



**SERKA TAAHHÜT İNŞAAT A.Ş.
UNITED NATIONS GLOBAL
COMPACT COMMUNICATION
ON PROGRESS**

January 2013

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INTRODUCTION

SERKA İnşaat ve Ticaret A.S. (SERKA) is proud to be a member of the United Nations Global Compact, a worldwide corporate citizenship initiative encompassing 10 universal principles and involving hundreds of companies around the world. SERKA signed the United Nations Global Compact agreement in 2010 and declared that it would adhere by the ten primary principles pertaining to human rights, labor, the environment and corruption.

Labor Rights/Human Rights– SERKA is in a knowledge-based business. Our human rights policies are therefore tailored to a global workforce that is highly educated and professional. Our services to clients – strategic and tactical communications counsel – require a highly motivated workforce performing in an optimum working environment. Many of the Compact principles on human rights and labor standards are not directly relevant to our operations. However, several SERKA labor policies, a few of them amended recently, implicitly relate to Compact principles.

Harassment and Discrimination Policy – All employees should be able to enjoy a work environment that is free from harassment, including sexual harassment; and free from discrimination of race, color, national origin, ancestry, religion, disability, medical condition, marital or veteran status, sexual orientation, age or gender. Any harassment or discrimination of employees or others at SERKA undermines the integrity of our employment and our relationships. This conduct is unacceptable and will not be tolerated. SERKA expects its vendors and clients to support these guidelines.






























Equal Employment Opportunity Policy – SERKA is an equal opportunity employer with individuals hired and promoted solely on the basis of ability, training and experience. The company will make every reasonable accommodation to the known physical or mental limitations of qualified employees with disabilities unless the accommodation would impose an undue hardship on other employees or inhibit the efficient service of our clients.

Non-Disclosure, Non-Solicitation and Code of Business Ethics Agreement – At the request of the SERKA Chief Executive Officer, this policy document is formally acknowledged by each employee. It provides standards for virtually all operations of the company, including truth and accuracy in communications, record keeping, gifts and entertainment, union agreements, conflicts of interest, and privacy.

Workplace Violence – It is SERKA's intent to provide a safe working environment for all employees. Threats or any other implied or actual act of aggression made to, or by, any employee will not be tolerated. Reports of threats may be made anonymously and will be investigated promptly. A brochure on workplace violence is made available for all employees.

Anti-Corruption/Transparency – SERKA is acutely aware of its responsibility as an active participant in the free flow of information and ideas in our society. The integrity of independent media is a cornerstone of this vital process. A national debate on the public relations-media interface convinced SERKA to restudy its policies in this area. As a result,

SERKA has issued a new policy document, "SERKA Disclosure Guidelines," to better ensure that all information we distribute will identify the client or other entities as sources of the information.

 ADALI HOLDING A.S. ENTITIES	
 5A İNŞAAT VE MALZEMELERİ SAN. VE TIC. LTD.ŞTİ Field of Activity : Domestic and External Trade	 ADALI ENERJİ A.Ş. Field of Activity : Power Generation and Marketing
 ATILIM ENERJİ ÜRETİM VE PAZARLAMA LTD.ŞTİ Field of Activity : Power Generation and Marketing	 AYAN ELEKTRİK ÜRETİM LTD.ŞTİ Field of Activity : Power Generation and Marketing
 BEŞİKTEPE ENERJİ ÜRETİM VE TIC.A.Ş. Field of Activity : Power Generation and Marketing	 BOZTEPE ENERJİ ÜRETİM PAZARLAMA A.Ş. Field of Activity : Power Generation and Marketing
 ÇEVİK ELEKTRİK ÜRETİM LTD.ŞTİ Field of Activity : Power Generation and Marketing	 EFELER ENERJİ ÜRETİM PAZARLAMA A.Ş. Field of Activity : Power Generation and Marketing
 ELSER ENERJİ ÜRETİM VE TIC.LTD.ŞTİ Field of Activity : Power Generation and Marketing	 GRANIT ELEKTRİK ÜRETİM LTD.ŞTİ Field of Activity : Power Generation and Marketing
 GÜRLEYEN ENERJİ ÜRETİM PAZARLAMA A.Ş. Field of Activity : Power Generation and Marketing	 KAREN ENERJİ SAN.VE.TIC.A.Ş. Field of Activity : Power Generation and Marketing
 LASKAR ENERJİ ÜRETİM PAZARLAMA A.Ş. Field of Activity : Power Generation and Marketing	 LEBA ELEKTRİK ÜRETİM LTD.ŞTİ Field of Activity : Power Generation and Marketing
 MELTEM ENERJİ ÜRETİM VE TIC.LTD.ŞTİ Field of Activity : Power Generation and Marketing	 MERİDYEN ENERJİ ÜRETİM VE TIC.LTD.ŞTİ Field of Activity : Power Generation and Marketing
 MELTEM ENERJİ ÜRETİM VE TIC.LTD.ŞTİ Field of Activity : Power Generation and Marketing	 MERİDYEN ENERJİ ÜRETİM VE TIC.LTD.ŞTİ Field of Activity : Power Generation and Marketing
 MERTLER ENERJİ ÜRETİM PAZARLAMA A.Ş. Field of Activity : Power Generation and Marketing	 SERBETON ENERJİ İNŞAAT SAN. VE TIC. A.Ş. Field of Activity : Power Generation and Marketing
 SEREN ENERJİ SAN.VE.TIC. A.Ş. Field of Activity : Power Generation and Marketing	 SERKA HAZIR YEMEKÇİLİK GIDA TAŞ.SAN.VE.TIC.LTD.ŞTİ Field of Activity : Contract-based Contracting Works
 SERKA İNŞAAT VE TİCARET A.Ş. Field of Activity : İnsaat İsleri Yüklenciligi	 SERKA TAAHHÜT İNŞAAT A.Ş. Field of Activity : Contract-based Contracting Works
 SERKA TURİZM A.Ş. Field of Activity : Tourism	 SÜRPRİZ ENERJİ ÜRETİM MADENCİLİK İNŞ.TAAH.TIC.A.Ş. Field of Activity : Power Generation and Marketing
 TRUVA LOJİSTİK VE LIMAN HİZMETLERİ A.Ş. Field of Activity : Port Services	 YENİDAG ENERJİ ÜRETİM A.Ş. Field of Activity : Power Generation and Marketing

JOINT LETTER FROM CHAIRMAN AND CO-CHAIRMAN OF THE BOARD OF DIRECTORS

SERKA is proud of publishing its second Communication On Progress report on the 50th year in business of our founder, Mr Hasan Adalı.

We feel it is a privilege to be among over 11500 companies, universities, associations, chambers and foundations all over the world that have become part of the United Nations Global Compact (UNGC). There are currently 240 institutions and establishments held in the Compact in Turkey and SERKA Taahhüt is one of the 94 companies that are currently active.

The UNGC, that was officially launched in 2000, is “a platform where the enlightened global businesses come together”, as United Nations Secretary General Ban Ki Moon put it. We are aware of the fact that profitability and the interests of the society can be pursued together in today's world. We know that we are not responsible only to our shareholders but also to all of our stakeholders. We make a point of acting together with the society of which we are part in all of our projects in Turkey or overseas.

The concept of “sustainability”, which was first defined in 1987, constitutes a competitive advantage for the companies that have organized their products and services in line with this philosophy in our day. We as Serka Taahhüt endeavor to understand the expectations of our stakeholders in order to determine sustainability risks and opportunities, and to understand how social and environmental factors affect our company and stakeholders. As part of our management approach defined as the “SERKA Pathway”, we include social and environmental issues in our operations.

All of our employees share our responsibility in adhering by the “Code of Ethics” we have compiled, and in doing business in a professional, safe, ethical and responsible manner. The “Code of Ethics” is delineated in the section of this report titled “Our Stakeholders”.

Our goal for the future is for our solution partners to join us and adopt the UNGC principles and to organize their activities accordingly. We will make the effort necessary to support our stakeholders towards this end.



Hünkar Adalı



Serdal Adalı

ABOUT THE REPORT

This Communication on Progress was prepared as a requirement of the United Nations Global Compact, in view of its "10 Principles".

The report delineates the steps taken by Serka Taahhüt to mitigate the potential adverse economic, environmental, and social impacts of its activities and the services it provides.

The report includes the activities monitored and developed in the framework of sustainability, which are Serka Taahhüt's activities of priority. The reports to be prepared in the future will also encompass the issues of sustainability, that Serka Taahhüt considers to be a top priority.

Serka İnşaat ve Ticaret A.Ş., one of Adalı Holding companies, became part of the United Nations Global Compact on 01.02.2010 and published its first Communication on Progress on 14.01.2011. On 29.07.2011, a partial split-off agreement was signed between Serka İnşaat ve Ticaret A.Ş. And Serka Taahhüt İnşaat A.Ş., transferring certain activities of Serka İnşaat to Serka Taahhüt.

The Communication on Progress was based on the financial reports and other company records of Serka Taahhüt and encompasses the company's activities in year 2011 and the first 10 months of the year 2012.

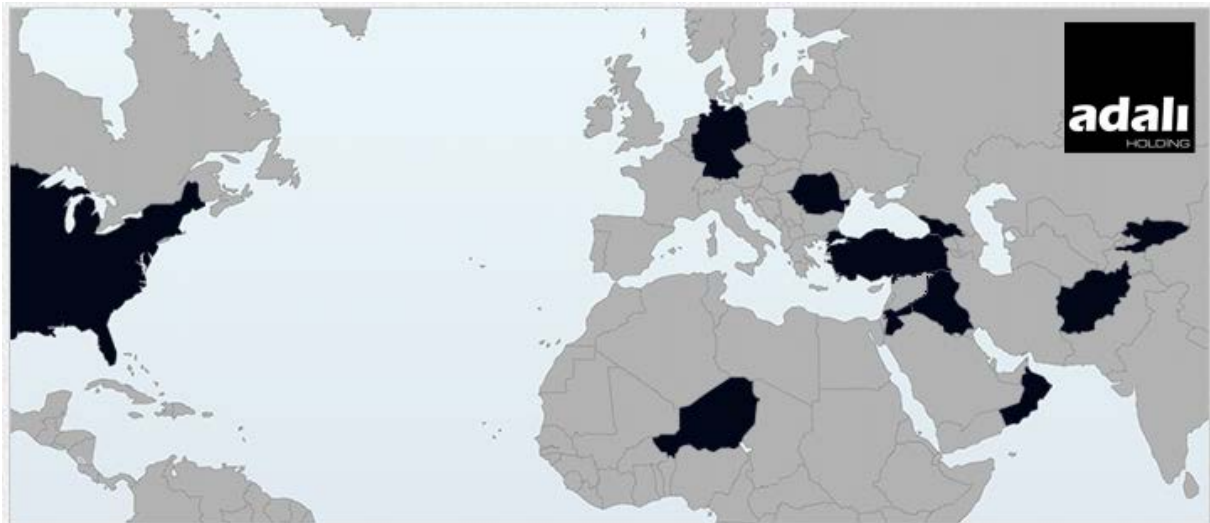
"The Global Compact asks companies to embrace universal principles and to partner with the United Nations. It has grown to become a critical platform for the UN to engage effectively with enlightened global business."

UN Secretary-General Ban Ki-moon

COMPANY PROFILE

Serka was founded in 2003 as a construction/contractor company. Our solutions are intended to provide privileged services and continuous support to our clients in order to build strong business relationships based on solid principles.

We endeavor to ensure that our clients in the private and public sectors can continue their activities without interruption, so that our clients can focus on their main objectives. Serka Taahhüt provides operational and life support services in projects located in remote areas. Catering and life support services are extended to thousands of people a day. Our clients include public and private sector entities in Afghanistan, Iraq, Kirgizstan, Nigeria, Romania and Turkey. Serka runs successfully a wide range of operations from construction of facilities to catering, from O&M services to waste management services, relying on its own professional crew and equipment.



Our clients include military facilities, oil and natural gas extraction facilities, mines, humanitarian aid institutions, natural disaster intervention and relief institutions, and construction and engineering companies.

Serka Taahhüt takes pride in conducting the camp facilities support services it undertakes with 100% effectiveness, wherever they may be located.

The services we provide in the context of turnkey construction of camp facilities include, but are not limited to, the following:

- Optimization of design
- Determination and procurement of the resources required
- Transportation and logistic support
- Camp facilities construction and assembly
- Power distribution including diesel powered generators
- Drinking water and domestic water distribution network construction
- Wastewater collection and treatment plants and lines

- Waste control and incineration facilities
- Surrounding fences
- Roadways and foot paths
- Satellite communication systems
- Fuel storage
- Procurement of kitchen, laundry and catering equipment
- Procurement of all interior furnishings

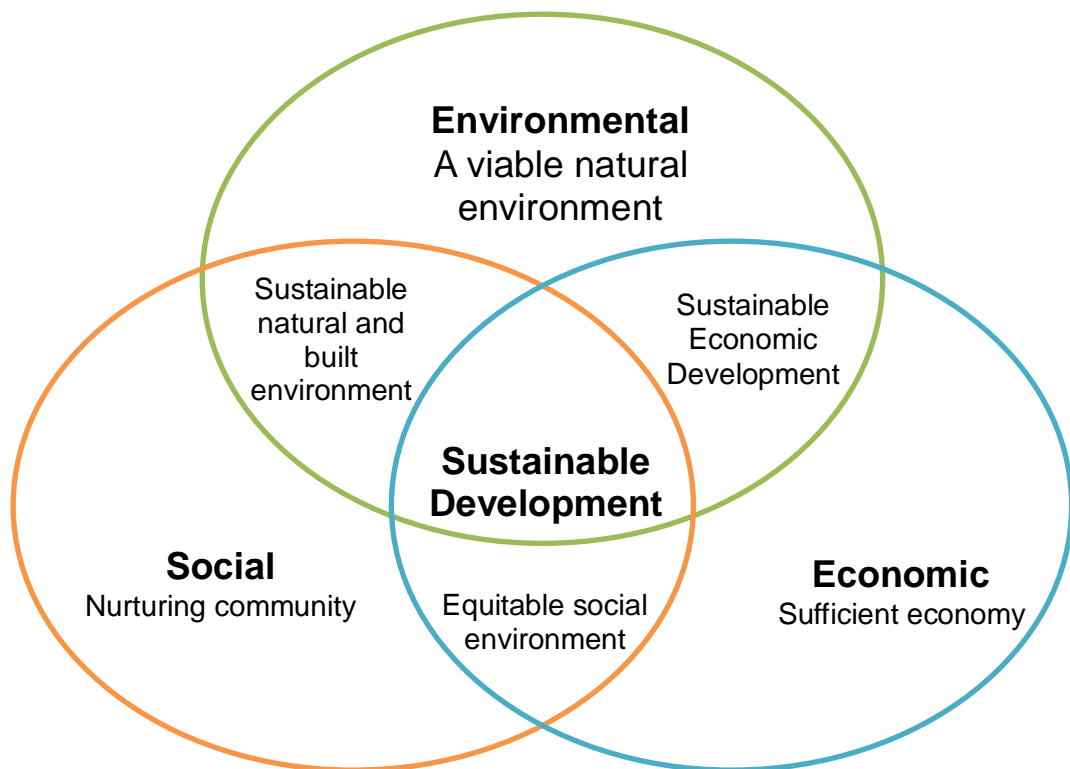
Camp Operations Program Management services comprise the design and construction of a new camp site or the takeover of an existing camp facility and the training of the existing field crew. Our services range from catering to overall camp management in remote areas.

- Accommodation management
- Communication solutions
- Guest house management
- Sports hall/Gym
- Cleaning services
- Office cleaning
- Pre-examination of sites
- Acquisition
- Recreation
- Retailing services
- Site infrastructure management
- Site maintenance services
- Vector control
- Waste management
- Open space maintenance services



SERKA SUSTAINABILITY CIRCLE

Sustainability can be summarized as the degree of adaptability displayed by companies in the face of global, macroeconomic, environmental, and social trends and related changes. A robust sustainability application requires the inclusion of economic, social, and environmental indicators in all of a company's basic, strategic, and operational processes and decision making mechanisms. At this point, the basic conceptual issue is that the business companies' role in the society must be considered with a larger perspective than solely economic, and social and environmental responsibilities must be assumed. This way, companies can be expected to continue their operations profitably in the long-term in the economy where they operate. (Source: Sustainability Applications in the Turkish Business World Evaluation Report, October 2011)



In today's economic world, the importance attached to the concept of sustainability has surpassed that usually enjoyed by financial profitability. Corporate sustainability is a process of continuous development for SERKA. This process contains our entire social and physical environment. The objectives we have determined in order to understand better our scope of influence within SERKA's lifecycle form the basis of our sustainability circle. The corporate values and vision of SERKA, which aspires to increase the environmental, social, and economic wellbeing of future generations as well as present generations, also support our sustainability circle.

To achieve balance in the sustainability circle, we must all be equally sensitive to social, environmental, and enviro-economic and socio-economic issues, and must be willing and able to address difficult concerns, such as natural resource stewardship, energy efficiency, business ethics, and workers' rights.

SERKA Pathway

SERKA has persistently managed to perform its growth goals, thanks to its disciplined management approach. In line with the principles of sustainable growth, SERKA pathway encloses such targets as respecting the environment as part of the company while growing, contributing to society, respecting human rights, and working efficiently, adopting the standards stated in the United Nations Global Compact agreement, which we proudly endorsed in 2010. Since that time, SERKA has fully adhered to its commitments in that regard. We as SERKA have grouped our corporate targets under three main headings, namely, profitable growth, strategic market positioning, and operational excellence; and we evaluate our performance within the framework of the components of the SERKA pathway.

Profitable Growth

- ***Long-Term Perspective with a View to Create Value***

In SERKA, the continuous monitoring of the current value of the company and the making of long-term plans in all business areas go hand in hand. An important step was taken toward Economic Sustainability by making a comprehensive strategic plan to cover the period between 2009-2010.

- ***Becoming an International Player***

SERKA's income is generated from its ongoing projects in Turkey and other countries such as Iraq, Afghanistan, Kirghizstan, and Nigeria, where projects are either subcontracted from coalition forces and/or their prime contractors. The company provides its workforce with the opportunity for personal growth and endorses high value and quality. SERKA intends to continue important investments in Turkey to add to her existing projects, such as hydro-electric power plants, renewable energy investments, concrete batch plants and hotels. SERKA, which adapts to the changes in the market and the environment, and keeps abreast of the market needs, foresees opportunities not only in Turkey but worldwide. Today, SERKA continues to expand its business activities into other regions such as America, Europe and the Middle East by entering the Shipping Management & Services industry.

- ***Investing in New Business Areas***

In order to create value for its employees and to maximize the value of its portfolio, SERKA makes a point of strategically entering other business areas where it can utilize its competencies. Consequently, the decision was taken to invest in the energy sector. The company not only intends to invest in renewable energy sources such as wind and hydro but has developed plans to capitalize on opportunities in other types of alternative energy.

- ***Growth***

SERKA believes in creating mutual value through cooperating with its customers and clients. In every possible case, SERKA is ready to cooperate with companies that initiate projects which offer advancement opportunities in present business areas as well as new ones. To initiate the potential of creating added value and sharing a common vision, SERKA is ready to take further steps to accomplish business goals. Our business ethics, transparency and hard work have made SERKA the preferred business partner by some of the global giants such as KBR, FLUOR & DYNACORP.

Strategic Market Positioning

- ***Focusing on the Customer***

SERKA makes it a priority to offer solutions to its corporate clients. Therefore, our expert crew utilizes strong management and problem solving skills to plan, schedule, and execute the most extensive projects under the harshest conditions. SERKA realizes that overcoming limitations such as unfavorable conditions and unforeseen setbacks to finalize projects within the predetermined time schedule is the key to its success, and the only reason why it is almost always the preferred team partner in its field.

- ***Market Positioning***

SERKA generally tries to focus on industries at which it is or has the potential of getting best. In line with our motto of "Delivering the Best", our company strives to secure contracts that are versatile and within our financial capacity. Our performance and experience have always been a good reference for further projects; SERKA's being selected as the preferred business partner by global leaders of the business world proves that SERKA has established a good reputation and earned the trust of those companies, which is expected to carry SERKA to a better position in the global market; in every area where reliable services are needed.

Operational Excellence

- ***Corporate Management***

SERKA Corporate Management is based on the principles of high ethical standards, transparency, and integrity. The Board of Directors has taken on the responsibility of monitoring how management takes care of the interests of clients and customers. Corporate governance principles have been adopted both at the senior management level and corporate level. Evidence of SERKA's commitment to professionalism and corporate governance is seen in its implementation of measures such as family constitution and family agreements, its operating principles for the Board of Directors and its complete transparency in financial reports in line with international accounting standards.

- ***Leaders of Growth***

SERKA takes great emphasis on developing the relevant skills and qualifications in its crew in order to increase the quality of the management team and to ensure that the employees work with dedication as well as to raise leaders for the future; for which end it invests in career oriented business courses/trainings as well as courses/trainings on specific subjects to provide guidance and impart self-discipline to those who have the potential of becoming team leaders and project coordinators, thus providing opportunities for self-development and improvement.

- ***Financial Discipline***

We have inherited our robust financial position from the past; SERKA works diligently to maintain its inherited prestige. Our company is founded on solid principles such as Trust and Transparency; we see this among the foremost factors carrying our company to success and growth both operationally and financially. In order to sustain its profitable growth, SERKA endeavors to establish financial discipline by implementing lean balance sheet management and managing expenses effectively, while ensuring that there are no cutbacks in the funds dedicated to critical areas.

- ***Corporate Governance Principles***

The implementation of good and responsible corporate management principles strengthens the trust, thereby increasing the sustainability and the value of our company. SERKA makes a point of adhering to corporate governance values with respect to the management of the company.

- ***Board of Directors***

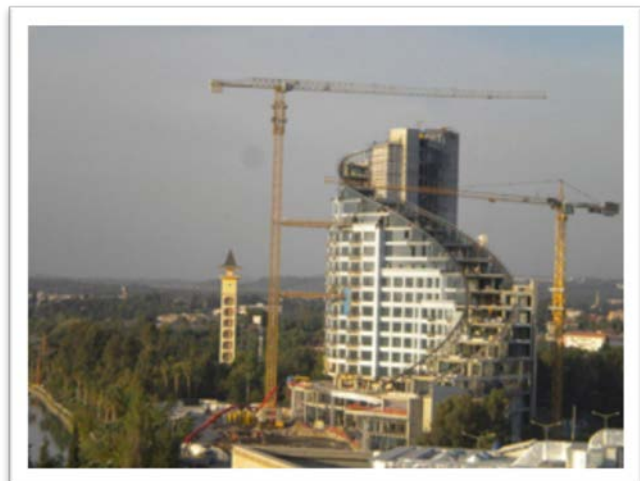
SERKA views the Board of Directors as the primary body responsible for determining and evaluating the activities of the company. The Board also determines the vision and the mission of the company through seeking various reports from their advisories. The Board ensures that the responsible bodies monitor performance, empowers them, and provides them with the proper environment to execute their operations. It does not, however, interfere in their operation; the Board's duty is not to micro-manage, but to merely take part in decision making and pave the path forward. The Chairman of the Board of Directors does not take part in the execution of daily processes; he ensures that all process are being carried out with the utmost care by department managers. In order to make an objective and appropriate decision, he encourages and ensures the appointment of independent managers who are experts in their field. The Board of Directors initiates the setup and implementation of warning mechanisms for potential risks. The Board also ensures that all the activities of the company are performed in accordance with the established rules of ethics. A total of four members currently serve on the Board of Directors, representing SERKA and her activities.

- ***Transparency***

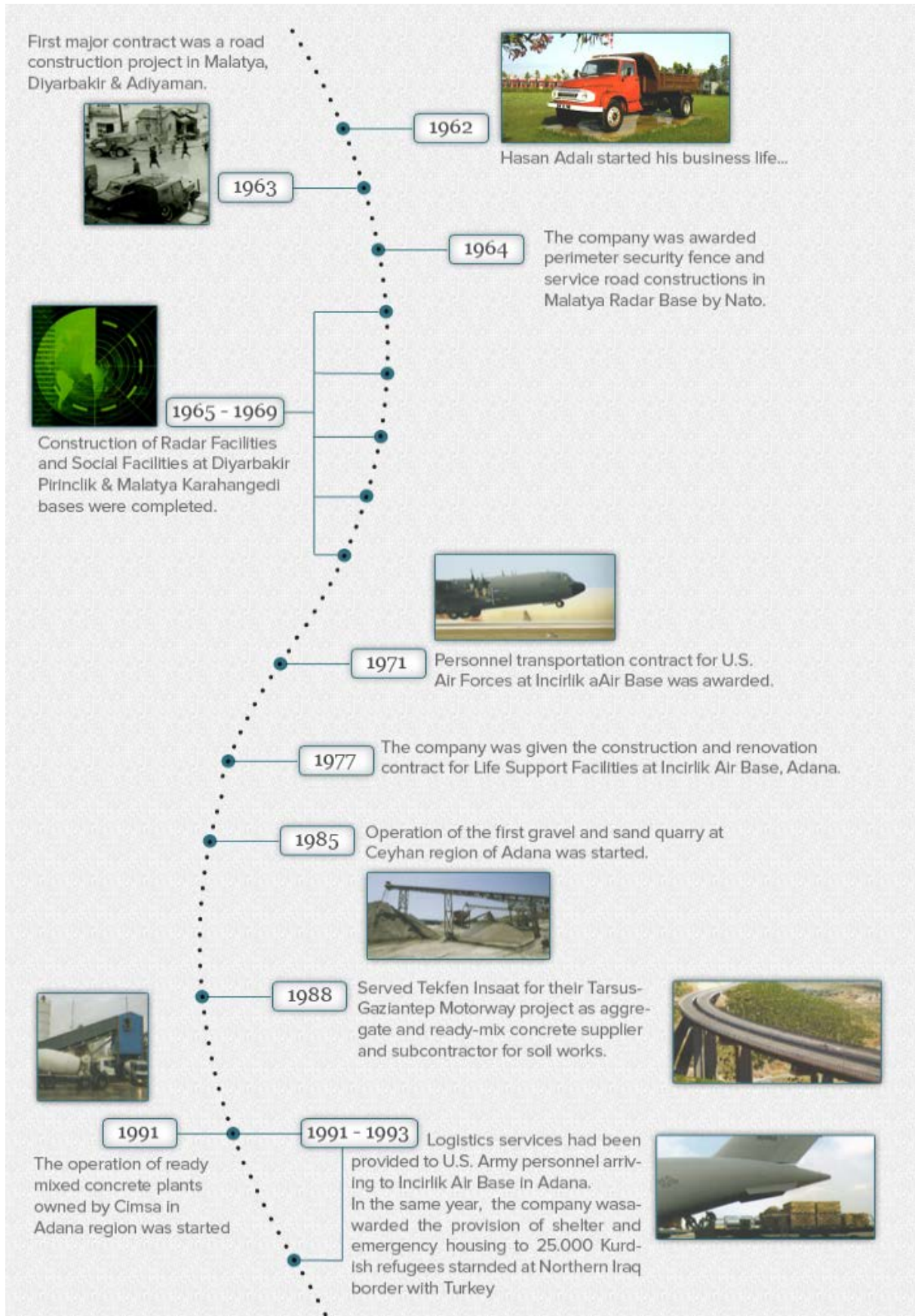
Transparency has become one of SERKA's main principles, allowing the company to maintain a strong working relationship with her clients and customers. SERKA's name is respected in the marketplace for these principles of trustworthiness and transparency. Since 1964 SERKA has been implementing case by case projects; self-performing on nearly all projects; hence providing the client and customer the comfort of SERKA's operational know-how and assurance gained through first hand experiences. Reliability is one of the main factors that allows SERKA to continue to grow.

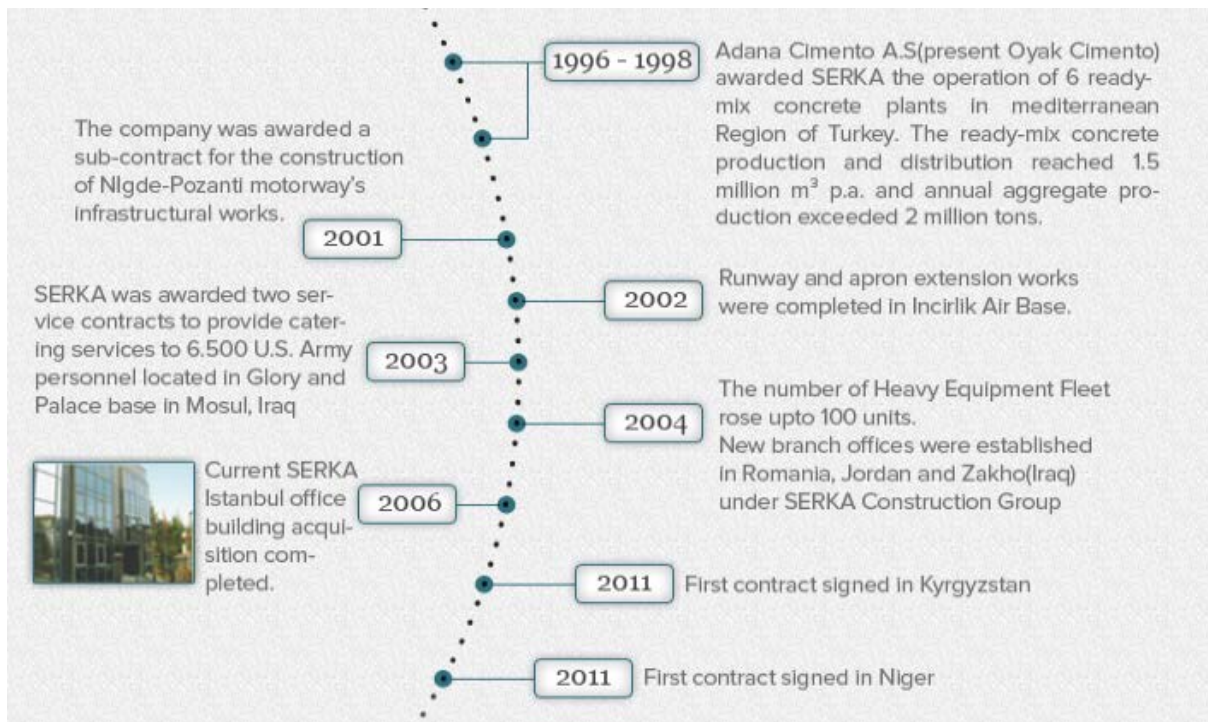
- ***Interest Groups***

At SERKA, the interest group of highest priority is the workforce. Diversified enterprises geared for the development and satisfaction of SERKA employees are implemented on a regular basis. Details pertaining to such activities are provided in this report under the section below entitled "Our Responsibility to the Employees." Other important interest groups of SERKA include Clients, Customers, Suppliers and Banks with which we do business. Close relations are established with these parts to create mutually beneficial results; and satisfaction is measured and the successful outcome of all projects completed by our company since we are in the markets.



ADALI HOLDING MILESTONES





OUR STAKEHOLDERS

Serka Taahhüt's stakeholders (employees, suppliers, clients, local authorities, society and financial institutions) are the institutions that are affected by the economic, social, and environmental activities of the company as well as the persons and institutions that have a direct effect on these activities.

Our stakeholders, including the local communities and authorities in the countries where our projects take place, are our priority.



CODE OF ETHICS

SERKA stands for uncompromising integrity and the highest ethical conduct. In a service business, the integrity that our brand represents is one of our most valuable assets, which we are committed to protect. We adhere to a range of policies that everyone who does business on our behalf must understand and always follow. We are committed to a corporate culture that embraces and promotes strong principles of business and professional ethics at every level.

Ethical practices are inherent in our values, mission and strategy, and must guide all of our interactions with clients, customers, vendors and employees. Our Board of Directors and senior management take these responsibilities seriously, both for themselves and the rest of the organization.

The SERKA Code of Business Ethics contains the ethics policies that all our people, and everyone who does business on behalf of our company, must follow. Employees review and

commit to follow the Code annually. We have processes in place to identify and report possible violations under the code.

Growing rapidly in our field, we recognize that we have to set the highest standards for ethical business practice. Every individual employee shares a responsibility to uphold these standards and to conduct our business in a professional, safe, ethical and responsible manner.

Our Code of Ethics sets out the clear standards of behavior that we expect all of our people to demonstrate in dealing with colleagues and those outside the company such as customers or suppliers. These are reflected in the four sections of the Code:

1. Relations with our employees
2. Relations with our customers
3. Corporate Governance and Accountability
4. Relations with our suppliers and subcontractors
5. Relations with governments and the wider community

The Code underpins our social, ethical and environmental commitments and sends a powerful message to all our stakeholders of SERKA's commitment to responsible business practice.

The 10 principles of the United Nations (UN) Global Compact, to which we are a signatory, are integral to our own Code of Ethics. This UN initiative encourages companies to commit to make human rights, labor standards, environmental responsibility and anticorruption part of the business agenda whilst maintaining competitive advantage.

1. Relations with our Employees

As a constructing and contracting company, our people are key to the success of our business. We respect and value the individuality and diversity that every employee brings to the business and seek to create a positive, open working environment wherever we operate.

- *We are committed to basing relations with our employees on respect for the dignity of the individual and fair treatment for all.*
- *We aim to recruit and promote employees on the basis of their suitability for the job, without discrimination.*
- *We aim to foster effective communication to enable all our employees to perform their work effectively. This will include encouraging and helping employees to develop relevant skills to progress their careers.*
- *We place the highest priority on the health and safety of our employees and the safety of the environment in which they work.*
- *We do not tolerate any form of discrimination or sexual, physical, mental or other harassment of any kind toward our employees, whether from our own staff or others.*
- *We operate fair and just remuneration policies.*
- *We require any employee with a potential conflict of interest to disclose it to their line*

manager.

- *We operate in an environment of trust and as such we do not tolerate any fraudulent or dishonest behavior by our employees either within the company or in dealing with clients.*

2. Relations with our Customers

We are passionate about delivering superior quality, service and choice to our clients and customers: our reputation and the loyalty of our clients and customers depend upon it.

- *The quality and safety of the food and services we provide, and that of our products and processes, is paramount and must never be compromised.*
- *We aim to provide a high level of client and customer service at all times. All feedback on our service is recorded and given prompt consideration.*
- *All customer and client information is treated as confidential.*
- *We never deliberately give inadequate or misleading descriptions of our products or services.*
- *No employee may offer or receive – or influence others to offer or receive – any money or material gift that could be construed as a bribe.*

3. Corporate Governance and Accountability

The company's success in the marketplace is built upon trust and confidence. We are committed to a high standard of corporate governance and accountability.

- *Our accounting statements will be true, timely, complete, material and available in an easily understandable form.*

4. Relations with our Suppliers and Subcontractors

We seek to establish mutually beneficial relationships with all our suppliers, and encourage them to match our high standards in respect of quality, food safety, working conditions, trading practices, health and safety and environmental protection.

- *We treat our suppliers and subcontractors honestly and fairly.*
- *No employee may offer or receive – or influence others to offer or receive – any money or material gift that could be construed as a bribe or influence.*
- *We endeavor to ensure we are not exploited directly or indirectly by requests to make facilitation payments.*
- *All information concerning the company and its suppliers is to be treated as confidential.*
- *We do not work with companies that infringe the law or endanger SERKA's reputation.*

5. Relations with Governments and the Wider Community

Success in business is dependent on compliance with legal constraints, together with sensitivity to local customs and conventions governing business relationships. The

communities in which we operate (and from which we draw our employees) are important to us.

- *We are committed to making a positive contribution to the sustainable development of the communities in which we operate.*
- *We take into account the concerns of the wider community – including national and local interests – in all our operations. We use our expertise to contribute to the wellbeing of the community in a manner appropriate to our business objectives.*
- *We endeavor to ensure that we are not exploited for the purpose of money laundering, drug trafficking or tax evasion.*
- *We support the rights of human beings as set out in the UN Declaration of Human Rights. We consider carefully before doing business in countries that do not adhere to the UN Declaration.*
- *We do not make donations to political party funds or candidates.*
- *We respect the law, traditions and cultures of the countries in which we operate. When there is an apparent conflict between local custom and the principles and values set out in this Code, employees acting on our behalf must be guided by this Code.*
- *We are committed to doing our business in a way that's as environmentally friendly as possible.*



FINANCIAL PERFORMANCE

The total assets of SERKA Taahhüt exceeded 162 million \$ as of end 2011.

The holding's energy investments focus mainly on renewable energy, including both wind and hydro-electric power plants. Another area of investment of priority besides renewable energy is the construction of international hotel chains and city hotels.

We as Serka Taahhüt recognize the importance of creating a balanced portfolio to reach our goals in serving our key customers.

	2010	2011
<i>Total Assets</i>	94,463,143 \$	162,044,236 \$
<i>Net Profit for the Period</i>	41,491,059 \$	9,671,637 \$
<i>End-of-Period Cash Balance</i>	14,059,366 \$	3,324,853 \$
<i>Gross Revenue</i>	217,813,703 \$	202,463,249 \$



MANAGEMENT SYSTEMS

Quality Management

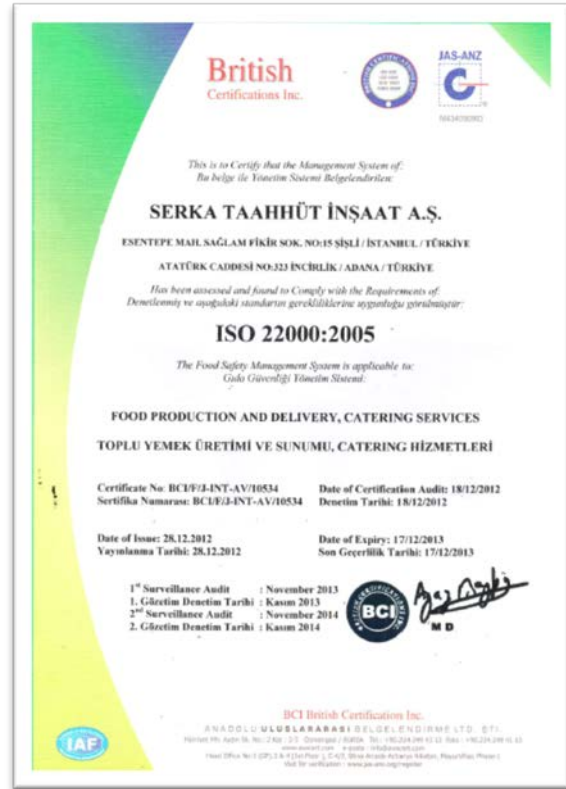
Our Total Quality Management philosophy is the basis for our success both in our own and our customers' works. **Serka Taahhüt** gives priority to quality and follows a Quality Control program which satisfies ISO 9001 requirements.

Quality control involves insuring compliance with minimum standards of material and workmanship in order to insure the performance of the project according to the design. **Serka Taahhüt** accomplishes quality control through a monitoring system for each project with an objective to provide assurance that the QC policies and procedures are suitably designed for the particular project and are being effectively applied.

Serka Taahhüt Quality Control Manual provides for setting quality objectives and specifying necessary operational processes and related resources to fulfill those objectives. We continuously monitor and verify the status of our procedures, methods, conditions, products, processes and services, to ensure that requirements for quality are being met.

Adherence to Quality Control procedures is not an option, but a necessary requirement for each and every project, in order to assure the quality of our works and the satisfaction of our clients.

Our catering activity is conducted in line with the requirements of ISO 2200 Food Safety Management System.



Occupational Health and Safety

Serka Taahhüt has a fully integrated Health and Safety program that is certified in accordance with OHSAS 18001.

At **Serka Taahhüt**, we believe that every accident, and therefore every injury, is preventable, and we embed that philosophy into every **Serka Taahhüt** project through a combination of technical field procedures and ongoing training programs for our employees.

Our commitment to zero accidents extends to every aspect of a project, from planning to completion. Each employee is authorized to stop operation in case there is a safety risk.

We also ask our subcontractors and partners to adopt our commitment to safety and health. The result is exceptional safety performance, even in hazardous work environments, severe weather, and remote locations. Our dedication to safety helps keep workers safe and it also pays off for our clients. Their operating costs go down and productivity goes up because less time is lost to accidents.



Serka Taahhüt's Occupational Safety Records

Projects	Total number of hours elapsed without an accident leading to workday loss
Tower Project, Bishkek, Kirghizstan	41,825 hours
Runway Project, Bishkek, Kirghizstan	349,320 hours
Manas Air Base Strategic Airlift Ramp & Hot Cargo Pad, Kirghizstan	617,247 hours
Bagram Fuel Storage and Supply, Afghanistan	750,000 hours (Certified)

Occupational Health and Safety in SERKA

Health, Safety, and Environment (HSE) is our number one operational priority, and we place it first in everything we do.

Safeguarding the health and safety of our people and clients/customers is our moral responsibility and essential to the success of the business. We set out to establish a safety culture where our people take individual and collective responsibility for their own safety and that of those around them, and act accordingly.

Equally important is minimizing the environmental impact of our operations on the local communities in which we work and the global one we are part of.

Our aim is to set construction leading standards that set the benchmark on health, safety and the environment performance and provide our customers with the assurance that we are constantly striving to achieve the highest possible standards.

To achieve this we have a SERKA-wide policy and standards framework which, supported by comprehensive communications and training, is designed to ensure that processes and practice within each of our operating units fully comply with local legislation as the minimum requirement, and policies.

SERKA has a fully integrated HSE program that is certified in accordance with OHSAS 18000. At SERKA, we believe that every accident, and therefore every injury, is preventable, and we embed that philosophy into every SERKA project through a combination of technical field procedures and ongoing training programs for our employees. Our commitment to zero accidents extends to every aspect of a project, from planning to completion. We also ask our subcontractors and partners to adopt our commitment to safety and health. The result is exceptional safety performance, even in hazardous work environments, severe weather, and remote locations. Our dedication to safety helps keep workers safe and it also pays off for our clients. Their operating costs go down and productivity goes up because less time is lost to accidents.

From the day it was founded SERKA has always given precedence to the content of "occupational safety" in terms of its services and the technological developments it benefits from. In 2008 SERKA obtained its OHSAS 18001 certification and successfully passed all inspections. As per requirements set forth in the OHSAS 18001 Quality Management Systems certification process, SERKA has made a commitment of full compliance with all legal regulations adhering to rules. All of the monitoring and inspection of job safety regulations is handled through its quality system. In keeping with its job safety policies and philosophy of continual improvement, training and drills are systematically conducted every year at SERKA. SERKA aims to attain its goal of "Zero Job Accidents" by establishing job safety management systems which will ensure compliance to all occupational safety regulations.

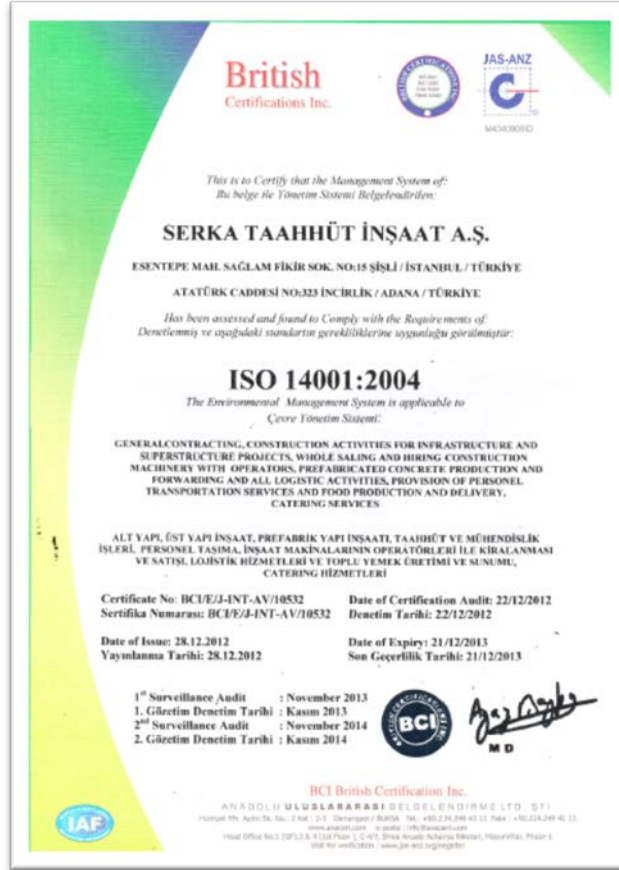
As SERKA, we designed a specific project for this purpose in order to highlight the significance of occupational health and safety. The main objectives of the project are:

- Having a way to reach “Zero Job Accidents” goal and providing all the required support for its accomplishment
- Setting up an effective system that will prevent all accidents and occupation related illnesses
- Holding the number of workdays missed at the lowest level
- Providing a healthy and safe working environment for employees
- Reducing company’s expenses and increasing efficiency
- Making ready for legal inspections
- Taking all required actions to ensure the safety of all employees who have access to our place of business by providing them personal protective equipments
- Abiding by all the applicable laws and rules
- Establishing measurable performance indicators to monitor our development in health and safety at work through regular inspections and reports
- Training each employee to perform their job safely in the work area



SERKA and the Environment

SERKA is committed to environmental excellence. Each of our projects, whether it's the construction of a new office building, a new road, an aircraft hangar or the operation of our DFAC facilities, has the potential to affect people, animals, plants, and the land. Our goal always is to protect the environment during a project, and to build in safeguards that will keep protecting it long after the project is complete.



SERKA ENVIRONMENT TARGETS

We are committed to being the leader in the construction industry in environmental sustainability and energy management, both for our clients and within our own organization. We maintain a global leadership position in developing and implementing sustainability solutions that benefit our clients, our top priority, as well as our employees and the world around us.

Our Environmental Sustainability Policy is a high-level statement of our beliefs about sustainability and how we intend to promote them: "A healthy environment is good for business and essential to the well-being of everyone on our planet. We recognize that buildings can have a significant impact on the environment. SERKA can play a meaningful role in addressing environmental challenges through the advice we give our clients about construction development, investment and occupancy.

We aim to develop leading standards and improvement practices in our own offices and then help our employees do the same in their own atmosphere.

SERKA provides solutions for natural resources management, recycling and waste management and is therefore able to offer environmentally conscious products.

SERKA manages their activities in accordance with legal requirements and uses safe methods to prevent to harm the environment and/or the health of individuals. Companies act in a responsible manner not only to maintain the environment around them clean but also to do everything needed to preserve it. While making its investment plans SERKA always abides by the principle of respect for the environment and human beings.

We use the latest and most appropriate methods to minimize the environmental effects of our waste and products, as well as to reduce our dependency on natural resources.

Health, security and environmental regulations are closely followed and implemented in executing our operation. In fact, we have set higher standards than the above mentioned regulations require.

Our operations everywhere are executed in secure and environmentally friendly surroundings completely suitable to the social conditions of the region and the needs of our workers.

We perpetually inform all the groups we are in contact with about environmental and health issues.

Our sensitivity to environmental issues has developed in light of strategies developed by SERKA management abiding by ISO 14001 requirements.

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Waste Management

As is seen in the whole globe, rapid urbanization and population growth in parallel with technological developments and industrialization is increasing the pressure of human activities on the environment in Turkey.

As the growth in production and marketing during this process makes excessive use of natural resources inevitable, wastes produced due to increasing trends of consumption have reached threatening levels due to their quantity and hazardous content. In this respect; in parallel with the environmental consciousness rising all over the world, the protection of the environment has become one of the major priority policies of countries and waste management has taken a major field among the environmental protection policies of all countries.

Aiming to prevent rapid consumption of natural resources and to settle the problem of wastes resulting from production, marketing and consumption activities through converting them to economic asset, the waste management strategies form the basis of "sustainable development" approach that has been gradually adopted all over the world as a prioritized policy objective.

At Waste Management, we do care about the planet. We feel a responsibility to leave it to future generations in better shape than we were given it.

In doing so, we are contributing to a more sustainable world by:

- Following advancing technologies to reduce waste disposal
- Increasing recycling and reuse
- Implementing safer treatment and disposal options
- Searching for renewable energy sources
- Sharing the benefits of our learning and innovation with our clients and employees

We think of a world...

- Where there are so many clean, alternative ways to produce power that the threat of exhausting our natural resources is forever put to rest.
- Where "reduce, reuse, and recycle" become the motto of every company across the globe.
- Where companies take a leadership position by investing in cleaner technologies so that air pollution becomes a thing of the past.
- Where the environment is respected and every action is aimed at recovery and restoration for the sake of this world.
- Where Waste Management partners with its customers to use our knowledge and experience to their benefit and the benefit of the planet, leading them to new, sustainable solutions.
- Where Waste Management's commitment to excellence and leadership has positioned us to deliver lasting solutions to the environmental challenges our planet will face in the 21st century.

OUR EMPLOYEES

Serka Taahhüt Crew has vast work experience in the Middle East and Africa. Their skills in understanding and serving people of different nationalities and cultures is of vital importance for the smooth conduct of overseas projects.

We focus on providing opportunities for the local community by hiring locally. We also consider the economic, social, and environmental variables in the project area and related countries.

We train our employees on a regular basis and manage them effectively to create a clean, safe, and healthy work environment.

We, as Serka Taahhüt, have policies in place to ensure that each of our employees at every level are supported and that our activities are conducted in accordance with the Universal Declaration of Human Rights.

We are an equal opportunity employer and we adhere strictly to our principle of selecting, hiring and promoting individuals solely on the basis of their fitness for the job. We believe strongly that these fair practices not only allow us as an employer to attract and recruit the right people for our current jobs, but also create an environment that nurtures quality of service and profitability.

We foster mutual communication during the processes of developing and reviewing our strategies and policies in order to ensure that all aspects affecting our employees are given due consideration. We have various channels in place to support this communication.

SERKA aims to be an institution nurturing development and inclusion. We endeavor to implement the right policies and practices, including family friendly policies and flexible schedules, where applicable.

Serka Taahhüt Human Resources (HR) Policy

Serka Taahhüt considers their personnel as a part of its most valuable corporate asset. Thus, Human Resources plays a significant and leading role in the long-term achievement of compliance with legal requirements related to employee rights, privacy, equal employment opportunity, security, and health and safety, which are considered as milestones of SERKA Human Resources policy. The top priority principles of our Human Resources policy consist of the recruitment of employees of high potential, maintaining employee loyalty, and ensuring the continuity of their career development.

Serka Taahhüt Recruitment Process

The strategy on which the Recruitment Process implemented at Serka Taahhüt is based can be summarized as "The Right Candidate for the Right Position." All potential candidates interested in fulltime, part-time or internship positions at Serka Taahhüt can visit our website for further information and to apply for a position. Job applications can be made:

- Directly, or

- Online through Human Resources web sites: www.kariyer.net and/or www.yenibiris.com

Steps of Recruitment at SERKA

In the employee selection process at Serka, we utilize modern recruitment and evaluation techniques which enable us to select among professionals who are able to create a difference as a result of their performance. This system also helps us to find persons who are a perfect match in terms of the competencies required for the job. Depending on the specific requirements of the position, Serka may also request candidates to take a foreign language exam, go through competency based interviews, or take a profile analysis.

- Amongst the applicants, the candidate(s) that have the most appropriate skills are invited to interview.
- Meanwhile, HR will contact the candidate's references to verify the information given by the candidate and that he/she has the required skills to meet the requirements set forth in the Job Description related to the position.
- During the interview, candidate is given information about Serka and Company Policies; exceptions are verbally discussed and job location information is provided. All the information relating to the position, such as the risks involved and employee personal rights, are discussed along with salary and other entitlements.
- After the candidate accepts and a mutual agreement is established, the employment agreement will be signed and the deployment process will commence upon selection; and Serka HR Department completes the hiring process.

Career Management

The practices of our Human Resources play a significant role on Serka's career management system. Our HR scheme covers our recruitment process and the delineation of organizational needs as well the determination of career planning needs. Serka Employees at all levels go through a detailed evaluation process. We seek to support the employees who successfully meet our needs/expectations, exceed their targets, increase their level of competency, prepare themselves for the responsibilities of a higher chair, volunteer for challenging tasks, and create a difference with their attitude and personal qualities in a positive way.

SERKA Training and Development Programs

The training and development of our personnel constitutes an important matter for Serka, being certified for ISO 9001 Quality Management System, ISO 14001 Environmental Management System and OHSAS18001 Occupational Health and Safety Management System. Besides the training programs administered as part of the requirements of the above-mentioned management systems, all new personnel to be employed in operation are given four basic training programs:

1) Orientation Training: The first step of Serka's training and development process for all new employees is known as "Serka Orientation Program." This training basically covers the basic information that the personnel has to understand about the living conditions in the work place, the general expectations from them and general rules and regulation set forth by the customer. Orientation training will be provided once the personnel first arrives the location and is aimed at giving all employees general information about Serka.

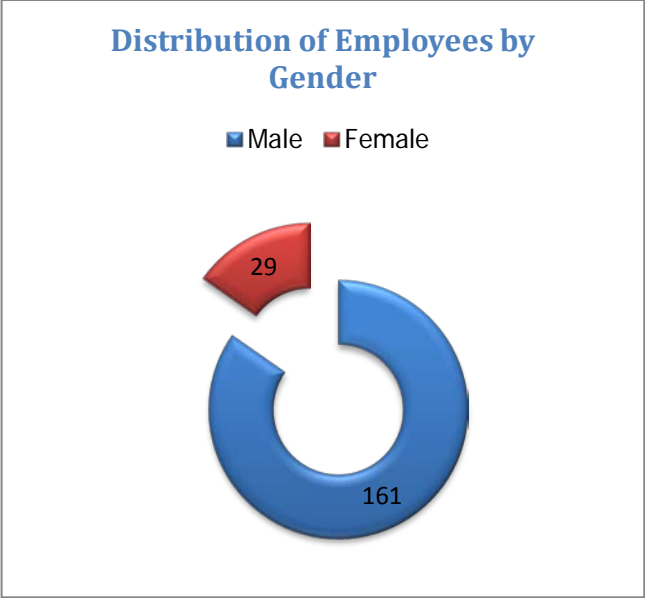
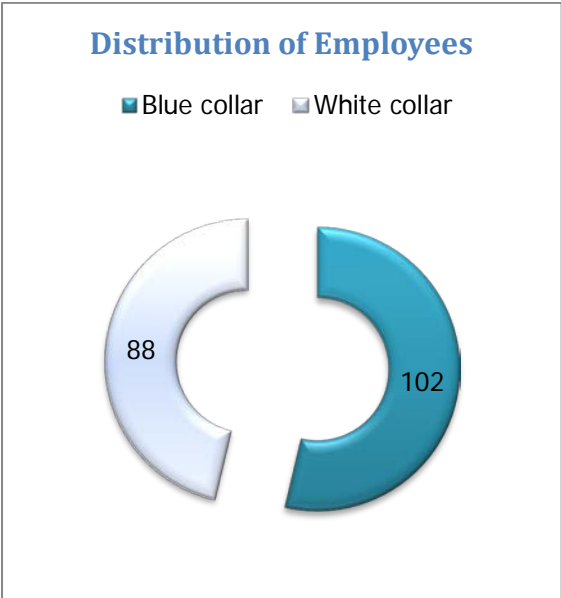
2) Health-First Aid Training: This training is given on a monthly basis to help personnel to respond under critical circumstances when there is a health hazard. The very first training covers the first aid procedures. The subject area of training changes every month.

3) On-the-Job Training: On the job training covers the first 3 days of a new employee in Serka, before they start work in their own position. It covers information related to the employee's position, such as buses, engines, traffic rules, contractual rules and obligations, and aspects of daily operations. It will be repeated once a month in the same manner.

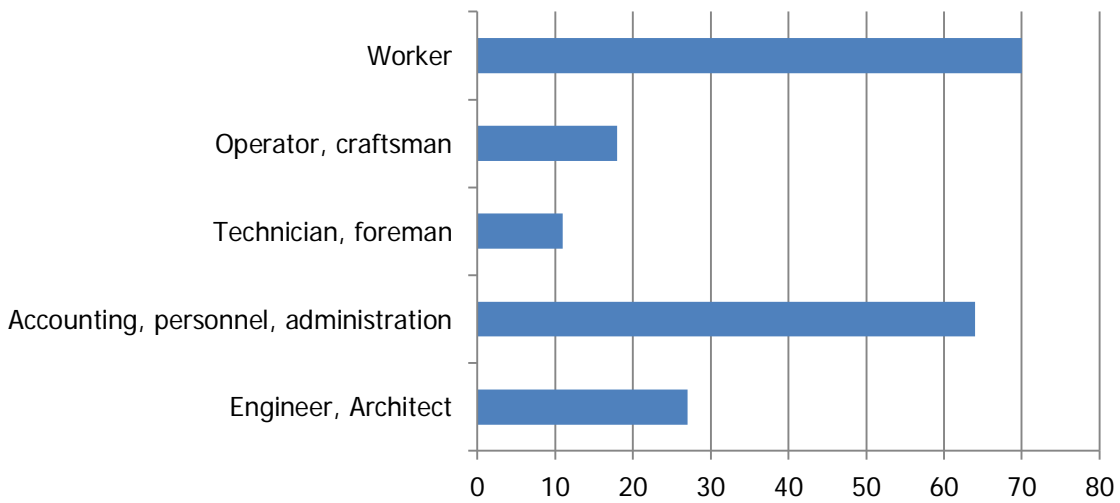
4) Daily TSTI (Total Safety Task Instruction) Training: This training is administered daily to the drivers by their supervisors to remind them the basic rules before each shift begins. Serka personnel are trained on daily occupational safety topics determined weekly by the main contractor to maintain the quality of performance.

All new employees are required to complete the trainings mentioned above within a month of the beginning of employment.

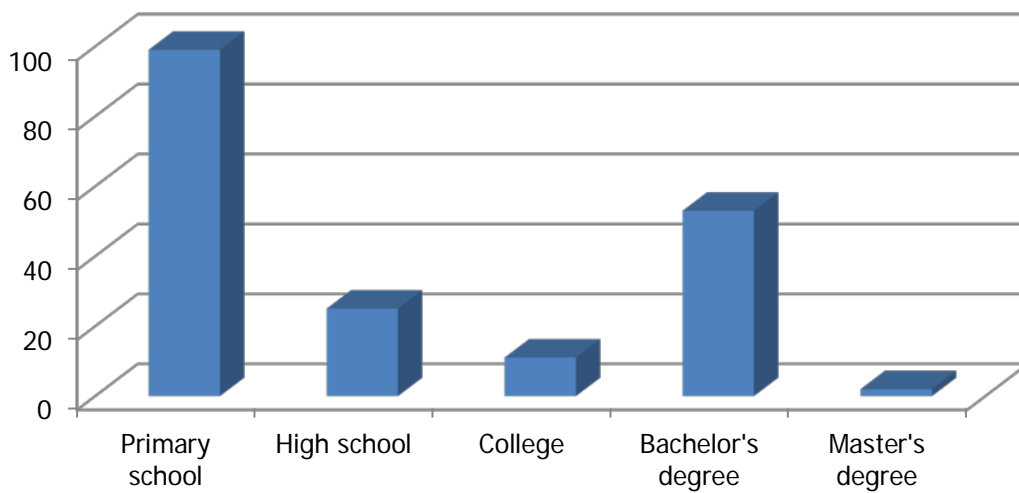
As of 31 st October, 2012	FEMALE (White Collar)	FEMALE (Blue Collar)	MALE (White Collar)	MALE (Blue Collar)	FEMALE MANAGERS	MALE MANAGERS
SERKA Taahhüt	23	0	65	102	6	18



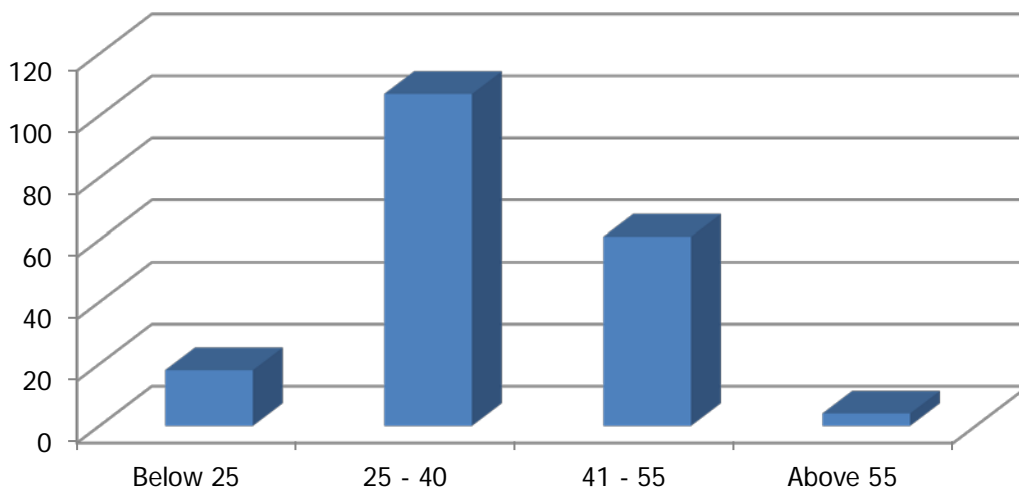
Distribution of Employees by Occupation



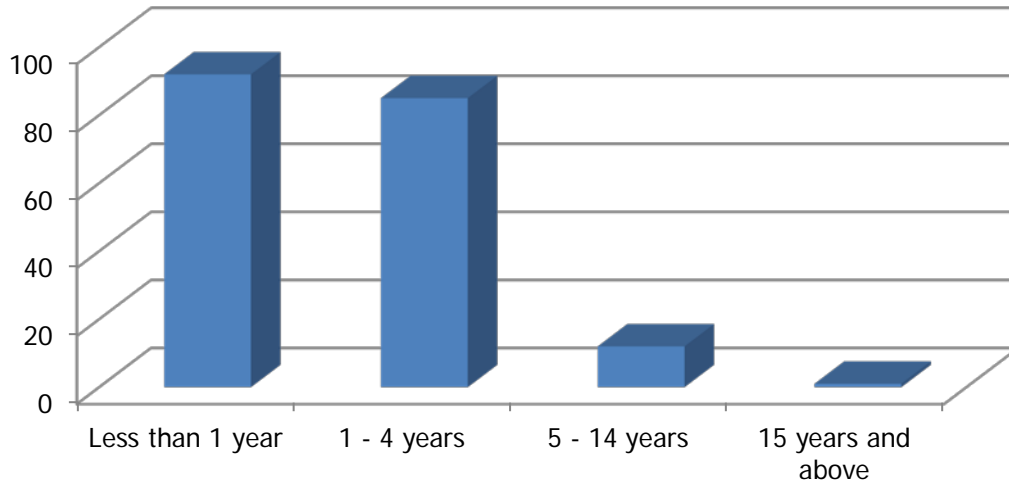
Distribution of Employees by Education Level



Distribution of Employees by Age



Distribution of Employees by Years of Service



CONTRIBUTION TO SOCIETY

The city of Van and the surrounding area in eastern Turkey were shaken by an earthquake of destructive magnitude of 7.1 on 23 October 2011. According to the statement of Disasters and Emergency Situations Directorate of Turkey (AFAD) dated 30 October, the earthquake killed 604 and caused 4,152 injuries. A minimum number of 11,232 buildings sustained damages, 6,107 of which were found uninhabitable.

Adalı Holding, that considers it among its primary duties to support post-disaster humanitarian aid activities, took action to construct a new high school building with 24 classrooms to replace one that had sustained heavy damage in the earthquake. The construction of the new building was completed within four months and the high school was opened at the beginning of the Education Year 2012-2013 to serve the city of Van.



OBJECTIVES

Serka Sustainability Objectives for 2012

Social

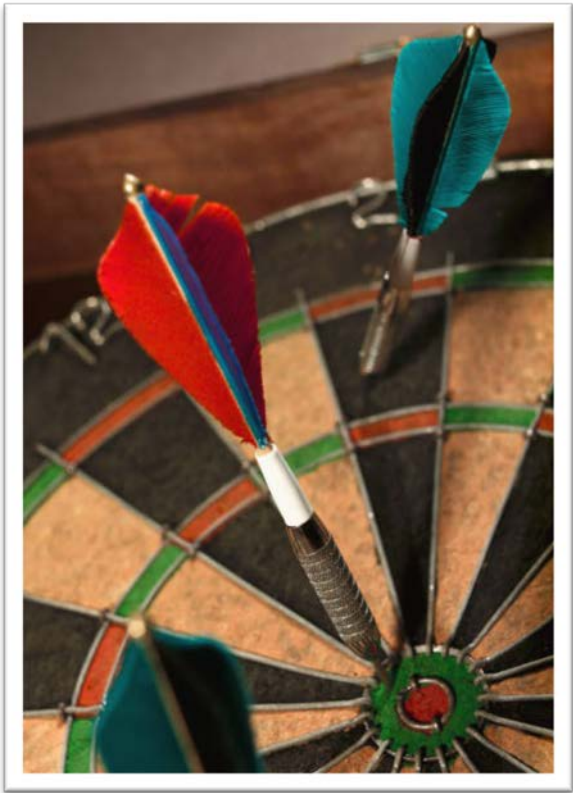
Within the framework of leadership activities, if external hiring is not possible, the company will provide training programs for current personnel to increase their level of training and knowledge.

Economic

An efficiency improvement training program will be designed to minimize the financial pressure on the subcontractors in order to increase profitability.

Environmental

A project will be developed to minimize damage to the surrounding trees and environment during the implementation of construction projects so as to mitigate the adverse effects on the migration routes of birds.





UNITED NATIONS GLOBAL COMPACT

The 10 principles of the Global Compact are taken from the following documents:

- United Nations Universal Declaration of Human Rights
- International Labor Organization Declaration on Fundamental Principles and Rights at Work
- The Rio Declaration on Environment and Development
- United Nations Convention Against Corruption

The UN Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labor standards, the environment and anti-corruption:

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Labor

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labor;

Principle 5: the effective abolition of child labor; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

COP CONTACT

Please contact Atilla Őanlı (CFO, Adalı Holding) for any questions you may have about this Communication on Progress.

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