

TABOGLU, ATES & DEMIRHAN

Newsletter

CAPITAL MARKETS NEWS

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- The Istanbul Stock Exchange has announced the new criteria for public offering which will take effect as of the year 2008. Accordingly, share capital thresholds to be offered to public and to issue financing bonds are TRY 14 million and TRY 1.4 million, respectively.
- The Competition Board has approved the sale of Atv-Sabah to Calik Group's Turkuaz Radio Television where the group was the sole bidder. Calik Group has offered US\$ 1.1 billion for Atv-Sabah in a public tender held by the Savings Deposit Insurance Fund early December. The Board approved the sale of Atv-Sabah and stated that it was not violating any competition regulation. The decision of the Board was conveyed to the Fund and the decision is subject to a final decision of the Fund.
- As per the dailies, Ulker Group's parent company, Yildiz Holding, has combined all of its companies operating in the information technology sector under the roof of Yildiz Informatics Group to increase its competitiveness in the sector. Informatics Group's annual turnover goal has been set as TRY 1 billion for 2008. The Holding has been operating in various fields such as production, distribution, telecommunications, retail, system integration and software for 20 years. Yildiz Holding has reduced the number of its companies to 5, depending on market share and experience.
- Sabanci Holding and Carrefour Group have announced that they will not submit an offer for the tender regarding sale of Turkey's largest retail chain, Migros. Koc Group is expected to receive offers worth US\$ 4 billion for sale of its 51% stake in Migros. Bidders interested in the tender include Agrokor-Blackstone consortium, ICA, Alfa, CVC Capital Partners and the consortium of Kohlberg Kravis Roberts, Bain Capital, BC Partners and Turkven.
- Pursuant to the dailies, an Ulker Group company, Fresh Cake, has purchased 50% of the shares in pre-packaged bread maker UNO Ekmek and Komsu Firin. According to the statement released by Ulker, the total estimated value of the sister companies is US\$ 75 million.
- According to the report published by Deloitte, the volume of mergers and acquisitions in Turkey has reached to US\$ 20.6 billion in 162 transactions last year. Due to the report, mergers and acquisitions surpassed US\$ 20 billion despite turmoil in domestic politics and negative signals in macroeconomic figures such as growth and the inflation rate in 2007. This was emphasized as an indicator of Turkey still being an attractive center for investors.
- Albayrak Real Estate Investment Trust has applied to the Capital Markets Board to offer 49% of its shares to public. According to the statement released by Albayrak Group, the Company will increase its paid-in capital from TRY 10.85 million to TRY 16.27 million prior to the public offering. Furthermore, the offering will take place in the first quarter of 2008 upon the Capital Markets Board's approval.

BANKING SECTOR NEWS

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Highlights

a. Capital Markets News

b. Banking Sector News

c. Energy Sector Updates

d. Privatization Highlights

e. Other News

ENERGY SECTOR UPDATES

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- As per the dailies, State Oil Company of Azerbaijan Republic (SOCAR) has declared that it is planning to invest US\$ 10 billion in Turkey to set up an oil refining plant. SOCAR's Chairman stated that the Company aims to become a major global gas seller. He also noted that they had projects to set up new petroleum refineries in Ceyhan and at Petkim facilities and then they were planning to build chemical processing plants in Turkey.
- According to the dailies, Polat Madencilik found a reserve of an estimated amount of 200 million tons of coal in Manisa's Soma province, Turkey's second biggest coal basin after Zonguldak. A team of four engineers, sent by China Coal Energy Company, had been assigned to detect coal reserves and covered an area of 2,000 hectares.
- Pursuant to the dailies, industry production of Turkey has increased 7.7% in November 2007 compared to the same index in November 2006.
- The Turkish State Railways has planned to take place on a number of projects based on partnerships with private and public sectors. The projects aim to divert freight transportation routes that are mainly under Russia's control to Turkey by a number of additional railroad investments. Accordingly, Russia's superiority over railroads for freight transportation will shift to Turkey. Through private and public sector cooperation, the State Railways will provide uninterrupted transportation line from West to East. Projects include construction of high-speed train stations as well. According to the plans of the State Railways, new high-speed train stations will also function as shopping centers; thus become attraction spots for people.
- The Central Bank of the Republic of Turkey has announced that the current account deficit of Turkey as of November 2007 is US\$ 32.7 billion with an increase of 11.6%.
- The Energy Law Research Institute has indicated in its report regarding the Turkish Electricity Energy Sector and its legal status that the greatest challenge in privatization tenders is the legal structure under the respective agreements.

PRIVATIZATION HIGHLIGHTS

- The Plenary Session of the Administrative Law Divisions of the Council of State has suspended the sale of a majority stake in Petkim, which was privatized earlier in year 2007. The Council of State has justified its decision on the ground that "the public does not benefit from privatization of a lucrative company." The decision is adopted by majority, despite dissenting votes from several judges.

OTHER NEWS

- Man Finance has decided to postpone the establishment of a leasing company to an uncertain date due to the controversies triggered by a government decision to dramatically increase VAT rates from 1 percent to 18 percent for all leasing activities.

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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, Ates & 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, Ates & Demirhan, a full-service law firm based in Istanbul.

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