## Appendix 1: Turkish GAAP - IFRS Differences:

**General Principles:**

Companies in Turkey prepare their legal books and statutory financial statements in accordance with the Turkish Commercial Code ("TCC") and accounting principles set out in the tax legislation.

Listed companies prepare their financial statements in accordance with the Capital Markets Board's ("CMB") Communiqué "Principles of Financial Reporting in Capital Markets" ( **Communiqué Serial : XI, No: 29**). The Communiqué requires entities to prepare their financial statements in accordance with International Financial Reporting Standards ("IASs/IFRSs") accepted by the European Union. However, until the differences of the IASs/IFRSs as accepted by the European Union from those that are issued by International Accounting Standards Board ("IASB") are announced by Turkish Accounting Standards Board ("TASB"), IASs/IFRSs issued by the IASB shall be effective. In this respect, Turkish Accounting Standards/Turkish Financial Reporting Standards ("TASs/TFRSs") issued by the TASB which are in line with the aforementioned standards shall be applied accordingly. Therefore, listed companies prepare their financial statements in accordance with IASs/IFRSs under the Communiqué, until the differences of the IASs/IFRSs as accepted by the European Union from those that are issued by IASB are announced by TASB. In addition, financial institutions, financial leasing companies and factoring companies that are subject to the Banking Regulation and Supervision Agency ("BRSA") prepare their financial statements in accordance with the BRSA Communiqué. In its Communiqué, BRSA also refers to the IFRSs. Moreover, insurance companies are also required to prepare their financial statements in accordance with IFRSs.

Companies resident in Turkey are required to keep the following books in their statutory records:

a) Trial Balance;
b) Journal Entires;
c) Inventory List; and
d) Stamp Duty Register.

Financial Statements include balance sheet and income statement. Companies are also required to prepare an annual "Statement of Cost of Goods Sold", "Statement of Cash Flow" and "Statement of Profit Distribution".

All statutory records are kept as part of Uniform Chart of Accounts. Each account is given an account number and all Turkish companies use the same account numbers.

However, IFRSs do not include any specific account names and account numbers. "IAS 1 Presentation of Financial Statements" specifies all the related account names that an entity's balance sheet and income statement should include; however, all companies may not be consistent in this sense.

In accordance with **"IAS 1 Presentation of Financial Statements"**, the statement of financial position shall include line items that present the following amounts:

(a) Cash and cash equivalents

(b) Trade and other receivables

(c) Inventories

(d) Investments accounted for using the equity method;

(e) Other financial assets

(f) Tangible and intangible assets

(g) Investment properties

(h) Non-current assets held for sale and discontinued operations

(i) Biological assets

(j) Deferred tax assets

(k) Trade and other payables

(l) Provisions

(m) Financial liabilities

(n) Corporate tax provisions

(o) Deferred tax liabilities

(p) Minority interests (presented within equity) and

(q) Issued capital and reserves attributable to owners of the parent.

In a separate disclosure of an item in the balance sheet, the liquidity, and nature, and function of assets and the size, nature and maturity of liabilities are taken into account. A separete disclosure is required for assets and liabilites that are presented in aggregate by using different measurement bases.

An entity shall present all items of income and expense recognised in a period:

- in a single statement of comprehensive income, or
- in two statements: a statement displaying components of profit or loss (separate income statement) and a second statement beginning with profit or loss and displaying components of other comprehensive income (statement of comprehensive income).

The statement of comprehensive income shall include line items that present the following amounts for the period:

(a) revenue;

(b) finance costs;

(c) share in the pre-tax profit or loss of investments accounted for using equity accounting

(d) tax provisions and expenses;

(e) the post-tax gain or loss on the disposal of the assets or disposal group(s) constituting the discontinued operations;

(f) profit or loss;

(g) each component of unrealized profit/loss classified in terms of nature (Changes in Available For Sale Financial Assets Fund, Changes in Property, Plant and Equipment Revaluation Fund, The Effective Portion of Gains/Losses Arising From The Cash Flow Hedging Items, Acturial

Gains/Losses in Defined Benefit Plans under **"IAS 19 Employee Benefits",** Changes in Exchange Translation Fund**)**

(h) total comprehensive income.

An entity shall include the following in its IFRS financial statements:

a. Balance Sheet (Statement of Financial Position);
b. Income Statement (Comprehensive Income Statement);
c. Statement of Changes in Equity;
d. Statement of Cash Flows; and
e. Disclosures on accounting policies and other explanatory notes.

Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. An entity whose financial statements comply with IFRSs shall make an explicit and unreserved statement of such compliance in the notes. An entity shall not describe financial statements as complying with IFRSs unless they comply with all the requirements of IFRSs.

When preparing financial statements, management should disclose any uncertainties on the entity's ability to continue as a going concern in the notes. When an entity does not prepare financial statements on a going concern basis, it shall disclose that fact, together with the basis on which it prepared the financial statements and the reason why the entity is not regarded as a going concern.

An entity shall prepare its financial statements using the accrual basis of accounting.

An entity shall retain the presentation and classification of items in the financial statements from one period to the next unless:

(a) it is apparent, following a significant change in the nature of the entity's operations or a review of its financial statements, that another presentation or classification would be more appropriate; or

(b) an IFRS requires a change in presentation.

If there is a restatement in financial statements, unless otherwise indicated, prior period items are also restated.

An entity shall present separately each material class of similar items. An entity shall present items of similar nature or function in aggregate unless they are material.

An entity shall not offset assets and liabilities or income and expenses, unless required or permitted by an IFRS.

Except when IFRSs permit or require otherwise, an entity shall disclose comparative information in respect of the previous period for all amounts reported in the current period's financial statements. An entity shall include comparative information for narrative and descriptive information when it is relevant to an understanding of the current period's financial statements.

**"Cash and Cash Equivalents"**

Cash and cash equivalents comprise cash on hand, time and demand deposits, cheques on demand, repos, B Type liquid funds, credit card receivables on demand and treasury bills and government bonds having maturities three months or less from the date of acquisition in the IFRS financial statements. Interest is charged to time deposits on an accrual basis at the balance sheet date and

interest accrual is booked on the time deposits. Interest accrual should be calculated based on the effective interest rate method, instead of straight-line interest method. Repos, treasury bills and government bonds having maturities three months or less from the date of acquisition are recognized by using the effective interest rate method under **"IAS 39 Financial Instruments: Presentation"**. Discount amount is included in finance expenses. B Type liquid funds are carried at fair value.

**"Other Financial Assets"**

There is no specific guidance on other financial assets in the Turkish GAAP. Other financial assets include equity shares (account no: 110 "Securities" or account no: 240 "Long-Term Securities" in the Turkish GAAP), treasury bills, government bonds (account no: 112 "Public Sector Bills, Bonds and Notes" in the Turkish GAAP ) or private sector bonds (account no: 111 "Private Sector Bills, Bonds and Notes" in the Turkish GAAP) and derivative instruments (followed under the off balance sheet accounts).

Financial assets are classified as "Financial Assets at Fair Value Through Profit or Loss" ," Held to Maturity Financial Assets", "Available for Sale Financial Assets" and "Loans and Receivables". Classification is determined at initial recognition depending on the purpose and nature of the asset.

***Financial assets at fair value through profit or loss:***

Financial assets are classified as financial assets at fair value through profit or loss where the Group acquires the financial asset principally for the purpose of selling in the near future. Assets in this category are classified as current assets. Derivatives that are not designated as effective hedging instruments are also classified as financial assets at fair value through profit or loss.

***Held to maturity financial assets***

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortized cost using the effective interest method less impairment, with revenue recognized on an effective yield basis.

***Available for sale financial assets:***

Quoted equity investments and quoted certain debt securities held by the Group that are traded in an active market are classified as being available- for-sale financial assets and are stated at fair value.

Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in the investment revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognized in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

***Loans and Receivables:***

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortized cost using the effective interest method less any impairment. Loans and

receivables are presented in a separate line item other than "Other Financial Assets" in the financial statements.

***Impairment:***

If the above mentioned items are impaired, they should be recognized as an expense in the IFRS financial statements in a different manner than the Turkish GAAP.

**Derivative Financial Instruments:**

Derivative financial instruments are not recognized directly in accordance with the Turkish GAAP until the net payment / collection is made. However, in IFRS financial statements derivative contracts are directly recognized at fair value and fair value is re-calculated at each balance sheet date. The difference is recognized as profit or loss in the income statement. As an altrnative, companies may also apply hedge accounting for their for derivative financial instruments to the extent that proper documentation is made.

**"Trade Receivables"**

Trade receivables are carried at carrying value in accordance with the Turkish GAAP. However, trade receivables are carried at amortized cost by using the effective interest method in accordance with **"IAS 39 Financial Instruments: Disclosure"**. Accordingly, trade receivables are discounted to their net value by using the effective interest method under **"IAS 39 Financial Instruments: Disclosure".** Discount rate is classified as rediscount expense under finance expenses.

Receivables are also tested for impairment at each reporting date in the preparation of IFRS financial statements. For trade receivables, impairment is the difference between the present value and carrying value of estimated future cash flows, discounted at the original effective interest rate of the asset. When a trade receivable is uncollectable, provision is provided for the uncollectable portion in the statement of income.

"Deposits and Guarantees" account presented under account group no: 12 in accordance with the Turkish GAAP are classified as other current assets in the IFRS financial statements. Trade receivables from related parties should also be presented separately in the IFRS financial statements.

Post-dated cheques are classified as notes receivables in the IFRS financial statements.

**"Other Receivables"**

"Receivables from Shareholders", "Receivables from Associates" and "Receivables from Subsidiaries" are presented under account group no: 13 in the Turkish GAAP. Such receivables include the entity's receivables from operations other than its core business (i.e. lending and similar operations). If the entity's "Receivables from Shareholders", "Receivables from Associates" and "Receivables from Subsidiaries" result from operations other than its core business, they should be classified as "Other Receivables" in the IFRS financial statements.

In accordance with IFRSs, other receivables should be carried at amortized cost by using the effective interest method in accordance with **"IAS 39 Financial Instruments: Disclosure"**. Accordingly, trade receivables are discounted to their net value by using the effective interest method under **"IAS 39 Financial Instruments: Disclosure".** Discount rate is classified as rediscount expense under finance expenses.

Other receivables are also tested for impairment at each reporting date in the preparation of IFRS financial statements. For other receivables, impairment is the difference between the present value and carrying value of estimated future cash flows, discounted at the original effective interest rate of the asset. When other receivables are uncollectable, provision is provided for the uncollectable portion in the statement of income.

**"Inventories"**

While inventories are valued at cost in accordance with the Turkish GAAP, they are valued at the lower of cost and net realizable value in the IFRS financial statements. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and the estimated costs necessary to make the sale. If the cost of finished goods exceeds the net realizable value, "net realizable value provision" is provided for finished goods. Provision expense is classified under "Cost of Goods Sold" in profit/loss.

Inventories are measured based on the First-In-First-Out ("FIFO") or weighted average cost formula in accordance with IFRS and Turkish GAAP. Last-In-First-Out method is not applicable in both standards.

The Turkish GAAP allows capitalization of interest and exchange differences over inventories; however IFRS only allows the capitalization of interest and exchange differences incurred to the point where the inventory is delivered to the warehouse.

The difference between IFRS depreciation/amortization expense and depreciation/amortization expense according to the Turkish GAAP should be adjusted on the finished goods based on the allocation parameter in statutory books.

IFRS requires an entity to provide provisions for obselete and scrap inventories that are disposable at at a lower amount than cost. The provision amount is creditted to account no: 158 "Allowance for Obselete Inventory" and should be debitted to "Loss from Obselete Inventory" in profit/loss. "Loss from Obselete Inventory" is generally classified under "Cost of Goods Sold". The reversal of provision in following years is also adjusted in cost of goods sold. However, the provision for obselete inventory in statutory books depends on the approval of the valuation committee.

"Order Advances Given" account is classified under inventory in accordance with the Turkish GAAP, while it is classified under "Other Receivables and Current Assets" in IFRS.

Marketing and promotion materials are classified under the "Other Inventory" account in the Turkish GAAP; whereas they should be directly expensed in the IFRS financial statements.

**"Construction Contracts"**

The Turkish GAAP requires the capitalization of costs incurred through the construction in the balance sheet and cost is recognized in profit and loss when the construction is completed and the ownership of the asset is transferred to the owner. Under IFRS, construction costs are recognized in the period in which they are incurred. The recognition of revenue and expenses by reference to the stage of completion of a contract is often referred to as the "percentage of completion" method. Under this method, contract revenue is matched with the contract costs incurred in reaching the stage of completion, resulting in the reporting of revenue, expenses and profit which can be attributed to the proportion of work completed.

When the outcome of a construction contract cannot be estimated reliably, revenue shall be recognised only to the extent of contract costs incurred that it is probably will be recoverable.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract shall be recognised as revenue. When the total contract costs exceed the total contract revenue, an expected loss on the construction contract shall be recognised as an expense immediately.

**"Other Current and Non-Current Assets"**

"Inventory Count Shortages" account is classified under this account group in accordance with the Turkish GAAP. However, this account should be reviewed, adjusted and accordingly recognised in the profit and loss as of the balance sheet date. Therefore, the related account should be nil as of the balance sheet date in the IFRS financial statements.

**"Associates"**

There is no guidance for any consolidation requirement in the Turkish GAAP. Associates are carried at cost under the Turkish GAAP. Under IFRS, an associate is an entity, including an unincorporated entity such as a partnership, over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

An investment in an associate shall be accounted for using the equity method under IFRS. Under the equity method, an investment in associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognized as goodwill which is included within the carrying amount of the investment and reviewed for impairment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

Where a Group entity transacts with its associate, gains and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Associates should be tested for impairment at each year. If the present value of cash inflows of an associate is less than the carrying amount, provision for impairment should be provided.

**"Joint Ventures"**

There is no definition for jointly controlled entities in the Turkish GAAP. A jointly controlled entity is a joint venture that has a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control that is when the strategic financial and operating

policy decisions relating to the activities require the unanimous consent of the parties sharing control.

Where a group entity undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognized in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognized when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.

**"Subsidiaries"**

Subsidiaries are carried at cost under the Turkish GAAP. However, they are consolidated under IFRS. Therefore, there should be no balance like "subsidiaries" in the consolidated financial statements.

The consolidated financial statements incorporate the financial statements of the Group and entities controlled by the Group (its subsidiaries). Control is achieved where an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The result of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

**"Property, Plant and Equipment"**

Property, plant and equipment are carried at cost (adjusted for the effects of inflation until 31 December 2004) under the Turkish GAAP.

Depreciation is charged over the prescribed lives under the Turkish GAAP. Under IFRS, depreciation is charged over the useful lives.

Under the Turkish GAAP, depreciation is booked for the full year regardless of the acquisition date; however in IFRS, depreciation is calculated on a pro-rata basis; i.e; calculated from the acquisition date to the year-end.

There is no guidance applicable for impairment in the Turkish GAAP. However, in IFRS, assets are tested annually for any indication of impairment. When an asset is impaired, cost and the recoverable amount of the asset is reviewed, and an impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

Advances given for property, plant and equipment are classified under other non-current assets in the IFRS financial statements.

Capitalization criteria in relation to borrowing costs of assets in the Turkish GAAP also differ from those in IFRSs. Under IFRS, an entity shall capitalise borrowing costs that are directly attributable to

the acquisition, construction or production of a qualifying asset. Also, there is a cap limit (unreal finance expense) for exchange difference losses eligible for capitalization.

**"Intangible Assets"**

Similar differences with Property, Plant and Equipment are applicable for intangible assets, in terms of depreciation and recognition criteria.

***Goodwill:***

Goodwill under the Turkish GAAP should be adjusted for IFRS purposes. Under IFRS, goodwill is defined as the excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost. Accordingly, the acquiree is recognized in accordance with **"IFRS 3 Business Combinations".** Cost of business combination is the total of fair value of assets given, liabilities incurred and equity instruments issued to retrain the control of subsidiaries at the business combination date and directly attributable costs of the business combination.

**Establishment Costs**:

Establishment costs are recognized as expense in the IFRS financial statements.

***Research and Development Expenses:***

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets acquired separately.

***Leasehold Improvements:***

Leasehold improvements are presented under "Property, Plant and Equipment" in the IFRS financial statements. Leasehold improvements are carried at cost, less any accumulated depreciation and accumulated impairment losses.

Leasehold improvements are depreciated over their estimated useful lives by using the straight-line method. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in the estimate being accounted for on a prospective basis.

***Intangible Assets Acquired Through Business Combination:***

The acquirer recognises an intangible asset of the acquiree separately from goodwill at the acquisition date only if it meets the definition of an intangible asset and its fair value can be measured reliably. Such cost of such intangible assets is the fair value at the date of acquisition.

After initial recognition, intangible assets acquired through business combination are carried at cost less any accumulated depreciation and accumulated impairment losses.

**"Investment Property"**

There is no guidance for investment properties in the Turkish GAAP. Investment properties that are held to earn rentals and/or for capital appreciation are measured initially at cost, including transaction costs. After initial recognition, an entity can either to measure its investment properties at fair value or cost. Gains or losses arising from changes in the fair value of investment properties are included in the profit or loss in the year in which they arise. No depreciation is charged if the investment property is measured at fair value.

**"Deferred Tax"**

There is no guidance for deferred tax in the Turkish GAAP. Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method under IFRS.

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.

**"Bank Loans and Trade Payables"**

In the IFRS financial statements, bank loans, trade payables, other non-trade payables, including the interest expenses, are recognized at amortised cost using the effective interest method.

" **Provision for Employment Termination Benefits**"

Accounting for a provision for employment termination benefits is an optional treatment in the Turkish GAAP. Under IFRS, the retirement benefit obligation recognized in the balance sheet represents the net present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses. Gross termination benefit provision calculated, therefore, is discounted to the present value. Probabaility of employee retention should be taken into account when calculating the provision for employment termination benefits.

**"Provisions"**

Provisions are liabilities of uncertain timing or amount (such as; guarantee expense provisions, bonus provisions, legal provisions, etc.) which are present obligations of the entity arising from past events, the settlement of which is expected to result in an outflow of resources embodying economic benefits, from the entity.

IFRS requires a separate presentation of provisions when the Group has a present obligation as a result of a past event; it is probable that the Group will be required to settle that obligation; and a reliable estimate can be made of the amount of 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.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all 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 virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**"Revenue"**

Under the Turkish GAAP, revenue is recognized when goods are invoiced. However in IFRS, an entity should satisfy some specific conditions to recognize revenue.

***Sale of Goods:***

Revenue from the sale of goods shall be recognised when all the following conditions have been satisfied:

- the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

***Rendering of Services:***

Revenue from a contract to provide services is recognized by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- Installation fees are recognized by reference to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at the balance sheet date;
- Servicing fees included in the price of products sold are recognized by reference to the proportion of the total cost of providing the servicing for the product sold, taking into account historical trends in the number of services actually provided on past goods sold; and
- Revenue from time and material contracts is recognized at the contractual rates as labour hours are delivered and direct expenses are incurred.

When the above criteria can not be satisfied, income is not recognized. Invoiced amount is credited to either account no: 380 "Deferred Income" or account no: 480 "Long-Term Deferred Income".

In addition, total revenue is the invoiced amount in the Turkish GAAP. However, in IFRS, revenue is recognized at fair value. If a payment is made beyond the regular payment terms with a maturity of 180 days, revenue amount to be recognized in the IFRS financial statements is the cash amount of

the related payment. The accounting of sales and discount on purchases of goods significantly differ from IFRS than the Turkish GAAP

**"Recognition of Expenses"**

Under the Turkish GAAP, expenses and revenue are recognized in the same period on an accrual basis. Under IFRS, expenses are recognized at fair value.

**" Non-current Assets Held for Sale and Discontinued Operations"**

There is no guidance for "Non-current Assets Held for Sale and Discontinued Operations" in the Turkish GAAP. Assets and liabilities associated with the disposal of Property, Plant and Equipment and Subsidiaries are presented in the assets and liabilities columns of the balance sheet as an aggregate of a single amount. No depreciation is charged. They are classified at the lower of carrying amount and fair value less costs to sell.

**"Segment Reporting"**

There is no guidance for "Segment Reporting" in the Turkish GAAP. **"IFRS 8 Operating Segments"** requires an entity to report financial and descriptive information about its reportable segments in its financial statements.

**"Other Extraordinary Income /Expenses"**

Contrary to the Turkish GAAP, IFRSs do not provide any guidance for "Other Extraordinary Income/Expenses". Such items are classified under "Other Operating Expenses" and "Other Operating Income" in the IFRS financial statements.

**"Income/Losses Attributable to Prior Periods"**

Contrary to the Turkish GAAP, IFRSs do not provide any guidance for ""Income/Losses Attributable to Prior Periods". Such items are classified under "Other Operating Expenses" and "Other Operating Income" in the IFRS financial statements.