, wellbeing, or continuity; by having recourse to measures and remedies as are necessary; and by managing risk accordingly. Risk detection committees will also be set up at closely-held companies whose board of directors deems and decides that one is warranted.

The significant risks identified through analyses of existing and potential risks that might impact on Zorlu Holding's ability to achieve its objectives and the action to be taken to deal with them are summarized below.

	Risk	Description
FINANCIAL RISKS	Liquidity risk	"Liquidity risk" is defined as the inability of a company's assets to cope with the company's need for cash. Liquidity risk arises when assets have maturities that are longer than those of liabilities. It is proactively managed through prior planning of alternative courses of action based on scenarios and stress tests.
	Funding risk	Owing to the nature of its business, Zorlu Holding undertakes long-term investments. The majority of such investments are financed by means of "project finance credit". Funding risk arises when a sufficient amount of credit financing cannot be obtained under acceptable conditions. It is managed by integrating alternative methods into the existing financing structure so as to diversify the company's access to funding resources.

	Risk	Description
FINANCIAL RISKS	Exchange rate risk	The resources used to finance investments as well as raw material inputs are, for the most part, priced in foreign currencies. This exposes companies to exchange rate risk. Priority is given to balance-sheet based compensation methods in order to avert exchange rate risk however such risk's potentially negative impact may also be minimized through the use of a variety of hedging derivatives if need be.
	Interest rate risk	Because it finances its investments through a diverse mix of funding resources, Zorlu Holding is affected by changes taking place in domestic and international market interest rates. Considering that its investments are financed by means of non-equity resources, interest rate volatilities pose an even more serious element of risk for the company. A variety of derivatives are used to manage interest rate risk. The impact of changes in the current market value of such instruments on the company's financial statements is mitigated by means of hedge accounting.
	Economic risks	Economic risks manifest themselves as depressed demand, recession, inflation, costlier energy and commodity inputs and they adversely impact on the company in the conduct of its operations. The potential negative effects of these risks are quantified by means of susceptibility, scenario, and stress test analyses and appropriate actions are identified for each situation. The Risk Committee submits regular reports to the Board of Directors concerning economic risks that might affect investment opportunities.
NON-FINANCIAL	Strategic risks	Strategic risks involve such issues as competition that affects market share, changes in customer preferences and demand, developments in products and services, investments, and growth. They are managed by diversifying investments into different business lines and countries and by recognizing and coping with all forms of change in an appropriate and timely manner. Strategic issues, which are as much risks as they are opportunities, are addressed by the Business Development & Strategy Directorate in coordination with other concerned units. Working with an external consultancy when necessary, the legal, political, and similar risks inherent in Zorlu Holding's international investments are reviewed and assessed both before and after the investments have begun. Specific methods of dealing with them are adopted according to the circumstances in each country.
	Operational risks	All operational processes (procurements, production, distribution, shipping, sales, human resources, customer services, information technologies, etc) at Zorlu Holding are overseen by the Internal Audit Department and by the Financial Control and Tax Compliance Department. Zorlu Holding Corporate Risk Management regards operational risks as a serious issue and it monitors them via the information technology system and key risk indicators. In this way the company keeps track of such risk exposures and informs appropriate units to take action when necessary.

NON-FINANCIAL	Risk	Risk Açıklaması
	Business continuity risk	Emergency action plans are formulated to ensure that critical systems and technical infrastructure and facilities may be recovered and restored to operational functionality at alternative locations during and after a disaster or other emergency. These plans are regularly reviewed and revised and their practicability and effectiveness are put to the test through tests and drills.
	Legal risks / Compliance risk	Matters involving regulatory changes, litigation, tax disputes, violations of intellectual property rights, unfair competition, and critical issues associated with contracts to which stakeholders are parties as well as their contingent risks are managed by Zorlu Holding and group companies in coordination with all units concerned.
	Reputational risk	All forms of risk once materialized have an adverse impact on the reputation of Zorlu Holding and its companies. Reputational risk is managed by means of multidimensional, consistent, and continuous communication with all stakeholders.
	Environmental, health, and safety risks	<p>All statutorily-mandated standards, policies, and procedures related to environmental health, stakeholder health, and stakeholder safety are monitored and complied with by Zorlu Holding and in all Zorlu Group companies. All Zorlu Holding personnel are provided with occupational health & safety training as prescribed by laws and regulations. Risks associated with natural disasters and terrorism are transferred by means of insurance policies.</p> <p>As a signatory to the United Nations Global Compact, Zorlu Holding has also committed itself to compliance with such principles as human rights, environmental and social wellbeing, ethical behavior, and combating corruption. The company takes all necessary action with respect to such issues.</p>

8. MANDATORY PARENT COMPANY DISCLOSURES IN CORPORATE GROUPS

Situations in which Zorlu Holding controls, directly or indirectly, 5%, 10%, 20%, 25%, 33%, 50%, 67%, or 100% of shares representing another company's capital; changes in such shareholding interests and the reasons for them.

Companies in which Zorlu Holding directly or indirectly controls a 5% stake or less:

Share in Capital: 0-5%	Share (%)
Bursa Serbest Bölge Kurucu ve İşleticisi A.Ş.	1.26
Intermar Ticaret Pazarlama Turizm A.Ş.	1.91
Zorlu Gayrimenkul Geliştirme ve Yatırım A.Ş.	2.30

Companies in which Zorlu Holding directly or indirectly controls a stake in the range 33%-50%:

Share in Capital: 33-50%	Share (%)
JBR Turizm Bilişim Ticaret A.Ş.	37.73
Yeni Gürsöğüt Enerji Elektrik Üretim A.Ş.	41.29
Nemrut Jeotermal Elektrik Üretim A.Ş.	48.60

Companies in which Zorlu Holding directly or indirectly controls a stake in the range 50%-67%:

Share in Capital: 50-67%	Share (%)
Zorlu Doğal Elektrik Enerji Üretim A.Ş.	64.70
Zorlu Hidroelektrik Enerji Üretim A.Ş.	64.70
Zorlu Enerji Pakistan Limited	64.70
Zorlu Aliağa Elektrik Üretim A.Ş.	64.70
Zorlu Kumpınar Elektrik Üretim A.Ş.	64.70
Zorlu Kıyıköy Elektrik Üretim A.Ş.	64.70
Zorlu Soma Elektrik Üretim A.Ş.	64.70
Zorlu Jeotermal Elektrik Üretim A.Ş.	64.70
Zorlu Enerji Elektrik Üretimi A.Ş.	64.80
Rotor Elektrik Üretim A.Ş.	65.10
Zorlu Rüzgar Enerjisi Elektrik Üretim A.Ş.	66.50

Companies in which Zorlu Holding directly or indirectly controls a stake of 67-100%:

Share in Capital: 67-100%	Share (%)
Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş.	68.00
Cabot Communications Ltd.	70.40
Vestek Elektronik Araştırma Geliştirme A.Ş.	72.90
Gazdaş Gaziantep Doğalgaz Dağıtım A.Ş.	74.40
ABH Turizm Temsilcilik ve Ticaret A.Ş.	74.60
Vestel Komünikasyon Sanayi ve Ticaret A.Ş.	77.10
Vestel Elektronik Sanayi ve Ticaret A.Ş.	77.50
Vestel Ticaret A.Ş.	77.50
Vestel CIS Ltd.	77.50
Deksar Multimedya ve Telekomünikasyon A.Ş.	77.50
Vestel Iberia SL	77.50
Vestel France SA	77.50
Vestel Holland BV	77.50
Vestel Germany GmbH	77.50
Vestel Benelux BV	77.50
Vestel UK Ltd.	77.50
Vestel Trade Ltd.	77.50
OY Vestel Scandinavia AB	77.50
Intertechnika LLC	77.50
Zorlu Ambalaj Sanayi ve Ticaret A.Ş.	80.00
Zorlu Ev Tekstil Ürünleri A.Ş.	81.00
Zorlu Grand Hotel İşletmeciliği A.Ş.	82.00
Zorluteks D.O.O.	90.80
Trakya Bölgesi Doğalgaz Dağıtım A.Ş.	94.20
Zorlu Doğal Gaz Tedarik Ticaret A.Ş.	94.90
Zorlu Faktoring A.Ş.	96.00
Zorlu Sigorta Aracılık Hizmetleri A.Ş.	97.00
Zorlu Tekstil Ürünleri Pazarlama A.Ş.	97.40
Deniz Destek Oto Kiralama Temizlik Hizmetleri A.Ş.	98.40
Zorlu Elektrik Enerji İthalat İhracat A.Ş.	99.00
Zorlu Doğalgaz İthalat İhracat A.Ş.	99.00
Zorlu Endüstriyel ve Enerji Tesisleri İnşaat Tic. A.Ş.	99.80
Zorlu Air Havacılık A.Ş.	99.80
Zorlu O/M Enerji Tesisleri İşletme A.Ş.	99.90
Zorluteks Tekstil Sanayi ve Ticaret A.Ş.	99.90
Zorlu Dış Ticaret Sanayi ve Ticaret A.Ş.	99.90
Zorlu UK Ltd.	99.90
Rosmiks International B.V.	100.00
Rosmiks LLC	100.00
Zorlu Doğal Gaz, Petrokimya Ürünleri Petrol İnş. Sanayi Tic. A.Ş.	100.00
Korteks Mensucat Sanayi ve Ticaret A.Ş.	100.00
Linens Pazarlama A.Ş.	100.00
Zorluteks SNG	100.00
Zorlu International Investments Ltd.	100.00
Rosmiks Finance B.V.	100.00
Rosmiks Netherland B.V.	100.00