

TABOGLU & DEMIRHAN

Newsletter

ENERGY MARKET UPDATES

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- Pursuant to the dailies, EGL, a Swedish energy company, has signed a joint venture agreement with Demiroren Group. The purpose of the partnership between EGL and Demiroren is to provide products and services to the fast-growing energy markets through utilizing local and international expertise of these two companies. The trade names of the following companies, namely EGL Turkey, a subsidiary of EGL Group, and Milangaz LNG Toptan Satis Ticaret Sanayi, a subsidiary of Demiroren Group, have been changed to “Demiroren EGL Enerji” and “Demiroren EGL Gaz” respectively. Demiroren Group and EGL Group will have equal shares in these companies. As per the agreement between the parties, Demiroren EGL Enerji will utilize the electricity trade license and Demiroren EGL Gaz will utilize the natural gas trade license of Milangaz LNG Toptan Satis Ticaret ve Sanayi. EGL has also executed and a Memorandum of Understanding with Boru Hatlari and Petrol Tasimacilik (BOTAS).
- As per the statement made by Is Bankasi, the process with respect to 100% acquisition of Closed Joint Stock Company Bank Sofia has been completed on 27 April 2011. The Share Purchase Agreement was executed in October 2010 and the process which was ongoing since then, has come to an end upon the payment of US\$ 36 million made by Is Bankasi to Bank Sofia against the delivery of shares representing 90% of Bank Sofia. The remaining US\$ 4 million, the amount pertaining to the remaining 10% shares, will be paid by Is Bankasi in 2012. As per the Is Bankasi’s statement, the Bank has decided to acquire Bank Sofia within the scope of its mission to become a regional bank and to increase its activities in international markets. Turkish companies’ investments in Russia which strengthen the commercial relations between Russia and Turkey along with the bilateral treaties executed by and between Russia and Turkey has tempted Is Bankasi to acquire a bank located in Russia.
- As per the statement made by an advisor to the Georgian Government, Six Turkish companies, i.e. EnerjiSA, Anadolu Group, Nuro Group, Limak, Kolin and Agaoglu Group have started their activities in Georgia. Three more companies, namely Istikbal, Atac Group and IC Holding, are making feasibility studies for their energy projects in Georgia.
- In the annual shareholders meeting Netaş, the Company has decided to distribute TL 17.8 million dividends in cash in May 2011. Netas has also declared a net profit of TL 3.2 million in the first quarter of 2011 with an increase of 23%.
- The Capital Markets Board has approved the public offering of Bilici Yatirim, a textile company located in Adana, and the offer price per share will be TL 2.70.

CAPITAL MARKETS UPDATES

- Pursuant to the dailies, Tekfen Holding has announced its consolidated financials pertaining to the year 2010 along with its expectations for 2011. As per the said announcement, the Company’s equity capital, sales revenues and net profit for the year 2010 have been realized as TL 1.6 billion, TL 2.2 billion and TL 178 billion, respectively. Therefore, Tekfen Group has reached the highest turnover and operational profit since its establishment. As per the announcement, TL 2.9 billion turnover and TL 192 million net profit are expected for the year 2011.
- As per the dailies, TAV Holding has increased its consolidated turnover by 27% in the first quarter of 2011 and doubled its operational profitability in Euro basis.
- As per the statement published in the Capital Markets Board Weekly Bulletin, the Board has registered new shares to be issued by Eczacibasi Yatirim Ortakligi. The Company will issue bonus shares for an amount of TL 7 million through conversion of internal reserves.

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Highlights

- a. Energy Markets News
- b. Capital Markets Updates
- c. Privatization Highlights
- d. Banking Sector News
- e. Competition News
- f. Other News

PRIVATIZATION HIGHLIGHTS*cont'd.*

- The Energy Market Regulatory Authority has stated that 80% shares of Dogal Gaz Dagitim can be transferred to MMEKA Baskent Dogal Gaz Dagitim or Cankaya Dogal Gaz Dagitim. As per the statement, the Privatization Administration will transfer the shares of Dogal Gaz Dagitim to MMEKA at its discretion and notify the completion to the Authority. There has been a dispute between the stakeholders of MMEKA.
- A clearance for the acquisition of 50% shares of EKY – Eczacibasi – Koramic Yapi Kimyasallari Sanayi which is jointly controlled by Eczacibasi Group and Koramic Investment, by a subsidiary of Koramic Holding N.V has been obtained from the Competition Board as it would not create or strengthen a dominant position as described under the Communiqué regarding the Mergers and Acquisitions.

BANKING SECTOR NEWS

- As per the dailies, with the leadership of WestLB, DenizBank has received Euro 300 million securitization loan, the maturities of which vary between 7 and 12 years. The loan will be extended to energy and agriculture sectors.
- Sekerbank has reached to a net profit of TL 30.3 million in the first-quarter of 2011. It has been further stated that while the total assets of the Bank have increased to TL 8.2 billion with a 27% increase, the total loans have been realized as TL 7.9 billion and equity level has reached to TL 1.4 billion.
- As per the statement made by the CFO of Standard Bank, the Bank will evaluate the sale of Turkey and Argentina operations in case of an attractive offer.

COMPETITION NEWS

- As per the announcement made by Dogan Gazetecilik, the Competition Board has granted its permission for the transfer of the newspapers, namely Vatan and Milliyet, of Dogan Gazetecilik to the DK Gazetecilik, a joint venture of Demiroren-Karacan Group, on the grounds that it will not create or strengthen a dominant position as per the Communiqué regarding the Mergers and Acquisitions.

*cont'd.***OTHER NEWS**

- According to the statement made by Renault-Nissan alliance, a cooperation agreement has been signed between the e.laad-nl Foundation, a consortium between electricity distribution companies in The Netherlands, and Renault-Nissan alliance with respect to a zero emission technology in the future. The alliance between the two institutions promises for a complete electric-vehicle production line for consumers.
- As per the dailies, Eczacibasi Yapi Urunleri Group will increase its tile production capacity by 20% to 38 million square meters by making simultaneous investments in Turkey and Germany.
- Pursuant to the announcement made by Turkish Airlines, the Board of Directors has been authorized for the establishment of a joint venture named "TCI A.S." which will be active in in-flight systems.

- As per the dailies, Turkcell Group's income with respect to the first quarter of 2011 has been determined as TL 2.1 billion and made a profit of TL 330 million has been made thereof.
- According to the dailies, the revaluation ratio to be applied during the first temporary tax period in 2011 is determined as 2.43%.

The aim of this weekly newsletter is to highlight mainly the regulatory changes made by the Turkish Government during the relevant week. The content of this bulletin is limited to those areas Taboglu & Demirhan advises its clients. It contains a general summary of the changes and the areas it covers are broader. Thus, one should not rely on it for specific advice. For further information or advice please contact Taboglu & Demirhan, a full-service law firm based in Istanbul.

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