(Convenience Translation of a Report and Financial Statements Originally Issued in Turkish)

Yazıcılar Holding Anonim Şirketi and its Subsidiaries

Consolidated Interim Financial Statements As of June 30, 2005 Together With Independent Auditors' Review Report

(Convenience Translation of a Report and Financial Statements Originally Issued in Turkish)

Yazıcılar Holding Anonim Şirketi and its Subsidiaries

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(Convenience Translation of A Report and Financial Statements Originally Issued in Turkish)

REVIEW REPORT OF INDEPENDENT AUDITORS' ON THE FINANCIAL STATEMENTS OF YAZICILAR HOLDİNG ANONİM ŞİRKETİ FOR THE INTERIM ACCOUNTING PERIOD JANUARY 1 – JUNE 30, 2005

To the Board of Directors of
Yazıcılar Holding Anonim Şirketi

1. We have reviewed the accompanying consolidated interim balance sheet of Yazıcılar Holding A.Ş. (a Turkish Company – the Company) and its subsidiaries (together referred to as Group) as of June 30, 2005 and the related consolidated income statement for the six-month period then ended in accordance with generally accepted limited review principles, basis and standards. We did not review the financial statements of a subsidiary that contributed 2,3% of total assets and 7,3% of revenues and the financial statements of an investment in joint venture that represents 2,7% of total assets. YTL 5.825 thousand of income from this joint venture is included in net consolidated income for 2005. Those statements were reviewed by other auditors whose reports have been furnished to us, and our review report, insofar as it relates to the amounts included for those companies is based solely upon the report of the other auditors. The scope of our review on interim financial statements is limited as compared to the audit that is made in accordance with the generally accepted auditing principles, basis and standards. In order to understand the basis of preparation of interim financial statements, our review principally consisted of applying analytical procedures, gathering information and applying other limited review procedures and techniques as required for limited review engagements. Therefore, our opinion should be considered on different grounds than the annual independent auditors' report.

2. The following matters relate to Alternatifbank Anonim Şirketi (A- Bank):

   (a) In the accompanying financial statements for the period ended June 30, 2005, A-Bank has reflected deferred tax assets of YTL 31.704 thousand, mainly relating to tax losses carried forward from December 31, 2001 and other timing differences. IAS 12 ("Income Taxes") allows recognition of deferred tax assets for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized. Considering the results of operations of A-Bank in prior periods, the recoverability of such assets is dependent on the achievability of management's plans to attain adequate taxable profits in the forthcoming periods to utilize the tax losses.

   (b) As of June 30, 2005, A-Bank has reversed a reserve of YTL 7.100 thousands provided as of December 31, 2004 which does not qualify for recognition as a provision under IAS 37 "Provisions, Contingent Liabilities, and Contingent Assets." Such provision set aside for general banking risks and its subsequent reversal should not have been charged and credited to the income statement but accounted for as an appropriation of retained earnings in accordance with IAS 30 "Disclosures in Financial Statements of Banks and Similar Institutions."

   (c) Recoverability of YTL 35.344 thousands of goodwill arising from A-Bank in the accompanying consolidated interim financial statements is also dependent on achievability of A-Bank management's plans as projected.

3. Based on our review, except for the effects of the matter described in the second paragraph, nothing has come to our attention that causes us to believe that the accompanying consolidated interim statements for the interim accounting period January 1 - June 30, 2005 are not presented fairly, in all material respects, in accordance with the generally accepted accounting standards issued by the CMB (Notes 2 and 3) and the generally accepted principles and rules for review engagements.

   Additional paragraph for convenience translation to English:

   As of June 30, 2005, the accounting principles described in Notes 2 and 3 (defined as CMB Accounting Standards) to the accompanying financial statements differ from International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board with respect to the application of inflation accounting and the presentation format of the basic financial statements and the notes to them. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

Güney Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
An Affiliated Firm of Ernst & Young International

Ertan Ayhan, SMMM
Partner

September 9, 2005
İstanbul, Turkey

Yazıcılar Holding Anonim Şirketi and Its Subsidiaries

Consolidated Interim Balance Sheet
As at June 30, 2005
(Currency – YTL Unless otherwise indicated)

ASSETS	Notes	**Reviewed June 30, 2005**	Audited December 31, 2004
Current Assets		**1.465.112.478**	**1.045.319.632**
Cash and Cash Equivalents	4	210.679.966	200.323.485
Marketable Securities (net)	5	311.907.684	106.093.972
Reserve Deposits at Central Bank	44.1	56.539.000	52.751.000
Banking Loans (net)	44.2	626.256.227	506.223.000
Trade Receivables (net)	7.1	56.861.728	33.183.775
Lease Receivables (net)	8.1	48.966.129	42.738.041
Derivative Financial Instruments – Assets	44.5	605.000	1.006.000
Due from Related Parties (net)	9.1	21.088.227	9.602.639
Other Receivables (net)	10.1	11.568.063	8.017.827
Biological Assets (net)		-	-
Inventories (net)	12	91.987.596	65.014.550
Receivables from Continuing Construction Contracts (net)		-	-
Deferred Tax Assets		-	-
Other Current Assets	15.1	28.652.858	20.365.343
Non-Current Assets		**794.198.852**	**1.003.956.931**
Marketable Securities (net)	5	61.947.000	217.830.000
Banking Loans (net)	44.2	70.773.000	64.770.000
Trade Receivables (net)	7.1	22.658	-
Lease Receivables (net)	8.1	32.008.000	25.484.000
Due from Related Parties (net)		-	-
Other Receivables (net)		-	-
Investments (net)	16	486.072.586	544.913.881
Positive/Negative Goodwill (net)	17	35.344.256	35.344.256
Investment Property (net)		-	-
Property, Plant and Equipment (net)	19	64.380.408	61.035.160
Intangible Assets (net)	20	9.620.223	12.282.024
Deferred Tax Assets	14	31.792.299	37.801.309
Other Non-Current Assets	15.2	2.238.422	4.496.301
TOTAL ASSETS		**2.259.311.330**	**2.049.276.563**

The explanatory notes on pages 8 through 65 form an integral part of these consolidated interim financial statements.

Yazıcılar Holding Anonim Şirketi and Its Subsidiaries

Consolidated Interim Balance Sheet
As at June 30, 2005
(Currency – YTL Unless otherwise indicated)

LIABILITIES	Notes	**Reviewed June 30, 2005**	Audited December 31, 2004
Current Liabilities		**1.303.998.552**	**1.172.131.595**
Short-term Borrowings (net)	6	66.515.065	35.235.434
Current Portion of Long-term Borrowings (net)	6	1.028.744	7.135.076
Lease Obligations (net)	8.2	2.858.564	3.502.057
Other Financial Liabilities (net)		-	-
Trade Payables (net)	7.2	47.517.373	48.888.211
Deposits	44.3	807.817.278	713.993.042
Funds Borrowed	44.4	295.452.100	257.584.357
Blocked Accounts		16.726.000	16.112.000
Due to Related Parties (net)	9.2	1.278.286	36.889.935
Advances Received	21	6.595.139	1.013.664
Deferred Income from Continuing Construction Contracts (net)		-	-
Provisions	23	7.507.929	3.884.428
Derivative Financial Instruments – Liabilities	44.5	4.684.000	1.878.000
Deferred Tax Liability		-	-
Other Liabilities (net)	15.3	46.018.074	46.015.391
Non-Current Liabilities		**41.296.500**	**33.946.598**
Long-Term Borrowings (net)	6	340.210	680.825
Lease Obligations (net)	8.2	4.913.230	6.199.584
Other Financial Liabilities (net)		-	-
Trade Payables (net)	7.2	5.549	-
Funds Borrowed	44.4	20.735.000	13.621.000
Due to Related Parties (net)		-	-
Advances Received		-	-
Provisions	23	12.406.812	10.879.892
Deferred Tax Liability	14	2.873.041	2.542.639
Other Liabilities (net)	15.3	22.658	22.658
MINORITY INTEREST		**174.463.767**	**147.404.389**
EQUITY		**739.552.511**	**695.793.981**
Issued Capital	1, 25	**40.000.000**	**20.475.019**
Issued Capital Subsidiaries Elimination		**-**	**-**
Capital Reserves		**233.852.659**	**253.377.640**
Share Premium	26	9.445.699	25.197.310
Income on Common Stock Disposals		-	-
Revaluation Fund		-	-
Financial Assets Value Increment Fund		-	-
Equity Inflation Adjustment Differences		224.406.960	228.180.330
Profit Reserves		**172.159.688**	**128.115.367**
Legal Reserves	27	23.718.956	16.568.189
Statutory Reserves	27	8.000	8.000
Extraordinary Reserves	27	192.033.838	147.240.812
Special Reserves	27	1.959.864	5.144.463
Gain on Sale of Investment and Property, Plant and Equipment to be Transferred to the Issued Capital		-	-
Currency Translation Differences		(45.560.970)	(40.846.097)
Net Income		**74.408.029**	**131.670.225**
Accumulated Profits	28	**219.132.135**	**162.155.730**
TOTAL LIABILITIES AND EQUITY		**2.259.311.330**	**2.049.276.563**

The explanatory notes on pages 8 through 65 form an integral part of these consolidated interim financial statements.

(Convenience Translation of a Report and Financial Statements Originally Issued in Turkish)

Yazıcılar Holding Anonim Şirketi and Its Subsidiaries

Consolidated Interim Income Statement
For the six-month period ended June 30, 2005
(Currency – YTL Unless otherwise indicated)

	Notes	Reviewed 01.01.2005 – 30.06.2005	Unreviewed 01.04. 2005 – 30.06. 2005	Reviewed 01.01.2004 – 30.06.2004	Reviewed 01.04. 2004 – 30.06. 2004
OPERATING REVENUE					
Sales (net)	36	**294.958.887**	**170.403.642**	209.788.972	134.672.902
Cost of Sales (-)	36	**(221.431.707)**	**(127.232.461)**	(149.378.873)	(69.158.130)
Interest Income (net)	36	**44.042.414**	**15.750.839**	22.620.653	(9.398.345)
Service Income (net)	36	**12.490.617**	**8.050.249**	6.628.389	3.033.960
Other Income from Operations (net)		**-**	**-**	-	-
GROSS OPERATING PROFIT		**130.060.211**	**66.972.269**	**89.659.141**	**59.150.387**
Operating Expenses (-)	37	**(75.325.989)**	**(33.346.531)**	(67.172.204)	(39.274.405)
PROFIT FROM OPERATIONS		**54.734.222**	**33.625.738**	**22.486.937**	**19.875.982**
Income and Gains from Other Operation	38.1	**79.737.340**	**61.027.130**	79.984.732	27.068.474
Expense and Losses from Other Operations (-)	38.2	**(12.930.002)**	**(7.306.292)**	(28.775.245)	(20.373.620)
Financial Expense (-)	39	**(8.243.350)**	**(1.989.975)**	(9.772.082)	(4.426.815)
OPERATING INCOME		**113.298.210**	**85.356.601**	**63.924.342**	**22.144.021**
Monetary Gain / (Loss)	40	**-**	**-**	8.256.097	(8.002.445)
Minority Interest	24	**(22.176.475)**	**(17.012.055)**	(7.925.582)	2.121.185
INCOME BEFORE TAX		**91.121.735**	**68.344.546**	**64.254.857**	**16.262.761**
Income Tax	14, 41	**(16.713.706)**	**(11.201.226)**	(5.617.629)	775.685
NET INCOME		**74.408.029**	**57.143.320**	**58.637.228**	**17.038.446**
Earnings Per Share (full YTL)	42	**1,86**		2,86	

The explanatory notes on pages 8 through 65 form an integral part of these consolidated interim financial statements.

Yazıcılar Holding Anonim Şirketi and Its Subsidiaries

Consolidated Interim Statement of Changes in Equity for the six-month period ended June 30, 2005
(Currency – YTL Unless otherwise indicated)

	Historical Issued Capital	Equity Inflation Adjustment	Treasury Shares	Share Premium	Legal, Statutory, Special and Extraordinary Reserves	Currency Translation Differences	Net Income	Accumulated Profits	Total
Balance at December 31, 2004	**20.475.019**	**228.180.330**	**-**	**25.197.310**	**163.822.001**	**(40.846.097)**	**134.881.546**	**164.083.872**	**695.793.981**
Change in accounting policy IAS 39 – (Note 2)	-	-	-	-	5.139.463	-	(3.211.321)	(1.928.142)	-
Restated balance at December 31, 2004	**20.475.019**	**228.180.330**	**-**	**25.197.310**	**168.961.464**	**(40.846.097)**	**131.670.225**	**162.155.730**	**695.793.981**
Transfer of net income to the accumulated profits and reserves	-	-	-	-	51.943.780	-	(108.920.185)	56.976.405	-
Dividend paid	-	-	-	-	-	-	(22.750.040)	-	(22.750.040)
Issued capital increase	19.524.981	(3.773.370)	-	(15.751.611)	-	-	-	-	-
Fair value increase in available for sale securities	-	-	-	-	(3.184.586)	-	-	-	(3.184.586)
Currency translation differences	-	-	-	-	-	(4.714.873)	-	-	(4.714.873)
Net income for the period	-	-	-	-	-	-	74.408.029	-	74.408.029
Balance at June 30, 2005	**40.000.000**	**224.406.960**	**-**	**9.445.699**	**217.720.658**	**(45.560.970)**	**74.408.029**	**219.132.135**	**739.552.511**

	Historical Issued Capital	Equity Inflation Adjustment	Treasury Shares	Share Premium	Legal, Statutory, Special and Extraordinary Reserves	Currency Translation Differences	Net Income	Accumulated Profits	Total
Balance at December 31, 2004	13.650.013	227.087.396	(4.566.394)	10.179.569	153.950.768	(26.8	138.334.940	55.550.260	567.365.240
Decrease in share premium	-	-	-	(671.883)		-	-	-	(671.883)
Capital increase	6.825.006	146.935	-	(2.932.346)	(4.039.595)	-	-	-	-
Dividend paid	-	(320.722)	-	-	(6.079.856)	-	(8.543.920)	-	(14.944.498)
Transfer of net income to the accumulated profits and reserves	-	-	-	-	25.865.958	-	(129.791.020)	103.925.062	-
Reclassification of the gain on sale of treasury shares	-	-	(1.613.208)	1.613.208	-	-	-	-	-
Sale of treasury shares	-	-	1.177.092	11.490.730	-	-	-	-	12.667.822
Currency translation differences	-	-	-	-	-	(738.684)	-	-	(738.684)
Inflation adjustment differences	-	4.061.831	-	-	(4.061.831)	-	-	-	-
Net income for the period	-	-	-	-	-	-	57.454.109	-	57.454.109
Balance at June 30, 2004	20.475.019	230.975.440	(5.002.510)	19.679.278	165.635.444	(27.559.996)	57.454.109	159.475.322	621.132.106
Change in accounting policy IAS 39 – (Note 2)	-	-	-	-	848.197	-	1.183.119	(2.031.316)	-
Restated balance at June 30, 2004	20.475.019	230.975.440	(5.002.510)	19.679.278	166.483.641	(27.559.996)	58.637.228	157.444.006	621.132.106

The explanatory notes on pages 8 through 65 form an integral part of these consolidated interim financial statements.

(Convenience Translation of a Report and Financial Statements Originally Issued in Turkish)

Yazıcılar Holding Anonim Şirketi and Its Subsidiaries

Consolidated Interim Cash Flow Statement
For the six-month period ended June 30, 2005
(Currency – YTL Unless otherwise indicated)

		Reviewed	
	Notes	**June 30, 2005**	June 30, 2004
Cash flows from operating activities			
Net profit before minority interest, income tax and gain/(loss) on net monetary position		**113.298.210**	63.924.342
Adjustments for:			
Foreign exchange gains		**(4.769.162)**	(2.867.617)
Gain/(Loss) from disposal of tangible and intangible assets	38	**189.530**	(552.219)
Depreciation and amortization (including goodwill)		**7.255.185**	15.189.361
Provision for possible loan losses and impairment in receivables	8	**18.432.052**	2.876.117
Provision for employee termination benefits	23	**1.804.186**	939.318
Interest expense	39	**14.423.736**	14.518.652
Gain on sale of shares in associates, joint ventures and other investments	38.1	**(4.365.424)**	(781.779)
Equity income of associates and joint ventures	16, 38.1	**(44.120.725)**	(37.491.896)
Operating profit before changes in operating assets and liabilities		**102.147.588**	55.754.279
Net (increase)/decrease in marketable securities		**(49.930.712)**	86.090.373
Net decrease in reserve deposits at Central Bank		**(3.788.000)**	(5.693.068)
Net increase in banking loans		**(141.039.227)**	(226.940.761)
Net increase in trade and other receivables and due from related parties		**(49.162.929)**	(32.751.404)
Net (increase)/decrease in derivative financial instruments – assets		**401.000**	(117.361)
Net increase in inventories		**(26.973.046)**	(9.284.611)
Net change in other assets		**(12.666.583)**	(14.224.330)
Net (decrease)/increase in trade and other payables and due to related parties		**(30.162.516)**	23.371.644
Net increase in banking customer deposits		**93.824.236**	197.460.285
Net increase in blocked accounts		**614.000**	4.727.507
Net increase in derivative financial instruments – liabilities		**2.806.000**	553.729
Retirement pay liability payment		**(277.266)**	-
Taxes paid		**(7.331.777)**	(5.319.296)
Net cash provided by/(used in) operating activities		**(121.539.232)**	73.626.986
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets	19, 20	**(8.537.530)**	(5.165.935)
Proceeds from sales of property, plant and equipment and intangible assets		**409.369**	1.296.301
Proceeds from sale of investments		**2.802**	3.930.938
Payments to acquire minority interest		**(457.664)**	(1.665.961)
Capital increase of subsidiaries from minority shareholders		**5.890.132**	5.414.260
Net cash provided by/(used in) investing activities		**(2.692.891)**	3.809.603
Cash flows from financing activities			
Dividends from equity participations		**44.746.301**	35.415.196
Dividend paid		**(22.750.040)**	(14.944.498)
Sale of treasury shares		**-**	12.667.824
Repayment of fund borrowed		**(21.182.000)**	33.880.828
Increase in share premium		**857.661**	942.205
Increase / (decrease) in special reserves		**1.255.158**	(1.506.403)
Addition to borrowings from banks and other institutions		**198.575.746**	15.964.934
Repayments of borrowings from banks and other institutions		**(56.126.744)**	(21.338.306)
Interest paid		**(11.413.307)**	(13.551.748)
Net cash provided by financing activities		**133.962.775**	47.530.032
Currency translation differences		**625.829**	(2.400.458)
Net increase in cash and cash equivalents		**10.356.481**	122.566.163
Cash and cash equivalents at beginning of period	4	**200.323.485**	94.053.963
Cash and cash equivalents at the end of period	4	**210.679.966**	216.620.126

The explanatory notes on pages 8 through 65 form an integral part of these consolidated interim financial statements.

(Currency – YTL Unless otherwise indicated)

1. ORGANIZATION AND NATURE OF ACTIVITIES

Yazıcılar Holding A.Ş., a company incorporated in İstanbul, Turkey ("Yazıcılar" or the "Company") is a holding company of which majority shares are owned by Yazıcı Family. The Company controls its subsidiaries through AEH in which the Company holds 67,91% interest. Certain shares of the Company are listed on the İstanbul Stock Exchange and Luxembourg Stock Exchange. The Company was incorporated in 1976.

The registered office address of the Company is Ankara Asfaltı üzeri, PTT Hastanesi yanı, Umut Sok, İçerenköy, Kadıköy, İstanbul.

Nature of Activities of the Group

The Company, its subsidiaries, joint ventures and associates are referred to as "the Group" for the purposes of the consolidated financial statements.

The Group is organized and primarily managed in four principal groups: beverage (including beer and soft drink products), automotive (including passenger vehicles, commercial vehicles, generators and spare and component parts), financial services (including banking, leasing, brokerage, portfolio management in capital markets and consumer finance) and writing instruments and stationery. In addition, AEH has interests in a number of other sectors, including tourism, trade, information technologies and food.

The average number of personnel of the Group is 1.792 (December 31, 2004: 1.461).

Shareholders of the Company

As of June 30, 2005 and December 31, 2004 the composition of shareholders and their respective percentages of ownership can be summarized as follows:

	June 30, 2005		December 31, 2004	
	Paid-in Capital	**%**	Paid-in Capital	%
Yazıcı Family	**17.889.533**	**44,72**	9.157.213	44,72
Kamil Yazıcı Yönetim ve Danışma A.Ş.	**13.399.988**	**33,50**	6.859.125	33,50
Publicly traded	**8.710.479**	**21,78**	4.458.681	21,78
Historical share capital	**40.000.000**	**100,00**	20.475.019	100,00

(Currency – YTL Unless otherwise indicated)

1. ORGANIZATION AND NATURE OF ACTIVITIES (continued)

List of Subsidiaries

The subsidiaries included in consolidation and their shareholding percentages at June 30, 2005 and December 31, 2004 are as follows:

	Place of Incorporation	Principal Activities	Effective Shareholding and Voting Rights % June 30, 2005	Effective Shareholding and Voting Rights % December 31, 2004
Anadolu Endüstri Holding A.Ş. (AEH)	Turkey	Holding company	67,91	67,91
Alternatifbank A.Ş. (A-Bank) (*)	Turkey	Banking services	61,15	61,15
Alternatif Yatırım A.Ş. (A Yatırım)	Turkey	Brokerage company	61,15	61,15
Alternatif Finansal Kiralama A.Ş. (A-Lease)	Turkey	Leasing company	64,44	64,44
Alternatif Yatırım Ortaklığı A.Ş. (A-Yatırım Ortaklığı) (*)	Turkey	Investment company	2,47	2,47
Çelik Motor Ticaret A.Ş. (Çelik Motor)	Turkey	Import, distribution and marketing of Lada and Kia motor vehicles	67,91	67,91
Anadolu Motor Üretim ve Pazarlama A.Ş. (Anadolu Motor)	Turkey	Production of industrial engines	67,72	67,72
Anadolu Otomotiv Dış Ticaret ve Sanayi A.Ş.	Turkey	Import of Lada and Kia motor vehicles	67,27	67,27
Anadolu Elektronik Aletler Pazarlama ve Ticaret A.Ş. (Anadolu Elektronik) (***)	Turkey	Distribution of Samsung-branded consumer durables in Turkey	34,54	-
Adel Kalemcilik Ticaret ve Sanayi A.Ş. (Adel) (*) (**)	Turkey	Production of writing instruments under Adel, Johann Faber and Faber Castell brand names	38,63	38,63
Ülkü Kırtasiye Ticaret ve Sanayi A.Ş. (Ülkü) (**)	Turkey	Distribution of the products of Adel and other imported stationery products	49,70	49,70
Ana Gıda ve İhtiyaç Maddeleri Sanayi ve Ticaret A.Ş. (Ana Gıda)	Turkey	Production and marketing of vegetable oils	67,91	67,91
Efes Turizm İşletmeleri A.Ş. (Efestur)	Turkey	Arrangement of traveling and organization facilities of the Group	51,53	51,53
Anadolu Bilişim Hizmetleri A.Ş. (ABH)	Turkey	IT, internet and e-commerce services	64,85	64,85
Oyex Handels GmbH (Oyex)	Germany	Trading of various materials used in the Group	67,23	67,23
Anadolu Endüstri Holding und Co.K.G. (AEH und Co.)	Germany	Provides necessary market research of products abroad	67,23	67,23

(*) Shares of A-Bank, Adel and A-Yatırım Ortaklığı are currently traded on the İstanbul Stock Exchange.
(**) AEH controls Adel and Ülkü through its shareholding of 56,89% and 68,78%, respectively. Moreover, Adel has 7,67% at Ülkü. As a result, Adel and Ülkü are controlled by Yazıcılar.
(***) Group's subsidiaries, Anadolu Motor and AEH, acquired Anadolu Elektronik which has been established in January, 2005, with shareholdings %50 and %1 respectively. Group's effective shareholding in Anadolu Elektronik is %34,54. Refer to Note 32 for the changes in Group structure.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

Basis of Preparation of Financial Statements

The financial statements of the Company and its subsidiaries have been prepared in accordance with accounting and reporting standards as prescribed by Turkish Capital Market Board ("CMB Accounting Standards"). The CMB has issued Communiqué No: XI-25 "Communiqué on Accounting Standards in Capital Markets", which sets out a comprehensive set of accounting principles. In this Communiqué, the CMB stated that, application of accounting standards prescribed by the International Accounting Standards Board (IASB) and International Accounting Standards Committee (IASC) will be considered as an alternative compliance with CMB Accounting Standards.

(Currency – YTL Unless otherwise indicated)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

With the decision taken on March 17, 2005, the CMB has declared that application of inflation accounting is no longer required for companies operating in Turkey which are reporting in accordance to CMB Accounting Standards effective from January 1, 2005. The consolidated interim financial statements have been prepared under the alternative application defined by the CMB as explained above. The consolidated interim financial statements and explanatory notes are presented using the compulsory standard formats as prescribed by the CMB.

The Company and its subsidiaries in Turkey maintain their books of account and prepare their statutory financial statements ("Statutory Financial Statements") in accordance with the principles promulgated by the CMB, Turkish Commercial Code and Tax Code, Banking Law and the Uniform Chart of Accounts issued by the Ministry of Finance. The foreign subsidiaries maintain their books of account and prepare their statutory financial statements in their local currencies and in accordance with the regulations of the countries in which they operate.

According to the Wholesale Price Index determined by State Institute of Statistics, the cumulative inflation rate, covering last three years is 69,7% and the annual inflation rate is 13,8% as of December 31, 2004. As of June 30, 2005, the cumulative inflation rate, covering last three years is 55,7% and the annual inflation rate is 8,7%. In connection with the announcement of CMB noted 7642 and dated March 18, 2005, the financial statements are restated as of December 31, 2004 for the last time, stating that objective conditions required for the restatement have not realized and the indications as to re-occurrance of these conditions in the future do not exist.

The restatement for the changes in the general purchasing power of YTL as of December 31, 2004 is based on IAS 29 ("Financial Reporting in Hyperinflationary Economies"). IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date and the corresponding figures for previous periods be restated in the same terms.

Index and conversion factors used in the restatement of consolidated income statement for the six-month period ended June 30, 2004, presented for the purpose of comparison in terms of the purchasing power, at the time of termination of application of inflation accounting December 31, 2004, are as follows:

Date	Index	Conversion Factors
December 31, 2002	6.478,8	1,29712
December 31, 2003	7.382,1	1,13840
June 30, 2004	7.982,7	1,05275
December 31, 2004	8.403,8	1,00000

The main guidelines for the restatement of prior period consolidated financial statements are as follows:

- Non-monetary items reported in the consolidated balance sheet as of December 31, 2004 are restated in terms of the purchasing power at December 31, 2004; after that, no restatement is applied.

- The income statement for the period ended June 30, 2005 is not restated. Previous year's income statement is expressed in terms of the purchasing power at December 31, 2004.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

The functional and presentation currency of the Company and its subsidiaries which operate in Turkey is YTL.

As a result of a long period of high inflation, the Turkish Lira (TL) has ended up in large denominations, creating difficulty in expressing and recording transactions. A new law was enacted on January 31, 2004 to introduce Yeni Türk Lirası (New Turkish Lira, YTL) the new currency unit of the Turkey. Conversion rate for TL against YTL is fixed at YTL 1 to 1.000.000 throughout the period until complete phase-out of TL. Accordingly the Company's measurement and presentation currency as of December 31, 2004 is YTL and comparative figures for the prior year(s) have also been presented in YTL, using the conversion rate of TL 1.000.000 = YTL 1,00.

Functional and Reporting Currencies of Foreign Subsidiaries

The foreign subsidiaries maintain their books of account and prepare their statutory financial statements in their local currencies and in accordance with the regulations of the countries in which they operate. The financial statements of foreign subsidiaries are used in consolidation after adjustments and certain reclassifications made for the purpose of fair presentation in accordance with IFRS.

		June 30, 2005	December 31, 2004
	Local Currency	Functional Currency	Functional Currency
AEH und Co.	EUR	EUR	EUR
Oyex	EUR	EUR	EUR

Foreign subsidiaries are established as foreign corporate entities.

Comparative Information

To be consistent with current year consolidated financial statements prepared in accordance with the compulsory standart formats prescribed by the CMB for financial statements and explanatory notes through a resolution numbered 1604 and dated December 10, 2004, the Company has made certain reclassifications in the consolidated financial statements and explanatory notes prepared in accordance with the CMB Accounting Standards as of December 31, 2004 and June 30, 2004.

Changes in accounting policies and restatement of prior years' figures

International Accounting Standart no: 39 ("IAS 39"), Financial Instruments, is amended effective from January 1, 2005. Accordingly, gains and losses related with available for sale investments are directly recognized in equity until the derecognition of related investment from financial statements.

The Company recognized gains and losses related with the available for sale investments in income statement till December 31, 2004. According to the amendment in the accounting policy, the Company restated the figures retrospectively as mentioned in the standard and this results in a change in the comparative figures.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforcable right to set-off the recognised amounts and there is an intention to settle on a basis or realize the asset and settle the liability simultaneously.

Basis of Consolidation

The principal accounting policies adopted in preparing the consolidated interim financial statements of the Group are as follows:

The consolidated interim financial statements comprise the financial statements of the Company and its subsidiaries as at June 30, 2005.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The consolidated interim financial statements of the Group include Yazıcılar Holding A.Ş and the subsidiaries, which it controls. This control is normally evidenced when the Group owns, either directly or indirectly, more than 50% of the voting rights of a company's share capital and is able to govern the financial and operating policies of an enterprise so as to benefit from its activities. The equity and net income attributable to minority shareholders' interests are shown separately in the consolidated interim balance sheet and income statement, respectively.

Intercompany balances and transactions, including intercompany profits and unrealized profits and losses are eliminated. Consolidated interim financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

The purchase method of accounting is used for acquired businesses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investment in Associates

The Group's investments in associates are accounted for under the equity method of accounting. There are entities in which the Group has 20% - 50% interest and/or significant influence and which are neither subsidiaries nor joint ventures of the Group. The investments in associates are carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates, less any impairment in value. The income statement reflects the Group's share of the results of operations of the associates.

Unrealized profits from the intercompany transactions are restated with the Group's total shareholding rate in the associate, while unrealized losses are only restated if the transferred asset does not indicate value impairment.

Investment in Joint Venture

Investments in companies where the Group collectively has a joint control with unrelated parties are classified as "investment in joint ventures". Investments in joint ventures are accounted for under the equity method of accounting.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

For the purposes of consolidated financial statements, the shareholders of the Company, executive management and members of the board of directors, subsidiaries, associates and joint ventures are referred to as related parties.

Cash and Cash Equivalents

For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise cash at bank and in hand, deposits at Central Bank and short-term deposits with an original maturity of three months or less. The amounts paid under the reverse repurchase agreements are included in the cash and cash equivalents.

Marketable Securities

All investments are initially recognized at cost, being the fair value of the consideration given and including acquisition charges associated with the investment. All regular way purchases and sales of financial assets are recognized on the settlement date i.e. the date the asset delivered to or by the Group. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace. Changes in fair value of assets to be received during the period between the trade date and the settlement date are accounted for in the same way as the acquired assets i.e. for assets carried at cost or amortized cost, change in value is not recognized; for assets classified as trading or as available for sale, the change in value is recognized to profit and loss, and in equity respectively. The Group maintains three separate securities portfolio, as follows:

Trading securities

Trading securities are securities, which were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio in which a pattern of short-term profit taking exists. After initial recognition, trading securities are remeasured at fair value based on quoted bid prices. All related realized and unrealized gains or losses are recognized in trading income / (loss), net.

Held- to- maturity securities

Investment securities with fixed or determinable payments and fixed maturity where management has both the intent and the ability to hold to maturity are classified as held-to-maturity. Management determines the appropriate classification of its investments at the time of the purchase.

Held-to-maturity investments are carried at amortized cost using the effective yield method, less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity. For investments carried at amortized cost, gains and losses are recognized in income when the investments are derecognized or impaired, as well as through the amortization process.

Interest earned whilst holding held-to-maturity securities is reported as interest income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Available- for- sale securities

All other investments are classified as available-for-sale. Available-for-sale securities are subsequently carried at fair value. Gains or losses on remeasurement to fair value are recognized as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in income.

Interest earned on available-for-sale investments is reported as interest income. Dividends received are included in dividend income.

For investments that are actively traded in organized financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment. Equity securities for which fair values cannot be measured reliably are recognized at cost less impairment.

Trade Receivables

Trade receivables are recognized at original invoice amount and carried at amortized cost less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Loans and Advances to Customers

Loans originated by the Group by providing money directly to the borrower or to a sub-participation agent at draw down are categorized as loans originated by the Group and are carried at amortized cost. Third party expenses, such as legal fees, incurred in securing a loan are treated as part of the cost of the transaction.

All loans and advances are recognized when cash is advanced to borrowers.

Provisions for Possible Loan Losses and Lease Receivable Losses

Based upon its evaluation of credits granted, management estimates the total credit risk provision that it believes is adequate to cover uncollectible amounts in the Group's loan and receivable portfolio and losses under guarantees and commitments. If there is objective evidence that the Group will not be able to collect all amounts due (principle and interest) according to original contractual terms of the loan, such loans are considered impaired and classified as "loans in arrears". The amount of the loss is measured as the difference between the loan's carrying amount and the present value of expected future cash flows discounted at the loan's original effective interest rate or as the difference between the carrying value of the loan and the fair value of collateral, if the loan is collateralized and foreclosure is probable.

Impairment and uncollectibility are measured and recognized individually for loans and receivables that are individually significant, and on a portfolio basis for a group of similar loans and receivables that are not individually identified as impaired.

The Group ceases to accrue interest on those loans that are classified as "loans in arrears" and for which the recoverable amount is determined primarily in reference to fair value of collateral.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The carrying amount of the asset is reduced to its estimated recoverable amount through use of an allowance for impairment account. A write off is made when all or part of a loan is deemed uncollectable or in the case of debt forgiveness. Write offs are charged against previously established allowances and reduce the principle amount of a loan. Recoveries of loans written off in earlier periods are included in income.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to the provision for loan losses expense. Unwinding of the discount is treated as income and remaining provision is then reassessed.

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost incurred in bringing each product to its present location and condition are accounted for as follows :

Costs are accounted for weighted average method. Finished goods and work in progress – cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated cost necessary to make the sale.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Land is not depreciated.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Land improvements	5-50 years
Buildings	20-50 years
Machinery and equipment	5-10 years
Motor vehicles	5 years
Furniture and fixtures	5 years
Leasehold improvements	Rent period

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs, Impairment losses are recognized in the income statement.

Gain or loss arising from disposal of properties, plant and equipment is calculated based on the difference between the sales price and net book value and accounted in the related income/expense accounts.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible Assets

Intangible assets acquired separately from a business are capitalized at cost. Intangible assets acquired as part of an acquisition of a business are capitalized separately from goodwill if the fair value can be measured reliably on initial recognition, subject to the constraint that, unless the fair value is limited to an amount that does not create or increase any negative goodwill arising on the acquisition. Intangible assets, excluding development costs, created within the business are not capitalized and expenditure is charged against profits in the year in which it is incurred. Intangible assets are amortized on a straight-line basis over the best estimate of their useful lives.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Goodwill

Goodwill represents the excess of the cost of the acquisition over the fair value of identifiable net assets of a subsidiary, associate or joint venture at the date of acquisition. Goodwill arose from the acquisitions before March 31, 2004 is amortized on a straight-line basis over its useful economic life up to a presumed maximum of 5 years. Goodwill is reviewed at least annually for possible impairment and when events and changes in circumstances indicate that the carrying value may not be recoverable, it is adjusted any impairment in value. In accordance with IFRS 3, the Group ceased to amortize goodwill arising from the business combinations before March 31, 2004, starting from the beginning of the annual accounting period beginning on or after March 31, 2004 (January 1, 2005).

In accordance with IFRS 3, goodwill will be reviewed and adjusted for impairment at year ends.

Repurchase and Resale Transactions

The Group enters into short-term sales of securities under agreements to repurchase such securities. Such securities, which have been sold subject to a repurchase agreement, continue to be recognized in the balance sheet and are measured in accordance with the accounting policy of the relevant security portfolio which they are part of. The counterparty liability for amounts received under these agreements is included in other money market deposits. The difference between sale and repurchase price is treated as interest expense and accrued over the life of the repurchase agreements.

Assets purchased with a corresponding commitment to resell at a specified future date (reverse repurchase agreements) are not recognized in the balance sheet, as the Group does not obtain control over the assets.

Amounts paid under these agreements are included in other money market placements. The difference between purchase and resale price is treated as interest income and accrued over the life of the reverse repurchase agreement.

Foreign Currency Denominated Transactions

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

The assets and liabilities of foreign subsidiaries are translated at the rate of exchange ruling at the balance sheet date. The income statements of foreign subsidiaries are also translated at year-end exchange rates, which are considered as a proxy to restate such income statement amounts at year end purchasing power of YTL. Differences resulting from the deviation between the inflation rate and the appreciation of foreign currencies against the New Turkish Lira related to equity accounts of consolidated subsidiaries were taken to equity as currency translation differences.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recognition and Derecognition of Financial Instruments

The Group recognizes a financial asset or financial liability in its balance sheet when and only when it becomes a party to the contractual provisions of the instrument. The Group derecognizes a financial asset or a portion of financial asset when and only when it loses control of the contractual rights that comprise the financial asset or a portion financial asset. The Group derecognizes a financial liability when and only when a liability is extinguished that is when the obligation specified in the contract is discharged, cancelled and expired

Borrowings from Banks and Other Institutions, Deposits and Funds Borrowed

All borrowings, deposits and funds borrowed are initially recognized at cost.

After initial recognition, all interest bearing liabilities, are subsequently measured at amortized cost using the effective interest rate method, less amounts repaid. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognized in net profit or loss when the liabilities are derecognized or impaired as well as through the amortization process.

Borrowing Costs

Borrowing costs generally are expensed as incurred.

Employee Termination Benefits

a) Defined benefit plan

In accordance with existing social legislation, the Group is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Company and its Turkish subsidiaries and whose employment is terminated due to retirement or for reasons other than resignation or misconduct.

In the consolidated financial statements, the Group have reflected a liability calculated using the Projected Unit Credit Method and based upon estimated inflation rates and factors derived using the Company and its Turkish subsidiaries' experience of personnel terminating their services and being eligible to receive retirement pay and discounted by using the current market yield at the balance sheet date on government bonds.

b) Defined contribution plan

The Group pays contribution to the Social Security Institution of Turkey on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

The Group as Lessee

Finance Lease

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income. Capitalized leased assets are depreciated over the estimated useful life of the asset. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset should be fully depreciated over the shorter of the lease term or its useful life.

Operating Lease

Leases where the lesser retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. These include rent agreements of premises, which are cancelable subject to a period of notice. Operating lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term.

The Group as Lessor

Finance Lease

The Group presents leased assets as a receivable equal to the net investment in the lease. Finance income is based on a pattern reflecting a constant periodic rate of return on the net investment outstanding. Initial direct costs are recognized immediately as expenses.

Operating Lease

The Group presents assets subject to operating leases in the balance sheets according to the nature of the asset. Lease income from operating leases is recognized in income on a straight- line basis over the lease term. The aggregate cost of incentives provided to lessees is recognized as a reduction of rental income over the lease term on a straight-line basis. Initial direct costs incurred specifically to earn revenues from an operating lease are recognized as an expense in the income statement in the period in which they are incurred. Operating leases are depreciated based on their cost after deducting their residual values.

Income and Expense Recognition

Non-Banking

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. Sales are recognized net of sales taxes and discounts when delivery has taken place and transfer of risks and rewards has been completed. Revenue from rendering services is recognized by reference to the stage of completion when it can be measured reliably. Revenues and expenses are recognized on accrual basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Banking

Interest income and expenses are recognized in the income statement for all interest bearing instruments on an accrual basis using the effective yield method based on the actual purchase price. Interest income also includes coupons earned on fixed income securities and accrued discount and premium on treasury bills and other discounted instruments.

Commission income, fee for various banking services and dividends are recorded as income when collected. Dividends are recognized when the shareholders' right to receive the payments is established.

Income Tax

Tax expense / (income) is the aggregate amount included in the determination of net profit or loss for the period in respect of current and deferred tax.

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences:

- except where the deferred income tax liability arises from goodwill amortization or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilized:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative Financial Instruments

The Group enters into transactions with derivative instruments including forwards, swaps and options in the foreign exchange and capital markets. These derivative transactions are considered as effective economic hedges under the Group's risk management policies; however since they do not qualify for hedge accounting under the specific provisions of IAS 39, they are treated as derivatives held for trading. Derivative financial instruments are initially recognized in the balance sheet at cost and subsequently are remeasured at their fair value.

Fair values are obtained from quoted market prices, to the extent publicly available, discounted cash flows and options pricing models as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

For derivatives that do not qualify for special hedge accounting, any gains or losses arising from changes in fair value are taken directly to net profit or loss for the period.

Contingencies

Contingent liabilities are not recognized in the financial statements; they are disclosed only if they do not bear high probability of an outflow of resources embodying economic benefits. Contingent assets are disclosed in the footnotes only in case of a highly-probable inflow of economic benefits.

Segmental Information

Since the Group's risk and return ratios are influenced by the differences in the goods and services it produces, segmental information is provided on the basis of business segments in the first layer. Information in geographical segments is not reported as second layer since the Group's operations do not bear any significance in terms of general presentation of financial statements and monetary significance for foreign country operations. The Group is organized into four major operating businesses. Financial information on business segments is presented in Note 33.

Government Grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to such grants, and that the grants will be received. They are recognized to income over the period to match them with the related costs that they are intended to compensate. Income relating to government grants is recognized as a deduction from the appropriate expense.

Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the balance sheet. Actual results may vary from the current estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in income statement in the periods in which they become known.

4. CASH AND CASH EQUIVALENTS

	June 30, 2005	December 31, 2004

(Currency – YTL Unless otherwise indicated)

Non-Banking	**56.808.326**	22.986.563
Banking	**153.871.640**	177.336.922
Cash and cash equivalents at consolidated cash flow statement	**210.679.966**	200.323.485

Non-Banking

The details of cash and cash equivalents are as follows:

	June 30, 2005	December 31, 2004
Cash on hand	**63.526**	57.305
Cash in banks	**56.744.800**	22.929.258
	56.808.326	22.986.563

YTL denominated time deposits are made for 1-184 days (31 December 2004: 3 and 77 days) periods and earn interest between 11,28%- 20% (31 December 2004: 17,5%-24%). USD denominated time deposits are made for 32-63 days (31 December 2004: 10 and 31 days) periods and earn interest between 1%-4% (31 December 2004: 2%-4,25%). EUR denominated time deposits are made for 54 day periods and earn interest between 1%-3,5% (31 December 2004: None).

Banking

	June 30, 2005	December 31, 2004
Cash on hand	**12.987.000**	8.656.000
Balances with the Central Bank	**12.683.000**	5.580.000
Cash and balances with the Central Bank	**25.670.000**	14.236.000
Deposits with banks and other financial institutions	**109.071.640**	143.254.922
Funds lent under reverse repurchase agreements	**1.501.000**	2.000.000
Interbank placements	**17.048.000**	17.586.000
Cheques given to collection	**581.000**	260.000
Other money market placements	**19.130.000**	19.846.000
Total	**153.871.640**	177.336.922

4. CASH AND CASH EQUIVALENTS (continued)

As of June 30, 2005 and December 31, 2004 the interest rate range of deposits and placements is as follows:

	June 30, 2005				December 31, 2004			
	Amount		Effective interest rate		Amount		Effective interest rate	
	New Turkish Lira	Foreign Currency	New Turkish Lira	Foreign Currency	New Turkish Lira	Foreign Currency	New Turkish Lira	Foreign Currency
Balances with the Central Bank	**11.028.000**	**1.655.000**	**-**	**-**	4.563.000	1.017.000	14,5%	-
Deposits with banks and other financial institutions	**103.231.223**	**5.840.417**	**15,35%**	**0,94%**	109.991.165	33.263.757	20,12%	2,21%
Funds lent under reverse Repurchase agreements	**1.501.000**	**-**	**15,5%**	**-**	2.000.000	-	18%	-
Interbank placements	**931.000**	**16.117.000**	**15%**	**2,02%**	1.878.000	15.708.000	18,28%	1,05%
Total	**116.691.223**	**23.612.417**			118.432.165	49.988.757		

5. MARKETABLE SECURITIES

	June 30, 2005	December 31, 2004
Non-Banking	**27.088.684**	37.654.972
Banking	**346.766.000**	286.269.000
	373.854.684	323.923.972

Non-Banking

Maturities of debt instruments are July 27, 2005 for YTL denominated instruments (December 31, 2004: January 26, 2005 and July 27, 2005) and earn 24% (December 31, 2004: 24%-27%). There are not any debt instruments denominated in USD (December 31, 2004: maturity February 25, 2005 and 11,5% interest).

Banking

Trading Securities

	June 30, 2005		December 31, 2004	
	Amount	Effective interest rate %	Amount	Effective interest rate %
Trading securities at fair value				
Debt instruments				
Turkish government bonds	**38.238.000**	**15,52%**	54.066.000	24,14%
Turkish treasury bills	**350.000**	**15,54%**	976.000	24,14%
Foreign currency government bonds	**-**	**-**	-	-
Eurobonds issued by the Turkish government	**42.000**	**7,59%**	74.000	10,01%
Total	**38.630.000**		55.116.000	
Others				
Equity securities – listed(*)	**14.241.000**	-	11.286.000	-
Total	**14.241.000**		11.286.000	
Total trading securities	**52.871.000**		66.402.000	

(*) Equity securities include shares of the consolidated closed ended mutual fund amounting to YTL 3.453.000 that are actively traded. (December 31, 2004: YTL 2.417.000).

5. MARKETABLE SECURITIES (continued)

Investment Securities:

(Currency – YTL Unless otherwise indicated)

	June 30, 2005		December 31, 2004	
	Amount	**Effective Interest rate**	Amount	Effective Interest rate
Available-for-sale securities at fair value				
Turkish treasury bills	**14.208.000**	**15,74%**	-	-
Turkish government bonds	**59.779.000**	**16,95%**	-	-
Eurobonds issued by the Turkish government	**122.000**	**6,08%**	-	-
Total available-for-sale securities at fair value	**74.109.000**		-	-
Originated loans and advances to government at amortized cost:				
Debt Instruments				
Foreign currency indexed Turkish government bonds	**219.786.000**	**13,29%**	219.867.000	12,24%
Originated loans and advances to government	**219.786.000**		219.867.000	
Total investment securities	**293.895.000**		219.867.000	

Carrying value of debt instruments given as collateral under repurchase agreements are:

	June 30, 2005	December 31, 2004
Trading securities	**6.878.000**	1.858.000
Held to maturity securities	**136.189.000**	118.738.000

As of June 30, 2005, the carrying value of government securities kept in the Central Bank of Turkish Republic (the Central Bank) and in İstanbul Stock Exchange Clearing and Custody Incorporation for legal requirements and as a guarantee for stock exchange and money market operations are YTL 110.291.000 (December 31, 2004: YTL 114.053.000).

As of June 30, 2005, current marketable securities are amounting to YTL 311.907.684 (December 31, 2004: YTL 106.093.972) and non-current marketable securities are amounting to YTL 61.947.000 (December 31, 2004: YTL 217.830.000).

6. BORROWINGS

	June 30, 2005	December 31, 2004

Bank borrowings	**66.515.065**	35.235.434
Current portion of long-term borrowings	**1.028.744**	7.135.076
Short term borrowings	**67.543.809**	42.370.510
Bank borrowings	**340.210**	680.825
Long term borrowings	**340.210**	680.825
Total borrowings	**67.884.019**	43.051.335

As of June 30, 2005, Group does not have any secured bank borrowings (December 31, 2004: None).

The effective interest rates at the balance sheet date are as follows:

	June 30, 2005	December 31, 2004
Bank borrowings		
Long term		
USD and EUR denominated borrowings	**3,79% - 6,30%**	1,38%
YTL denominated borrowings	**13,75% - 22,5%**	-
Short term		
USD and EUR denominated borrowings	**3,74% - 3,93%**	1,38%-5,9%
YTL denominated borrowings	**16,5%**	23%-24%

Repayments of long-term borrowings are scheduled as follows:

	June 30, 2005	December 31, 2004
2005	**-**	7.135.076
2006	**1.028.744**	347.641
Thereafter	**340.210**	333.184
	1.368.954	7.815.901

7. TRADE RECEIVABLES AND PAYABLES

7.1 TRADE RECEIVABLES

(Currency – YTL Unless otherwise indicated)

Non-Banking

	June 30, 2005	December 31, 2004
Trade receivables	**29.201.866**	20.317.157
Notes receivables and post-dated cheques	**28.820.369**	14.056.311
Less : provision for doubtful accounts	**(1.160.507)**	(1.189.693)
	56.861.728	33,183,775

As of June 30, 2005, the carrying value of long term trade receivables is YTL 22.658 (December 31, 2004 - None).

7.2 TRADE PAYABLES

	June 30, 2005	December 31, 2004
Non-Banking	**46.305.373**	47.140.211
Banking	**1.212.000**	1.748.000
	47.517.373	48.888.211

As of June 30, 2005, the carrying value of long term trade payable is YTL 5.549 (December 31, 2004 - None).

8. LEASE RECEIVABLES AND OBLIGATIONS

8.1 LEASE RECEIVABLES

Gross investments in finance lease receivables:

	June 30, 2005	December 31, 2004
Next 1 year	**59.926.129**	52.849.041
1 years through 5 years	**35.703.000**	28.104.000
Minimum lease payments receivables, gross	**95.629.129**	80.953.041
Less: Unearned interest income	**(12.976.000)**	(10.644.000)
Net investment in finance leases	**82.653.129**	70.309.041
Less: Reserve for impairment	**(1.679.000)**	(2.087.000)
Minimum lease payments receivables, net	**80.974.129**	68.222.041

Net investment in finance leases may be analyzed as follows:

	June 30, 2005	December 31, 2004
Next 1 year	**48.966.129**	42.738.041
1 years through 5 years	**32.008.000**	25.484.000
	80.974.129	68.222.041

As of June 30, 2005, the effective interest rates of minimum lease receivables denominated in foreign currency range between 8,54% – 18,66% for USD and 8% - 21,69% for EUR respectively (December 31, 2004: 7,51% - 19,4% for USD and 8% - 21,69% for EUR respectively) and effective interest rates of minimum lease receivable denominated in YTL range between 18,55% - 52,40% (December 31, 2004: 22,58% - 56,95%).

As of June 30, 2005, collaterals obtained by the Company from certain lease customers in relation to minimum lease payments receivables amounted to YTL 31.060.474, USD 18.094.927 and EUR 6.954.862 (December 31, 2004: in historical terms – YTL 28.285.000, USD 21.207.490, EUR 5.062.581) which consist of mortgages, checks, letter of guarantees and liens on manufacturing equipments.

Movements in the reserve for impairment:

	June 30, 2005	December 31, 2004
Reserve at beginning of period	**2.087.000**	2.169.222
Provision for impairment	**365.000**	633.000
Collections	**(151.000)**	(451.000)
Write-offs	**(622.000)**	-
Monetary gain	**-**	(264.222)
Reserve at end of period	**1.679.000**	2.087.000

8.2 FINANCE LEASE LIABILITIES

(Currency – YTL Unless otherwise indicated)

	June 30, 2005	December 31, 2004
Current	**2.858.564**	3.502.057
Non-Current	**4.913.230**	6.199.584
	7.771.794	9.701.641

As of June 30, 2005, the effective interest rates are 4,5%-11,33%.

Future minimum lease payments for the above finance leases are as follows:

	June 30, 2005	December 31, 2004
Next 1 year	**3.466.628**	4.167.876
1 year through 5 years	**5.076.200**	6.838.722
Total minimum lease obligations	**8.542.828**	11.006.598
Net minimum obligations	**8.542.828**	11.006.598
Interest (-)	**(771.034)**	(1.304.957)
Present value of minimum obligations	**7.771.794**	9.701.641

9. RELATED PARTY BALANCES AND TRANSACTIONS

Balances with related parties

9.1 DUE FROM RELATED PARTIES

	June 30, 2005	December 31, 2004
Kamil Yazıcı Yönetim ve Danışma A.Ş.	**9.457.047**	1.709.457
Anadolu Efes Biracılık ve Malt Sanayii A.Ş. (Anadolu Efes)	**1.766.445**	2.590.796
Efes Pazarlama Ticaret A.Ş. (Efpa)	**1.424.098**	736.155
Tarbes Tarım Ürünleri ve Besicilik San.Tic.A.Ş. (Tarbes)	**12.927**	47.134
Anadolu Isuzu Otomotiv Sanayi ve Ticaret A.Ş. (Anadolu Isuzu)	**810.986**	1.023.781
Efes Holland Technical Management Consultancy	**876.631**	382.813
ZAO Moscow Efes Brewery (Efes Moskow)	**3.603.642**	1.574.415
CJSC Efes Karaganda Brewery (Efes Karaganda)	**708.593**	501.789
Others	**2.427.858**	1.036.299
	21.088.227	9.602.639

As of June 30, 2005 and December 31, 2004, loans given to related parties, which are included in “Banking Loans” in the financial statements, are YTL 4.386.335 and YTL 820.000, respectively.

9.2 DUE TO RELATED PARTIES

(Currency – YTL Unless otherwise indicated)

	June 30, 2005	December 31, 2004
Anadolu Efes	**1.345**	35.907.886
Anadolu Isuzu	**149.860**	337.803
Efes Sınai Yatırım Holding A.Ş. (Efes Sınai)	**469.455**	469.735
Anelsan	**183.994**	165.259
Others	**473.632**	9.252
	1.278.286	36.889.935

As of June 30, 2005 and December 31, 2004, related party deposits, which are included in "Deposits" in the financial statements, are YTL 64.082.448 and YTL 108.524.000, respectively.

9.3 TRANSACTIONS WITH RELATED PARTIES

In the normal course of business, the Group undertakes arms-length basis transactions with its related parties consisting of:

	June 30, 2005	June 30, 2004
Sales of goods and services, net		
Anadolu Efes	**9.735.570**	6.295.925
Efpa	**4.068.927**	2.951.078
Tarbes	**41.654**	1.904.447
Anadolu Isuzu	**5.106.006**	3.468.153
Efes Holland Technical Management Consultancy	**1.334.908**	-
Efes Invest Holland B.V.	**576**	1.260.848
Efes Breweries International B.V.	**72.309**	1.019.218
Efes Sınai Yatırım Holding A.Ş. (Efes Sınai)	**301.255**	647.641
Anadolu Cetelem Tüketici Finansman A.Ş. (Anadolu Cetelem)	**155.186**	162.649
Anadolu Eğitim ve Sosyal Yardım Vakfı Sağlık Tesis.	**529.070**	231.046
Others	**737.278**	384.600
	22.082.739	18.325.605

	June 30, 2005	June 30, 2004
Purchases of goods and other charges		
Anadolu Isuzu	**1.976.194**	960.569
Anelsan	**230.205**	208.706
Efpa	**81.382**	233.076
Others	**23.460**	30.333
	2.311.241	1.432.684

9.3 TRANSACTIONS WITH RELATED PARTIES (continued)

(Currency – YTL Unless otherwise indicated)

	June 30, 2005	June 30, 2004
Interest and other financial income (included in banking revenues and banking foreign exchange losses) from		
Anadolu Efes	**73.168**	1.724.091
Coca Cola Satış ve Dağıtım A.Ş.	**44.842**	-
Anadolu Isuzu	**39.250**	4.211
Anadolu Cetelem	**25.537**	-
Others	**13.910**	207.392
	196.707	1.935.694

	June 30, 2005	June 30, 2004
Interest and other financial expense (included in banking direct cost and banking foreign exchange losses) paid to		
Anadolu Efes	**3.323.339**	6.949.213
Anadolu Isuzu	**1.326.529**	35.794
Efpa	**31.365**	431.628
Anadolu Eğitim ve Sosyal Yardım Vakfı Sağlık Tesis.	**126.235**	227.394
Tarbes	**125.385**	7.369
Kamil Yazıcı Yönetim ve Danışma	**4.462**	47.374
Others	**559.476**	355.830
	5.496.791	8.054.602

	June 30, 2005	June 30, 2004
Interest and other financial expense (included in financial income /expense and foreign exchange losses) paid to		
Anadolu Efes	**2.606.564**	5.693.514
Efes Sınai	**33.565**	85.073
Others	**275.584**	5.630
	2.915.713	5.784.217

(Currency – YTL Unless otherwise indicated)

9.3 TRANSACTIONS WITH RELATED PARTIES (continued)

	June 30, 2005	June 30, 2004
Miscellaneous sales included in other income (including dividend received)		
Anadolu Efes	**164.083**	8.297.470
Polinas	**206.747**	256.860
Coca Cola İçecek	**3.930.642**	1.866.378
Efpa	**202.444**	-
Anadolu Isuzu	**122.732**	4.890
Anadolu Eğitim ve Sosyal Yardım Vakfı	**46.796**	17.604
Others	**50.020**	289
	4.723.464	10.443.491

	June 30, 2005	June 30, 2004
Interest and other financial income (included in financial income/expense and foreign exchange losses) received from		
Anadolu Efes	**1.434.068**	2.123.827
Kamil Yazıcı Yönetim ve Danışma A.Ş.	**161.054**	217.715
Efes Sınai	**33.845**	76.675
Others	**1.355**	192
	1.630.322	2.418.409

Intergroup loan purchase/sale

In the first half of 2004, AEH, one of the subsidiaries of the Company, signed Asset Sale Agreements with A-Bank, one of its subsidiaries, and in connection with these agreements AEH purchased loans in follow-up with a nominal value of YTL 41.128.167 for a cash consideration of YTL 24.459.410. After the agreement, YTL 5.052.495 of the amount is collected in aggregate. As of June 30, 2005, AEH realized YTL 9.383.059 loss by providing impairment to these loans.

Emoluments of the Board of Directors

There are 6.279.723 shares (December 31, 2004 - 3.487.915,7) held by the members of Board of Directors.

(Currency – YTL Unless otherwise indicated)

10. OTHER RECEIVABLES AND PAYABLES

10.1 OTHER RECEIVABLES

	June 30, 2005	December 31, 2004
Non-Banking	**11.568.063**	8.017.827
Banking	**-**	-
	11.568.063	8.017.827

Non-Banking

	June 30, 2005	December 31, 2004
Receivables From Loans Given (*)	**10.023.856**	7.605.379
Other	**1.544.207**	412.448
	11.568.063	8.017.827

(*) In the first half of 2004, AEH, one of the subsidiaries of the Company, signed Asset Sale Agreements with A-Bank, one of its subsidiaries, and in connection with these agreements AEH purchased loans in follow-up with a nominal value of YTL 41.128.167 for a cash consideration of YTL 24.459.410. After the agreement, YTL 5.052.495 of the amount is collected in aggregate. As of June 30, 2005, AEH realized a YTL 9.383.059 loss by providing impairment to these loans.

11. BIOLOGICAL ASSETS

None (December 31, 2004 - None).

12. INVENTORIES

	June 30, 2005	December 31, 2004
Raw materials	**12.057.761**	10.571.486
Work-in-progress	**6.835.464**	6.130.475
Finished goods	**11.251.391**	12.588.379
Merchandise	**31.350.782**	26.618.589
Supplies and others	**1.072.271**	601.493
Advances given	**29.419.927**	8.504.128
	91.987.596	65.014.550

(Currency – YTL Unless otherwise indicated)

13. RECEIVABLES AND DEFERRED INCOME FROM CONTINUING CONSTRUCTION CONTRACTS

None (December 31, 2004 - None).

14. DEFERRED TAX ASSETS AND LIABILITIES

Deferred income tax

Components of deferred tax assets and liabilities are as follows:

	June 30, 2005	December 31, 2004
Deferred tax assets	**31.792.299**	37.801.309
Deferred tax liabilities (-)	**(2.873.041)**	(2.542.639)
Total deferred tax	**28.919.258**	35.258.670

Movements in deferred tax during the period are as follows:

	Balance January 1, 2005 as reported	Credited/ (charged) to income statement	**Balance June 30, 2005**
Fixed Assets	(9.163.344)	186.551	**(8.976.793)**
Inventory	33.648	(4.329)	**29.319**
Tax loss carryforward	54.236.436	(3.892.705)	**50.343.731**
Allowance for retirement pay liability	3.114.845	560.953	**3.675.798**
Financial leases	10.734.924	(2.406.236)	**8.328.688**
Other	17.638.837	(215.835)	**17.423.002**
Net deferred tax (liability) / asset	76.595.346	(5.771.601)	**70.823.745**
Change in accounting policy IAS 39 – (Note 2)		233.023	
Allowance for deferred tax	(41.336.676)	(567.811)	**(41.904.487)**
Total	35.258.670	(6.106.389)	**28.919.258**

15. OTHER CURRENT / NON-CURRENT ASSETS AND LIABILITIES

15.1 OTHER CURRENT ASSETS

	June 30, 2005	December 31, 2004
Non-Banking	**7.243.592**	4.039.343
Banking	**21.409.266**	16.326.000
	28.652.858	20.365.343

(Currency – YTL Unless otherwise indicated)

15.1 OTHER CURRENT ASSETS (continued)

Non-Banking

	June 30, 2005	December 31, 2004
Prepaid taxes	**910.685**	1.233.184
Prepaid expenses	**2.789.793**	703.670
VAT to be transferred	**3.036.856**	2.057.954
Other	**506.258**	44.535
	7.243.592	4.039.343

Banking

	June 30, 2005	December 31, 2004
Receivables from brokerage customers	**11.544.000**	7.437.000
Transitory accounts and prepaid expenses	**2.271.000**	3.035.000
Assets held for resale	**4.018.000**	5.137.000
Prepaid taxes	**15.000**	9.000
Other	**3.561.266**	708.000
	21.409.266	16.326.000

15.2 OTHER NON-CURRENT ASSETS

	June 30, 2005	December 31, 2004
Non-Banking	**393.422**	1.116.301
Banking	**1.845.000**	3.380.000
	2.238.422	4.496.301

15.3 OTHER CURRENT LIABILITIES

	June 30, 2005	December 31, 2004
Non-Banking	**6.827.361**	6.230.905
Banking	**39.190.713**	39.784.486
	46.018.074	46.015.391

(Currency – YTL Unless otherwise indicated)

15.3 OTHER CURRENT LIABILITIES (continued)

Non-Banking

	June 30, 2005	December 31, 2004
Taxes payable other than on income	**3.327.572**	4.643.817
Salaries and wages payable	**1.237.988**	593.399
Accrued expenses	**572.432**	718.220
Deferred income	**259.756**	-
Other payables and liabilities	**1.429.613**	275.469
	6.827.361	6.230.905

As of June 30,2005, other non-current liabilities are YTL 22.658 (December 31, 2004 - YTL 22.658).

Banking

	June 30, 2005	December 31, 2004
Payment orders	**19.859.000**	11.462.000
Taxes payable other than on income	**2.955.000**	4.137.000
Transitory accounts	**223.000**	-
General provision (*)	**-**	7.100.000
Others	**16.153.713**	17.085.486
	39.190.713	39.784.486

(*) As of December 31, 2004, Group has provided a reserve amounting to YTL 7.100.000 related to future unfavorable foreign exchange rate fluctuations between the rate used in translating the foreign currency indexed debt swap securities in to New Turkish Lira (the last 10 work days' average of foreign exchange selling rates of the Central Bank) and the Group's foreign exchange evaluation rate. This provision amount is reversed as at June 30, 2005.

(Currency – YTL Unless otherwise indicated)

16. INVESTMENTS

16.1 INVESTMENTS

	Ownership Interest (%)	June 30, 2005	December 31, 2004
Coca Cola İçecek A.Ş. (Coca Cola İçecek) (*)	**15,1**	**-**	44.626.697
Polinas Plastik Sanayi ve Ticaret A.Ş. (Polinas)	**10,57**	**6.275.510**	6.275.510
Doğu Yatırım Holding A.Ş. (Doğu Yatırım)	**0,48**	**94.767**	94.767
Efes Sınai Yatırım Holding A.Ş. (Efes Sınai)	**18,21**	**31.339**	31.339
Technology Leap Holding (Technology Leap)	**15,97**	**3.268.803**	3.268.803
Others		**76.573**	79.070
Impairment reserve for Technology Leap (**)		**(3.268.803)**	(3.268.803)
Available for sale investments- non-current		**6.478.189**	51.107.383

(*) Coca-Cola İçecek A.Ş.'s shares are sold to Anadolu Efes on April 26, 2005.
(**) An impairment reserve of YTL 3.268.803 is provided for Technology Leap since it is in liquidation process.

16.2 INVESTMENTS IN ASSOCIATES

			June 30, 2005			December 31, 2004		
Entity	Principle Activities	Country of Business	Carrying Value	Ownership Interest Rate %	Group's share of Income/ (Loss)	Carrying Value	Ownership Interest Rate %	Group's share of Income/ (Loss)
Anadolu Efes (*)	Production of beer	Turkey	**416.673.961**	**35,09**	**39.040.680**	427.829.927	35,09	87.385.645
Anadolu Cetelem	Provides consumer finance services	Turkey	**1.033.480**	**33,96**	**(745.003)**	1.778.483	33,96	(4.153.293)
			417.707.441		**38.295.677**	429.608.410		83.232.352

(*) Shares of Anadolu Efes are currently traded on the İstanbul Stock Exchange.

16.3 INVESTMENTS IN JOINT VENTURE

			June 30, 2005			December 31, 2004		
Entity	Principle Activities	Country of Business	Carrying Value	Ownership interest rate %	Group's share of income	Carrying Value	Ownership interest rate %	Group's share of income
Anadolu Isuzu (*)	Manufacturing of Isuzu brand commercial vehicles	Turkey	**61.886.956**	**36,42**	**5.825.048**	64.198.088	36,42	10.102.212
			61.886.956		**5.825.048**	64.198.088		**10.102.212**

(*) Shares of Anadolu Isuzu are traded on the İstanbul Stock Exchange.

16. INVESTMENTS (continued)

(Currency – YTL Unless otherwise indicated)

The Group has a 36,42% interest in Anadolu Isuzu, which is involved in production of Isuzu commercial vehicles in Turkey.

The Group's share of the assets, liabilities, revenue and expenses of the joint venture, which are included in the consolidated financial statements, are as follows at June 30, 2005 and December 31, 2004:

	June 30, 2005	December 31, 2004
Current assets	**58.776.354**	64.375.140
Non-current assets	**33.395.434**	35.753.280
	92.171.788	100.128.420
Current liabilities	**24.761.618**	30.110.465
Non-current liabilities	**5.529.973**	5.827.572
	30.291.591	35.938.037
Revenue	**67.192.824**	118.728.794
Cost of sales	**(53.651.204)**	(91.062.024)
Selling and marketing expense	**(3.891.569)**	(8.400.010)
Administrative expenses	**(2.597.964)**	(5.388.160)
Finance cost	**(157.876)**	(121.186)
Other income, net	**1.337.421**	1.242.292
Income tax expenses	**(2.406.540)**	(4.327.266)
Monetary gain/(loss)	**-**	(1.481.744)
Extraordinary items	**-**	911.516
Minority interest	**(44)**	-
Net profit	**5.825.048**	10.102.212

17. POSITIVE/NEGATIVE GOODWILL

	June 30, 2005	December 31, 2004
Cost	**138.103.925**	138.103.925
Accumulated amortization	**(102.759.669)**	(102.759.669)
Net carrying amount	**35.344.256**	35.344.256

Starting from January 1, 2005 , the Group has ceased amortizing the goodwill arising from business combinations before March 31, 2004, in accordance with IFRS 3. Amortization of goodwill method is not applied for any acquisitions after March 31, 2004.

18. INVESTMENT PROPERTY

(Currency – YTL Unless otherwise indicated)

None (December 31, 2004: None).

19. PROPERTY, PLANT AND EQUIPMENT

For the six-month period ended June 30, 2005, additions and disposals of property, plant and equipment are as follows:

	Additions	Disposals
Land and land improvements	**15.928**	(135.967)
Buildings	**49.144**	(30.437)
Machinery and equipment	**1.332.081**	(2.235.809)
Motor vehicles	**4.846.716**	(674.137)
Furniture and fixtures	**393.849**	(36.691)
Other tangible assets	**332.221**	(923.632)
Leasehold improvements	**1.048.842**	(190)
Construction in progress	**107.612**	-
Advances given	**204.173**	(30.752)
	8.330.566	(4.067.615)

Equipment under finance lease

The carrying value of property, plant and equipment under finance lease at June 30, 2005 is YTL 25.514.567 (December 31, 2004 - YTL 25.603.988). Leased assets are pledged as securities for the related finance lease obligations.

20. INTANGIBLE ASSETS

For the six-month period ended June 30, 2005, additions and disposals of intangible assets are as follows:

	Additions	Disposals
Rights	**133.882**	(30.669)
Other intangible assets	**73.082**	-
	206.964	(30.669)

21. ADVANCES TAKEN

	June 30, 2005	December 31, 2004
Advances taken	**6.595.139**	1.013.664

22. PENSION PLANS

(Currency – YTL Unless otherwise indicated)

None (December 31, 2004 - None).

23. PROVISIONS

	June 30, 2005	December 31, 2004
Income tax provision	**7.158.426**	3.884.428
Provision for employee termination benefits	**12.406.812**	10.879.892
Other	**349.503**	-
	19.914.741	14.764.320

Provision for employee termination benefits

In accordance with existing social legislation, the Company and its subsidiaries incorporated in Turkey are required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such payments are calculated on the basis of 30 days' pay (limited to a maximum of YTL 1.648,90 at June 30, 2005 and YTL 1.574,74 at December 31, 2004 respectively) per year of employment at the rate of pay applicable at the date of retirement or termination.

For the companies established in Turkey, as of June 30, 2005 and December 31, 2004, the financial statements reflected a liability calculated using the Projected Unit Credit Method and based upon factors derived using their experience of personnel terminating their services and being eligible to receive retirement pay and discounted by using the current market yield at the balance sheet date on government bonds.

The principal actuarial assumptions used at the balance sheet dates are as follows:

	June 30, 2005	December 31, 2004
Discount rate	**16%**	16%
Expected rates of salary/limit increases	**10%**	10%

In addition, as of June 30, 2005 employee termination benefits provision was calculated by considering the increase of maximum liability of YTL 1.648,9 for the related year in accordance with inflation rate according to actuarial assumption.

Employee termination benefits provision movement is as follows :

	June 30, 2005
January 1, 2005	**10.879.892**
Interest cost	**714.991**
Actuarial loss	**-**
Charge for the year	**1.089.195**
Paid	**(277.266)**
June 30, 2005	**12.406.812**

23. PROVISIONS (continued)

(Currency – YTL Unless otherwise indicated)

	December 31, 2004
January 1, 2004	10.771.176
Interest cost	1.521.279
Actuarial loss	114.460
Charge for the year	544.683
Paid	(731.398)
Monetary gain	(1.340.308)
December 31, 2004	10.879.892

24. MINORITY INTEREST

Minority interest is separately classified in the financial statements.

25. ISSUED CAPITAL / ISSUED CAPITAL SUBSIDIARIES ELIMINATION

	June 30, 2005	December 31, 2004
Common shares, YTL 0.001, par value authorized 40.000.000 (December 31, 2004 - 20.475.019)	**108.908.784**	93.157.173

As of June 30, 2005 and December 31, 2004 the Company's historical subscribed and issued share capital was YTL 40.000.000 and YTL 20.475.019 respectively (historical terms).

	June 30, 2005		December 31, 2004	
	Paid-in Capital	**%**	Paid-in Capital	%
Yazıcı Family	**17.889.533**	**44,72**	9.157.213	44,72
Kamil Yazıcı Yönetim ve Danışma A.Ş.	**13.399.988**	**33,50**	6.859.125	33,50
Publicly traded	**8.710.479**	**21,78**	4.458.681	21,78
Historical share capital	**40.000.000**	**100,00**	20.475.019	100,00
Restatement effect	**68.908.784**		72.682.154	
Total restated share capital	**108.908.784**		93.157.173	

(Currency – YTL Unless otherwise indicated)

25. ISSUED CAPITAL / ISSUED CAPITAL SUBSIDIARIES ELIMINATION (continued)

The movement of the paid in capital during June 30, 2005 and December 31, 2004 is as follows (historical terms):

	June 30, 2005		December 31, 2004	
	Share	**Amount (YTL)**	Share	Amount (YTL)
Beginning (January 1)	**20.475.019**	**20.475.019**	13.650.012,787	13.650.013
Issued shares				
-Equity inflation adjustment differences	**3.773.371**	**3.773.371**	-	-
-Extraordinary reserves	**-**	**-**	4.039.591,394	4.039.591
-Income from sales of treasury shares	**15.751.610**	**15.751.610**	2.785.415,000	2.785.415
Ending	**40.000.000**	**40.000.000**	20.475.019,181	20.475.019

Kamil Yazıcı Yönetim ve Danışma A.Ş. (Management Company) is a professional management company established by certain members of the Yazıcı Family to manage their investments. The Management Company owns 33.50% of Yazıcılar but, by way of the special board nomination rights (see below) granted to Class B shares and Class A shares, it is entitled to nominate four of the six directors to the board of directors of the Company.

Yazıcılar common shares are divided into four classes, each class of shares having identical voting rights on all matters except for the election of directors. Three of these classes of shares – Classes B, C and D – consist of registered shares and are owned by members of the Yazıcı Family. Class A shares are divided into two sub-classes, one consisting of registered and the other, bearer shares. Bearer shares are held by public and others are held by Yazıcı Family.

The following chart shows certain information with respect to the four classes of shares of Yazıcılar:

Class	Number of Authorized Shares	Percentage of Total Capital Stock	Number of Directors Elected by Class
A	17.864.988	45	1
B	9.999.991	25	3
C	5.701.762	14	1
D	6.433.259	16	1
	40.000.000	100	6

26. CAPITAL RESERVES

As of June 30, 2005, restated values of capital reserves which are included in equity and their restatement differences, are as follows:

	Historical Amount	**Equity Restatement Differences**	**Restated Amount**
Share Premium	9.445.699	-	9.445.699

(Currency – YTL Unless otherwise indicated)

27. PROFIT RESERVES

Legal Reserves

The legal reserves consist of first and second legal reserves in accordance with the Turkish Commercial Code (TCC). The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the Company's restated share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's restated share capital.

As required by the Capital Markets Board (CMB) Communiqué Serial XI, No : 25 "Communiqué for the Accounting Standards in Capital Markets"; beginning from the year 2003 profits, the net profit in the financial statements which are prepared in accordance with International Financial Reporting Standards will be taken as the base for dividend appropriation.

Publicly held companies perform their dividend appropriation in accordance with CMB regulations as follows:

Based on the CMB communiqué XI-25 part fifteen article 399, the amount included in "Prior Year Losses" account resulting from the first application of inflation accounting should be considered as a deduction during the identification of the profit to be distributed based on the inflation adjusted financial statements. Accordingly, the amount followed under "Prior Year Losses" account, may be offset against period income and retained earnings if exists, and the remaining losses against extraordinary reserves, legal reserves and reserves resulted from inflation adjustment of equity accounts, respectively.

Regarding the profit resulting from 2004 operations resulted from the financial statements prepared in accordance with the Communiqué Serial: XI No: 25 or IFRS, dividend distribution of at least 30% (2003 - 20%) of the distributable profit is obligatory. Based on the General Assembly's decision of the Company, its subsidiaries, joint ventures and participations, this appropriation may be on cash basis or through the distribution of free shares not less than 30% of the distributable profit, or may be distributed both as cash and free shares. For the accounting period ending by December 31, 2004, all of the amount which will be calculated according to the regulations associated with the CMB's minimum profit distribution necessity has to be provided from the distributable profit existing in the financial statements prepared according to Tax Law, over the net distributable profit calculated from the financial statements prepared according to the CMB communiqué XI-25. The explanation is based on CMB decision with the number of 7/242 and with the date of February 25, 2005.

The statutory accumulated profits and statutory current year profit are available for distribution, subject to the reserve requirements referred to above.

As of June 30, 2005, restated values of profit reserves, which are included in equity and their restatement differences are as follows:

	Historical Amount	Equity Restatement Differences	Restated Amount
Legal Reserves	23.718.956	58.946.465	82.665.421
Statutory Reserves	8.000	63.000	71.000
Extraordinary Reserves	192.033.838	96.485.711	288.519.549
Special Reserves	1.959.864	3.000	1.962.864

28. ACCUMULATED PROFITS

Accumulated profits are separately classified in the financial statements.

29. FOREIGN CURRENCY POSITION

Net foreign currency exposure for the Group (excluding banking) as of June 30, 2005 is approximately YTL 82.548.334 (December 31, 2004 - YTL 87.815.719).

30. GOVERNMENT INCENTIVES AND GRANTS

The Group uses 40% of its capital expenditure as allowance in the determination of the tax base within legal framework.

As of June 30, 2005, the Group has recognized 40% of capital expenditure as investment incentive amounting to YTL 2.461.143 as deduction from the tax base.

31. COMMITMENTS AND CONTINGENCIES

Non-Banking

Letters of guarantee given to banks, suppliers, and custom offices are YTL 12.121.467 (December 31, 2004 - YTL 5.898.822).

Letters of guarantee given to banks on the loans of associates and other related parties are YTL 40.303.317 (December 31, 2004 - YTL 20.605.496).

Letters of guarantee given to banks, supplies, and custom offices by the joint venture are YTL 8.262.093 (December 31, 2004 - YTL 5.669.628).

Letters of credits are YTL 12.843.023 (December 31, 2004 - YTL 5.001.029).

(Currency – YTL Unless otherwise indicated)

31. COMMITMENTS AND CONTINGENCIES (continued)

Banking

In the normal course of business activities, A-Bank and its consolidated subsidiaries undertake various commitments and incur certain contingent liabilities that are not presented in the financial statements including:

	June 30, 2005	December 31, 2004
Letters of guarantees		
- issued by A-Bank	**403.169.662**	368.691.084
Letters of credit	**127.276.707**	123.981.464
Acceptance credits	**11.554.000**	4.855.000
Other	**50.930.000**	-
Total non-cash loans	**592.930.369**	497.527.548
Other commitments	**165.772.000**	97.058.000
	758.702.369	594.585.548

As of June 30, 2005, A-Lease obtained letters of guarantee amounting to YTL 3.464.009 (December 31, 2004 - YTL 3.127.800) and submitted to various institutions for various leasing transactions and funds borrowed from banks.

Trust Assets

As of June 30, 2005, the nominal values of the YTL denominated assets held by the Group in fiduciary, agency or custodian capacities amounted to YTL 290.892.000 (December 31, 2004 - YTL 217.749.000) and foreign currency denominated assets amounted to YTL 43.856.000 (December 31, 2004 - YTL 39.966.000).

Litigation

There were a number of legal proceedings outstanding against the Group as of June 30, 2005 approximately YTL 1.078.000 (December 31, 2004 - 3.225.000 YTL These mainly include matters relating to personal claims of customers and ex-employees of A-Bank. Although the outcome of these matters can not always be ascertained with precision, management, based on professional advice, and also considering A-bank's insurance coverage believes that no material liabilities are likely to result. Consequently no provision has been made.

Other

Abank manages six open-ended investment funds which were established under the regulations of the Turkish Capital Board. In accordance with the funds' charters, Abank purchases and sells marketable securities on behalf of funds, markets their participation certificates and provides other services in return for a management fee and undertakes management responsibility for their operations.

32. BUSINESS COMBINATIONS

The Group has acquired the distribution of durable consumer goods under the trademark of “Samsung” and in January 2005, participated to Anadolu Elektronik, which is established to make distribution of such products, through 51% nominal share that provides management control.

The Group has sold all Coca Cola İçecek shares on hand (which held 5% nominal) to Anadolu Efes on April 26, 2005 and recognized the net gain amounting YTL 4.365.424 as ‘income and gains from other operations’ in Group’s income statement for the six-month period ending June 30, 2005.

33. SEGMENTAL INFORMATION

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group is organized into four major operating businesses.

Segmental Information

(Thousands of YTL)	Financial Institutions		Automotive & Machinery		Writing Instruments & Stationery		Other Operations		Unallocated		Elimination		Consolidated	
Business Segments	**30.06.2005**	**30.06.2004**	**30.06.2005**	**30.06.2004**	**30.06.2005**	**30.06.2004**	**30.06.2005**	**30.06.2004**	**30.06.2005**	**30.06.2004**	**30.06.2005**	**30.06.2004**	**30.06.2005**	**30.06.2004**
Revenue from external customers	**44.042**	22.621	**227.118**	151.659	**31.828**	23.372	**36.468**	38.009	**12.036**	3.377		-	**351.492**	239.038
Inter-segment revenue	**1.290**	3.532	**141**	316	**1.367**	1.204	**1.727**	1.005	**1.460**	2.078	**(5.985)**	(8.135)	**-**	-
Total Revenue	**45.332**	26.153	**227.259**	151.975	**33.195**	24.576	**38.195**	39.014	**13.496**	5.455	**(5.985)**	(8.135)	**351.492**	239.038
Segment Result	**47.415**	26.153	**52.312**	45.568	**17.157**	11.818	**5.665**	9.483	**13.496**	4.772	**(5.985)**	(8.135)	**130.060**	89.659
Operating Profit	**17.045**	262	**29.187**	28.032	**10.107**	7.277	**(3.673)**	2.020	**8.053**	(6.969)	**(5.985)**	(8.135)	**54.734**	22.487
Other income	**6.626**	18.372	**9.420**	3.301	**1.358**	258	**271**	730	**62.062**	57.324	**-**	-	**79.737**	79.985
Other expenses	**515**	(4.864)	**(8.434)**	(792)	**(1.770)**	(305)	**(131)**	(428)	**(3.110)**	(22.386)	**-**	-	**(12.930)**	(28.775)
Financial expenses	**(1.706)**	(1.246)	**(426)**	(183)	**(1.189)**	(992)	**(1.109)**	(1.221)	**(3.813)**	(6.130)	**-**	-	**(8.243)**	(9.772)
Income tax expense	**(5.196)**	1.246	**(7.667)**	(9.015)	**(1.662)**	(846)	**(75)**	(193)	**(2.114)**	3.190	**-**	-	**(16.714)**	(5.618)
Minority interest	**(2.756)**	(46)	**485**	(7)	**(1.665)**	(236)	**(135)**	(105)	**(18.105)**	(7.532)	**-**	-	**(22.176)**	(7.926)
Gain on net monetary position	**-**	(5.862)	**-**	(1.077)	**-**	(833)	**-**	946	**-**	15.082	**-**	-	**-**	8.256
Net profit	**14.528**	7.862	**22.565**	20.259	**5.179**	4.323	**(4.852)**	1.749	**42.973**	32.579	**(5.985)**	(8.135)	**74.408**	58.637
Total assets	**1.397.203**	1.511.308	**167.204**	114.433	**57.626**	45.005	**41.784**	24.843	**1.090.548**	1.036.790	**(495.054)**	(457.007)	**2.259.311**	2.275.372
Segment liabilities	**1.192.483**	1.401.819	**64.068**	20.684	**18.127**	17.679	**29.641**	11.588	**40.977**	73.490	**-**	-	**1.345.296**	1.525.260

(Currency – YTL Unless otherwise indicated)

33. SEGMENTAL INFORMATION (continued)

a) Substantially all of the consolidated revenues are obtained from operations located in Turkey. Similarly, substantially all of the consolidated assets are located in Turkey .

b) Investment in associates and joint ventures: Company's effective participation rate for Anadolu Efes is 35.09%. The operations of Anadolu Efes and its subsidiaries consist of production, distribution and marketing of beer under a number of trademarks and bottling of soft drinks under Coca Cola trademark principally in Turkey, East Europe and Middle Asia. The result of these operations, as of June 30, 2005 and December 31, 2004 are reflected in "other income and expenses" line of the consolidated income statement as YTL 39.040.680 and YTL 36.170.234 respectively. The geographic locations and the effective shareholding rates of Yazıcılar for the investments in Anadolu Efes are as follows :

	Place of Incorporation	Principal Activities	Effective Shareholding and Voting Rights %	
			30.06.2005	31.12.2004
Efes Breweries International N.V. (EBI)	The Netherlands	Facilitating investments in breweries	**24,64**	24,64
ZAO Moscow-Efes Brewery (Efes Moskow)	Russia	Production and distribution of beer	**17,50**	17,50
OAO Amstar (Amstar)	Russia	Production of beer	**17,50**	17,50
ZAO Efes Entertainment	Russia	Entertainment	**14,87**	14,87
Efes Vitanta Moldova Brewery S.A. (Efes Vitanta)	Moldova	Production and marketing of beer, softdrinks, low alcoholic drinks and mineral water	**23,78**	23,78
Efes Weifert Brewery d.o.o (Efes Weifert)	Serbia	Production and marketing of beer	**15,49**	15,49
Efes Zajecar d.o.o (Efes Zajecar)	Serbia	Production and marketing of beer	**15,87**	15,87
Efes Commerce d.o.o Belgrade (Efes Commerce)	Serbia	Production and marketing of beverages	**24,64**	24,64
CJSC Efes Karaganda Brewery (Efes Karaganda)	Kazakhstan	Production and marketing of beer	**24,64**	24,64
Efes Ukraine Brewery (Efes Ukraine)	Ukraine	Production and marketing of beer	**14,52**	14,52
Interbrew Efes Brewery S.A. (Interbrew Efes)	Romania	Production of beer	**12,32**	12,32
Efes Romania Industrie Si Comert S.A. (ERIC)	Romania	Distribution of beer	**24,64**	24,64
Efes Productie S.R.L (Efes Productie)	Romania	Distribution of beer	**27,78**	27,78
Efpa	Turkey	Marketing and distribution of beer	**35,09**	35,09
ATK Dış Ticaret Ltd Şti (ATK)	Turkey	Foreign Trade	**35,09**	-
Tarbes	Turkey	Production of hops	**35,00**	35,00
Euro-Asian Brauereien Holding GMBH (Euro-Asian)	Germany	Investment company	**24,64**	24,64
Cypex Co. Ltd. (Cypex)	Cyprus	Marketing and distribution of beer	**35,09**	33,34
Tonus Open Joint Stock Company (Tonus)	Kazakhstan	Investment company	**16,92**	16,92
Anadolu Efes Technical and Management Consultancy N.V. (AETMC)	Netherlands Antilles	Technical Consultancy	**35,00**	35,00
Efes Holland Technical Management Consultancy B.V. (EHTMC)	The Netherlands	Technical Consultancy	**35,00**	35,00
Efes Sınai	Turkey	Facilitating investments in soft drinks in foreign countries.	**18,20**	18,20
Efes Invest Holland B.V (Efes Holland)	The Netherlands	Investment company of Efes Sınai	**18,20**	18,20
Azerbaijan Coca-Cola Bottlers LCC (Azerbaijan CC)	Azerbaijan	Production, bottling, distribution and selling of soft drinks under Coca Cola trademark	**16,37**	16,37
J.V.Coca-Cola Almaty Bottlers Limited Liability Partnership (Almaty CC)	Kazakhstan	Production, bottling, distribution and selling of soft drinks under Coca Cola trademark and distribution of Efes products	**15,93**	15,93
Coca-Cola Bishkek Bottlers C.J.S.C. (Bishkek CC)	Kırgızistan	Production, bottling, distribution and selling of soft drinks under Coca Cola trademark and distribution of Efes products	**16,38**	16,38
Efes Sınai Dış Ticaret Ltd. Şti. (EST)	Turkey	Foreign Trade	**18,02**	18,02
Rostov Beverage C.J.S.C. (Rostov)	Russia	Ceased production in 2000 and leased its plant to Efes Moskow.	**18,20**	18,20
The Coca Cola Bottling Company of Iraq FZCO (JV Dubai)	United Arabic Emirates	Investment company of Efes Sınai	**9,10**	-

(Currency – YTL Unless otherwise indicated)

34. SUBSEQUENT EVENTS

Share capital increase

The Board of Directors of Abank agreed to participate to the paid-in capital increase of Alternatif Yatırım Ortaklığı A.Ş. from YTL 6.000.000 to YTL 10.200.000 by decision dated July 11, 2005. The share of ABank in this share capital increase is YTL 169.610,29 and will be paid in cash. As a result, the amount of ABank's participation to Alternatif Yatırım Ortaklığı has increased from YTL 242.300,4 to YTL 411.910,69 without any change in 4,04% participation rate.

On the Board of Directors of Ana Gıda held on August 1, 2005, it is decided that the share capital of Ana Gıda will be increased from YTL 16.000.000 to YTL 19.000.000 (historical terms) and total increase will be paid in cash.

Investments

The Board of Directors of AEH agreed to acquire the 99,99% shares of McDonald's Restaurantları Ltd. Şti. and Hamburger Restoran İşletmeleri A.Ş. by decision dated May 4, 2005. As of July 25, 2005, 6,35% shares of McDonald's Restaurantları Ltd. Şti. and all shares of Hamburger Restoran İşletmeleri A.Ş are acquired. The remaining shares of McDonalds's Restaurantları Ltd. Şti. will be acquired in October, 2005.

Other

The retirement pay provision ceiling has been raised to YTL 1.727 effective from July 1, 2005 .

35. DISCONTINUING OPERATIONS

None (December 31, 2004 - None).

36. OPERATING INCOME

	June 30, 2005	June 30, 2004
Non-banking –net	**86.017.797**	67.038.488
Banking – interest income- net	**44.042.414**	22.620.653
	130.060.211	89.659.141

37. OPERATING EXPENSES

	June 30, 2005	June 30, 2004
Non-banking	**44.953.414**	33.775.139
Banking	**30.372.575**	33.397.065
	75.325.989	67.172.204

(Currency – YTL Unless otherwise indicated)

37. OPERATING EXPENSES (continued)

Non-banking

	June 30, 2005	June 30, 2004
General and administrative expenses	**24.726.044**	18.050.916
Selling and marketing expenses	**20.153.192**	15.724.223
Research and development expenses	**74.178**	-
	44.953.414	33.775.139

Banking

	June 30, 2005	June 30, 2004
General and administrative expenses	**22.452.945**	16.386.705
Foreign exchange losses, net	**7.919.630**	17.010.360
	30.372.575	33.397.065

38. INCOME AND GAINS / EXPENSES AND LOSSES FROM OTHER OPERATIONS

38.1 INCOME AND GAINS FROM OTHER OPERATIONS

	June 30, 2005	June 30, 2004
Income from associates and joint ventures	**44.865.728**	41.298.693
Trading income	**2.894.000**	18.371.568
Foreign exchange gain	**10.301.685**	8.031.724
Dividend income	**4.857.838**	2.643.606
Income from sale of associates	**4.365.424**	781.779
Interest income	**3.610.569**	1.278.547
Gain on sale of fixed assets	**83.386**	552.368
Gain on valuation of marketable securities	**1.785.630**	361.597
Gain on sale of marketable securities	**513.164**	258.777
Reversal of provision for receivables from loans given	**3.118.031**	-
Other	**3.341.885**	6.406.073
	79.737.340	79.984.732

(Currency – YTL Unless otherwise indicated)

38.2 EXPENSES AND LOSSES FROM OTHER OPERATIONS

	June 30, 2005	June 30, 2004
Foreign exchange loss	**7.194.907**	12.147.729
Donations	**1.601.175**	842.201
Loss from associates	**745.003**	3.806.797
Provision for receivables from loans given	**-**	10.049.205
Other	**3.388.917**	1.929.313
	12.930.002	28.775.245

39. FINANCIAL EXPENSES

	June 30, 2005	June 30, 2004
Interest expense	**6.342.803**	4.107.678
Foreign exchange loss	**1.188.556**	4.210.313
Other	**711.991**	1.454.091
	8.243.350	9.772.082

40. MONETARY GAIN/LOSS

According to the CMB interpretation, the application of inflation accounting has been terminated starting from January 1, 2005 in Turkey. Therefore there is no monetary gain or loss recognised in the consolidated income statement for the six-month period ended June 30, 2005. (June 30, 2004 - YTL 8.256.097 net monetary gain).

41. INCOME TAXES

	June 30, 2005	June 30, 2004
Current tax expense	**10.607.317**	10.280.404
Deferred tax expense/(income)	**6.106.389**	(4.662.775)
Total	**16.713.706**	5.617.629

The Group is subject to taxation in accordance with the tax procedures and the legislation effective in the countries in which the Group companies operate.

Corporate tax rate is declared as 30% as of January 1, 2005. (2004 - 33%). Corporate tax returns are required to be filed until the fifteenth of the fourth month following the balance sheet date and paid in one installment until the end of the fourth The tax legislation provides for a temporary tax of 30% (2004 - 33%) to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the year.

41. INCOME TAXES (continued)

In 2003 and prior years, corporation tax was computed on the statutory income tax base without any adjustment for inflation accounting. Starting from January 1, 2004, taxable income will be derived from the financial statements which are adjusted for inflation accounting. Accumulated earnings arising from the first application of inflation accounting on December 31, 2003 balance sheet will not be subject to corporation tax, and similarly accumulated deficits arising from such application will not be deductible for tax purposes. Moreover, accumulated tax loss carry-forwards related with 2003 and prior periods will be utilized at their historical (nominal) values in 2004 and future years. Inflation accounting application has been ceased effective from January 1, 2005.

Corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

10% withholding applies to dividends distributed by resident corporations to resident real persons, those who are not liable to income and corporation tax, non-resident real persons, non-resident corporations (excluding those that acquire dividend through a permanent establishment or permanent representative in Turkey) and non-resident corporations exempted from income and corporation tax. Dividend distributions by resident corporations to resident corporations are not subject to a withholding tax. Furthermore, in the event the profit is not distributed or included in capital, no withholding tax shall be applicable.

Capital gains derived from cash sales of participation shares that have been held for at least two years are exempt from corporation tax if the gains are added to share capital. Furthermore, in the event the profit arising from the dividend receipt is not distributed or included in capital, no withholding tax shall be applicable.

Effective from April 24, 2003, investment allowances provides a deduction from the corporate tax base of 40% of the purchase price of purchases of the brand-new fixed assets having economic useful life and exceeding YTL 10.000 (2004 - YTL 6.000) and directly related with the production of goods and services. Investment allowance that arose prior to April 24, 2003 are taxed at 19.8% (withholding tax) unless they are converted to new type at companies' will. All investment allowances can be carried forward indefinitely.

In Turkey, the tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provision for taxes, as reflected in the consolidated financial statements, has been calculated on a separate-entity basis.

42. EARNING PER SHARE

Basic earnings per share (EPS) is calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

In Turkey, companies can increase their share capital by making a pro rata distribution of shares ("Bonus Shares") to existing shareholders without consideration for amounts resolved to be transferred to share capital from retained earnings and revaluation surplus. For the purpose of the EPS calculation such Bonus Share issues are regarded as stock dividends. Dividend payments, which are immediately reinvested in the shares of the Company, are regarded similarly. Therefore, for the calculation of weighted average number of shares, it is assumed that the shares are in circulation. Accordingly the weighted average number of shares used in EPS calculation is derived by giving retroactive effect to the issue of such shares with consideration.

(Currency – YTL Unless otherwise indicated)

42. EARNING PER SHARE (continued)

	June 30, 2005	June 30, 2004
Net profit attributable to ordinary shareholders for basic earnings per share	**74.408.029**	58.637.228
Interest on convertible redeemable preference shares	**-**	-
Net profit attributable to ordinary shareholders for diluted earnings per share	**74.408.029**	58.637.228

	June 30, 2005	June 30, 2004
Weighted average number of ordinary shares for basic earnings per share	**40.000.000**	20.475.019
Share options	**-**	-
Interest on convertible redeemable preference shares	**-**	-
Adjusted weighted average number of ordinary shares for diluted earnings per share	**40.000.000**	20.475.019

There have been no other transactions involving ordinary shares or potential ordinary shares since the financial statements preparation date and before the completion of these financial statements.

43. CASH FLOW STATEMENT

Cash flow statement is separately represented in the set of financial statements.

44. OTHER ISSSUES

44.1 RESERVE DEPOSITS AT CENTRAL BANK

	June 30, 2005	December 31, 2004
Reserve Deposits		
- New Turkish Lira	**9.228.000**	8.107.000
- Foreign Currency	**47.311.000**	44.644.000
	56.539.000	52.751.000

According to the regulations of the Central Bank, banks are obliged to reserve a portion of certain liability accounts as specified in the related decree. Such reserves are deposited with the Central Bank.

As of June 30, 2005 and December 31, 2004, reserve deposit rates applicable for New Turkish Lira deposits were 6% and 11% for foreign currency deposits, respectively.

As of June 30, 2005, the interest rates applied for New Turkish Lira and foreign currency reserve deposits are 10,3% and 1,4% (December 31, 2004 - 12,5% and 1,04%),respectively.

(Currency – YTL Unless otherwise indicated)

44.2 BANKING LOANS

	June 30, 2005						
	Amount				Effective interest rate		
	New Turkish Lira	Foreign Currency	Foreign Currency Indexed	Total	New Turkish Lira	New Turkish Lira	Foreign Currency
Corporate loans	**387.481.718**	**193.195.059**	**83.575.450**	**664.252.227**	**21,81%**	**6,80%**	**7,81%**
Consumer loans	**3.541.000**	**-**	**118.000**	**3.659.000**	**33,38%**	**-**	**-**
Total performing loans	**391.022.718**	**193.195.059**	**83.693.450**	**667.911.227**			
Restructured loans	**487.000**	**641.000**	**12.499.000**	**13.627.000**	**-**	**-**	**-**
Loans in arrears	**42.839.000**	**-**		**42.839.000**	**-**	**-**	
Less: Reserve for possible loan losses	**(27.348.000)**	**-**		**(27.348.000)**	**-**	**-**	**-**
Total	**407.000.718**	**193.836.059**	**96.192.450**	**697.029.227**			

	December 31, 2004						
	Amount				Effective interest rate		
	New Turkish Lira	Foreign Currency	Foreign Currency Indexed	Total	New Turkish Lira	New Turkish Lira	Foreign Currency
Corporate loans	318.936.000	157.473.000	61.699.000	538.108.000	27,64%	7,11%	7,93%
Consumer loans	4.642.000	-	-	4.642.000	35,88%	-	-
Total performing loans	323.578.000	157.473.000	61.699.000	542.750.000			
Restructured loans	5.805.000	1.223.000	13.599.000	20.627.000			
Loans in arrears	29.730.000	-	-	29.730.000			
Less: Reserve for possible loan losses	(22.114.000)	-	-	(22.114.000)			
Total	336.999.000	158.696.000	75.298.000	570.993.000			

Movements in the reserve for possible loan losses:

	June 30, 2005	December 31, 2004
Reserve at beginning of period	**22.114.000**	44.833.699
Provision for possible loan losses	**10.801.000**	8.237.000
Collections	**(5.515.000)**	(7.283.000)
Provision net of recoveries	**5.286.000**	954.000
Loans written off and sold during the period	**(52.000)**	(18.223.000)
Monetary gain	**-**	(5.450.699)
Reserve at the end of period	**27.348.000**	22.114.000

A-Bank classified separately loans that have been restructured through medium to long-term agreements signed by related borrowers. As of June 30, 2005, A-Bank provided an estimated allowance for impairment on YTL 622.000 YTL (December 31, 2004 - YTL 6.023.000) of such loans amounting to YTL 295.000 (December 31, 2004 - YTL 4.330.000) as included in reserve for possible loan losses. As of June 30, 2005 interest accrued on the restructured loans amounted to YTL 2.340.000 (December 31, 2004 - YTL 1.180.000)

(Currency – YTL Unless otherwise indicated)

44.2 BANKING LOANS (continued)

Reserve for impairment also includes YTL 4.202.000 (December 31, 2004 - YTL 3.403.000) provided on a portfolio basis as of June 30, 2005.

As of June 30, 2005, loans and advances on which interest is not being accrued or where interest is suspended, amounted to YTL 42.839.000 (December 31, 2004 - YTL 29.730.000).

YTL 626.256.227 amount of Banking Loans is (December 31, 2004 - YTL 506.223.000) current loans and YTL 70.773.000 amount is (December 31, 2004 - YTL 64.770.000) non-current loans.

44.3 DEPOSITS

Deposits from other banks

	June 30, 2005				December 31, 2004			
	Amount		**Effective interest rate**		Amount		Effective interest rate	
	New Turkish Lira	**Foreign Currency**	**New Turkish Lira**	**Foreign Currency**	New Turkish Lira	Foreign Currency	New Turkish Lira	Foreign Currency
Demand	**49.000**	**4.053.000**	**-**	**-**	11.000	3.112.000	-	-
Time	**-**	**24.906.000**	**-**	**3,34%**	-		-	-
Total	**49.000**	**28.959.000**			11.000	3.112.000		

Customers' deposits

	June 30, 2005				December 31, 2004			
	Amount		**Effective interest rate**		Amount		Effective interest rate	
	New Turkish Lira	**Foreign Currency**	**New Turkish Lira**	**Foreign Currency**	New Turkish Lira	Foreign Currency	New Turkish Lira	Foreign Currency
Saving								
Demand	**6.630.000**	**22.945.000**	**-**	**-**	5.482.000	30.140.000	-	-
Time	**110.519.000**	**240.587.000**	**17,79%**	**4,32%**	89.781.000	224.148.000	21,21%	4,01%
	117.149.000	**263.532.000**			95.263.000	254.288.000		
Commercial and other								
Demand	**36.373.948**	**37.595.265**	**-**	**-**	25.911.355	48.732.281	-	-
Time	**59.513.455**	**64.243.610**	**15,42%**	**3,31%**	97.904.690	52.095.716	17,96%	2,97%
	95.887.403	**101.838.875**			123.816.045	100.827.997		
Total	**213.036.403**	**365.370.875**			219.079.045	355.115.997		

(Currency – YTL Unless otherwise indicated)

44.3 DEPOSITS

Other money market deposits

	June 30, 2005				December 31, 2004			
	Amount		Effective interest rate		Amount		Effective interest rate	
	New Turkish Lira	Foreign Currency	New Turkish Lira	Foreign Currency	New Turkish Lira	Foreign Currency	New Turkish Lira	Foreign Currency
Obligations under repurchase agreements:								
-Due to customers	3.938.000	-	10,50%	-	3.658.000	-	13,77%	-
-Due to banks	191.684.000	-	12,16%	-	111.975.000	-	14,05%	-
	195.622.000	-			115.633.000	-		
Interbank deposits	4.780.000	-	14,00%	-	19.634.000	-	17,78%	-
Other money market deposits	-	-	-	-	1.408.000	-	18,51%	-
Total	200.402.000	-			136.675.000	-		

44.4 FUNDS BORROWED

	June 30, 2005				December 31, 2004			
	Amount		Effective interest rate		Amount		Effective interest rate	
	New Turkish Lira	Foreign Currency	New Turkish Lira	Foreign Currency	New Turkish Lira	Foreign Currency	New Turkish Lira	Foreign Currency
Short-term								
Fixed interest	48.368.000	219.798.315	0% - 15,4%	4,02%- 7,5%	30.190.000	210.295.558	18,76%	3,67%-7,50%
Floating interest	-	20.215.220	-	4,12%-7,47%	-	16.496.927	-	4,38%-6,50%
Medium-long term								
Fixed interest	-	-	-	-	-	-	-	-
Floating interest	-	27.805.565	-	3,9% - 5,75%	-	14.222.872	-	2,18%-4,65%
Total	48.368.000	267.819.100			30.190.000	241.015.357		
Total funds borrowed	316.187.100				271.205.357			

Repayments of medium-long-term borrowing as per original contractual terms are as follows:

	June 30, 2005		December 31, 2004	
	Fixed rate	Floating rate	Fixed rate	Floating Rate
2005	-	336.000	-	602.000
2006	-	19.933.565	-	13.620.872
2008	-	7.536.000	-	-
	-	27.805.565	-	14.222.872

44.4 FUNDS BORROWED (continued)

Letters of guarantee denominated in foreign currency, YTL equivalent of which amounts to YTL 6.172.020 (December 31, 2004 - YTL 6.462.000) were given to the lending institutions as collateral against the loans obtained.

As of June 30, 2005 EUR 1.746.200 (December 31, 2004 - EUR 1.743.142) of the short-term foreign currency borrowing equivalent of YTL 2.823.081 (December 31, 2004 - YTL 3.184.000) is borrowed by issuing promissory note to the related bank.

YTL 295.452.100 amount of 'Funds Borrowed' is (December 31, 2004 - YTL 257.584.357) current Funds Borrowed and YTL 20.735.000 amount is (December 31, 2004 - YTL 13.621.000) non-current Funds Borrowed.

44.5 DERIVATIVES

In the ordinary course of business, the Group enters into various types of transactions that involve derivative financial instruments. A derivative financial instrument is a financial contract between two parties where payments are dependent upon movements in price in one or more underlying financial instruments, reference rates or indices. Derivative financial instruments include forwards, swaps and futures.

The table below shows the favorable (assets) and unfavorable (liabilities) fair values of derivative financial instruments together with the notional amounts analyzed by the term to maturity. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at year-end and are neither indicative of the market risk nor credit risk.

The fair value of derivative financial instruments is calculated by using forward exchange rates at the balance sheet date. In the absence of reliable forward rate estimations in a volatile market, current market rate is considered to be the best estimate of the present value of the forward exchange rates.

	June 30, 2005								
	Fair value assets	Fair value liabilities	Notional amount in New Turkish Lira equivalent	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Derivatives held for trading									
Forward purchase contract	**519.000**	**229.000**	**86.390.000**	**59.131.000**	**11.174.000**	**16.085.000**	**-**	**-**	**-**
Forward sale contract	**14.000**	**1.094.000**	**87.549.000**	**59.621.000**	**11.249.000**	**16.679.000**	**-**	**-**	**-**
Currency swap purchase	**72.000**	**291.000**	**130.969.000**	**104.143.000**	**-**	**26.826.000**	**-**	**-**	**-**
Currency swap sale	**-**	**2.962.000**	**136.736.000**	**104.360.000**	**-**	**32.376.000**	**-**	**-**	**-**
Futures purchase	**-**	**102.000**	**5.766.000**	**-**	**5.766.000**	**-**	**-**	**-**	**-**
Futures sale	**-**	**-**	**5.867.000**	**-**	**5.867.000**	**-**	**-**	**-**	**-**
Futures interest purchase	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Futures interest sale	**-**	**6.000**	**2.012.000**	**2.012.000**	**-**	**-**	**-**	**-**	**-**
Option purchase	**-**	**-**	**6.323.000**	**6.323.000**	**-**	**-**	**-**	**-**	**-**
Option sale	**-**	**-**	**6.309.000**	**6.309.000**	**-**	**-**	**-**	**-**	**-**
Total	**605.000**	**4.684.000**	**467.921.000**	**341.899.000**	**34.056.000**	**91.966.000**	**-**	**-**	**-**

44.5 DERIVATIVES (continued)

	December 31, 2004								
	Fair value assets	Fair value liabilities	Notional amount in New Turkish Lira equivalent	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Derivatives held for trading									
Forward purchase contract	939.000	833.000	33.335.000	373.000	8.895.000	6.915.000	17.152.000	-	-
Forward sale contract	-	-	33.221.000	376.000	8.840.000	6.906.000	17.099.000	-	-
Currency swap purchase	54.000	1.030.000	139.861.000	113.690.000	-	-	26.171.000	-	-
Currency swap sale	-	-	146.087.000	113.712.000	-	-	32.375.000	-	-
Futures purchase	13.000	15.000	5.318.000	-	5.318.000	-	-	-	-
Futures sale	-	-	5.376.000	-	5.376.000	-	-	-	-
Option purchase	-	-	1.919.000	1.919.000	-	-	-	-	-
Option sale	-	-	2.106.000	2.106.000	-	-	-	-	-
Total	1.006.000	1.878.000	367.223.000	232.176.000	28.429.000	13.821.000	92.797.000	-	-

44.6 FINANCIAL INSTRUMENTS

Banking

Financial Risk Management

General

To maintain and improve the soundness of its operations, A-Bank accords top management priority to upgrading its risk management systems and capabilities. According to A-Bank's "Risk Management Policy", Financial Risks are composed of Market, Credit and Liquidity risks. These risks are supervised by the "Bank Risk Committee" while the various Risk Committees and Risk Control Unit carry out the risk management related tasks.

Risk Management Policy includes details about the framework for defining, measuring, monitoring and managing the risks taken by the business units across A-Bank. Risk Management Policy covers,

- Sound and optimum capital allocation
- Quantification of the actual risks
- Establishment of dynamic risk limits

Building a capital management system lies at the core of A-Bank's Risk Management Policy. In addition to fully complying with regulatory capital requirements, A-Bank has its own estimate of required economic capital. This figure is believed to reflect a more realistic picture of A-Bank's risk profile. Based on the capital management tool, A-Bank conducts RaRoC (Risk-adjusted Return on Capital) analysis for different lines of business and uses the outcome as a performance measurement tool.

As a last step of Risk Management Policy, A-Bank determines risk-based limits, with respect to available economic capital and monitors actual risks against these limits.

Credit Risk

(Currency – YTL Unless otherwise indicated)

Seeking to maintain a sound asset portfolio and prevent non-performing loans, the A-Bank has clearly seperated its sales-related departments and credit management department. A-Bank has its own score-sheet and rating scale and uses the output of this internal rating tool in managing the credit portfolio, setting limits, pricing and collateralizing.

44.6 FINANCIAL INSTRUMENTS (continued)

Sectoral break down of cash and non-cash loans is as follows:

	June 30, 2005		December 31, 2004	
	Cash	**Non-cash**	Cash	Non-cash
Automotive	**6.451.000**	**7.313.000**	4.720.000	8.131.000
Chemical	**18.203.000**	**9.863.000**	20.151.000	12.116.000
Construction	**45.125.000**	**75.377.000**	38.303.000	77.950.000
Electrics and electronics	**5.376.000**	**5.468.000**	5.090.000	4.470.000
Finance	**54.197.000**	**35.235.000**	42.469.000	30.888.000
Food and beverage	**46.951.000**	**35.499.000**	39.615.000	28.196.000
Forest products and agriculture	**20.439.000**	**4.267.000**	14.066.000	2.692.000
Iron and steel, non-metal	**40.653.000**	**53.206.000**	32.116.000	41.051.000
Machinery	**20.570.000**	**12.237.000**	29.200.000	12.170.000
Mining	**25.930.000**	**18.148.000**	8.511.000	18.071.000
Paper	**7.769.000**	**20.474.000**	7.698.000	15.000.000
Petroleum	**5.552.000**	**22.412.000**	5.112.000	9.037.000
Production	**33.410.000**	**26.395.000**	35.570.000	19.884.000
Textile	**118.498.000**	**45.590.000**	111.952.000	46.352.000
Tourism	**21.479.000**	**1.288.000**	14.112.000	1.808.000
Trade	**92.950.000**	**106.426.000**	68.048.000	98.512.000
Transportation	**26.359.000**	**10.759.000**	14.689.000	15.725.000
Others	**80.207.227**	**52.043.000**	59.146.000	55.475.000
Corporate loans	**670.119.227**	**542.000.000**	550.568.000	497.528.000
Consumer loans	**3.834.000**	**-**	4.642.000	-
Interest accruals	**7.585.000**	**-**	8.167.000	-
Loans in arrears	**42.839.000**	**-**	29.730.000	-
Provision for possible loan losses	**(27.348.000)**	**-**	(22.114.000)	-
Total	**697.029.227**	**542.000.000**	570.993.000	497.528.000

44.6 FINANCIAL INSTRUMENTS (continued)

Liquidity Risk

Liquidity risk refers to the possibility of an institution being unable to access necessary funds due to declining fund-raising capacity.

The Group closely monitors its overall liquidity level and operates under strict limits based on stress conditions. To address liquidity risk, Group has adopted a unified approach to YTL and foreign currency fund-raising opportunities.

The table below analyses assets and liabilities (in thousands of YTL) of the Group into relevant maturity groupings based on the remaining period at balance sheet date to contractual maturity date

(Thousands YTL)	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year	Total
As at June 30, 2005						
Assets						
Cash and balances with the Central Bank	25.670	-	-	-	-	25.670
Deposits with banks and other financial	104.618	5.034	-	-	-	109.652
Other money market placements	18.549	-	-	-	-	18.549
Reserve deposits at the Central Bank	56.539	-	-	-	-	56.539
Trading securities	14.337	56	34.706	767	3.005	52.871
Investment securities	70	210	7.895	226.779	58.942	293.896
Originated loans and advances	435.125	65.038	71.950	54.143	70.773	697.029
Minimum lease payments receivable	8.045	8.662	11.620	20.639	32.008	80.974
Derivative financial instruments	454	49	102	-	-	605
Assets held for resale	-	-	-	-	-	-
Tangible assets	-	-	-	-	3.936	3.936
Intangible assets	-	-	-	-	2.331	2.331
Deferred tax assets	-	-	-	-	31.749	31.749
Other assets	13.636	-	-	-	9.618	23.254
Total assets	**677.043**	**79.049**	**126.273**	**302.328**	**212.362**	**1.397.055**
Liabilities						
Deposits from other banks	29.008	-	-	-	-	29.008
Customers' deposits	480.650	80.232	16.420	1.105	-	578.407
Other money market deposits	200.402	-	-	-	-	200.402
Funds borrowed	68.878	61.786	129.818	34.970	20.735	316.187
Derivative financial instruments	1.132	193	3.359	-	-	4.684
Other liabilities and provisions (*)	52.769	67	1.265	171	9.186	63.458
Income taxes payable	-	336	-	-	-	336
Total liabilities	**832.839**	**142.614**	**150.862**	**36.246**	**29.921**	**1.192.482**
Net liquidity gap	**(155.796)**	**(63.565)**	**(24.589)**	**266.082**	**182.441**	**204.573**
As at December 31, 2004						
Total assets	585.618	74.405	70.338	126.600	364.456	1.221.417
Total liabilities	728.632	140.276	54.096	108.154	18.097	1.049.255
Net liquidity gap	(143.014)	(65.871)	16.242	18.446	346.359	172.162

(*) Includes blocked accounts

44.6 FINANCIAL INSTRUMENTS (continued)

Market Risk

Market risk is defined as the decrease in the market value of ABank due to relevant price fluctuations. This risk group is handled in two broad categories. Trading and Structural Interest Rate Risk, which requires different models and assumptions. Trading Risk refers to the daily volatility of values of tradeable assets, such as Foreign Exchange, Fixed Income Securities, Stocks, and related derivative instruments. Value-at-Risk (VaR) is the primary tool for day-to-day monitoring of trading-related market risk. VaR is a statistical measure of the potential losses that could occur due to movements in market rates and prices under normal market circumstances. Secondly, Structural Interest Rate Risk, addresses the risk which stems from sensitivity of the relatively illiquid items of the balance sheet to the shifts of the yield curve. Market risk exposure of ABank as a whole is bound by the economic capital allocated by the Board.

Currency Risk

A-Bank centralized its currency risk and assigned Treasury Department to manage this risk. In principal, the balance sheet is assumed to be currency risk free. Any residual currency risk is treated as trading risk and it is subject to Value-at-Risk limits and nominal limits set by the Board.

As of June 30, 2005 the ABank's on balance sheet foreign currency short position is YTL 66.003.000 (December 31, 2004 - YTL 35.629.000-short position)

44.6 FINANCIAL INSTRUMENTS (continued)

The concentrations of assets, liabilities and off balance sheet items of the Group:

(Thousands YTL)	New Turkish Lira	US Dollars	EUR	Japanese Yen	Others	Total
As at June 30, 2005						
Assets						
Cash and balances with the Central Bank	15.783	5.556	4.166	-	165	25.670
Deposits with banks and other financial institutions	103.812	4.053	1.311	68	408	109.652
Other money market placements	2.432	16.117	-	-	-	18.549
Reserve deposits at the Central Bank	9.228	47.311	-	-	-	56.539
Trading securities	52.829	42	-	-	-	52.871
Investment securities	73.986	219.887	23	-	-	293.896
Originated loans and advances	407.001	217.583	72.440	-	5	697.029
Minimum lease payments receivable	16.918	33.617	30.439	-	-	80.974
Derivative financial instruments	605	-	-	-	-	605
Tangible assets held for resale	-	-	-	-	-	-
Tangible assets	3.936	-	-	-	-	3.936
Intangible assets	2.331	-	-	-	-	2.331
Deferred tax assets	31.749	-	-	-	-	31.749
Other assets	21.968	761	518	-	7	23.254
Total assets	**742.578**	**544.927**	**108.897**	**68**	**585**	**1.397.055**
Liabilities						
Deposits from other banks	49	23.428	5.531	-	-	29.008
Customers' deposits	213.036	259.589	99.911	4.413	1.458	578.407
Other money market deposits	200.402	-	-	-	-	200.402
Funds borrowed	48.368	210.928	56.891	-	-	316.187
Derivative financial instruments	4.684	-	-	-	-	4.684
Other liabilities and provisions (*)	44.453	10.973	7.560	21	451	63.458
Income taxes payable	336	-	-	-	-	336
Total liabilities	**511.328**	**504.918**	**169.893**	**4.434**	**1.909**	**1.192.482**
Net on-balance sheet position	**231.250**	**40.009**	**(60.996)**	**(4.366)**	**(1.324)**	**204.573**
Off-balance sheet position						
Net notional amount of derivatives	(45.997)	(45.826)	89.867	4.319	1.479	3.842
Non- cash loans	278.351	198.596	70.653	8.926	1.169	557.695
As at December 31, 2004						
Total assets	609.355	523.820	87.672	171	399	1.221.417
Total liabilities	431.643	479.182	134.214	3.181	1.035	1.049.255
Net on balance sheet position	177.712	44.638	(46.542)	(3.010)	(636)	172.162
Off –balance sheet position, net nominal amount	194.646	170.074	119.143	14.149	2.139	500.151

(*) Includes blocked accounts

44.6 FINANCIAL INSTRUMENTS (continued)

Interest Rate Risk

The net present value assets and liabilities are driven by interest rates different in terms of maturity and market characteristics. Trading securities are sensitive to treasury bill rates; therefore they are treated in the trading book and subject to Value-at-Risk limits. Items such as loans, deposits and other interest rate sensitive assets and liabilities are assumed to be sensitive to the structural changes in the interest rates and thus classified in the banking book. The relevant risk is measured with simulation based interest rate models. Applied limits on the risks posed by the asset- liability mismatches are derived from the capital set aside by the Board for Asset- Liability Management purposes.

The table below summarizes Group's exposure to interest rate risk (in thousands of YTL) on the basis of the remaining period at the balance sheet date to the re-pricing date.

(Thousands YTL)	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years	Non interest bearing
As at June 30, 2005							
Assets:							
Cash and balances with the Central Bank	11.023	-	-	-	-	14.647	25.670
Deposits with banks and other financial institutions	99.423	5.034	-	-	-	5.195	109.652
Other money market placements	18.549	-	-	-	-	-	18.549
Reserve deposits at the Central Bank	56.539	-	-	-	-	-	56.539
Trading securities	145	144	34.656	764	2.920	14.242	52.871
Investment securities	70	211	220.517	14.156	58.942	-	293.896
Originated loans and advances	441.229	65.094	71.837	52.476	46.482	19.911	697.029
Minimum lease payments receivable	6.556	8.662	11.619	20.639	32.009	1.489	80.974
Derivative financial instruments	454	49	102	-	-	-	605
Tangible assets held for resale	-	-	-	-	-	-	-
Tangible assets	-	-	-	-	-	3.936	3.936
Intangible assets	-	-	-	-	-	2.331	2.331
Deferred tax asset	-	-	-	-	-	31.749	31.749
Other assets	11.544	-	-	-	-	11.710	23.254
Total assets	645.532	79.194	338.731	88.035	140.353	105.210	1.397.055
Liabilities:							
Deposits from other banks	24.906	-	-	-	-	4.102	29.008
Customers' deposits	377.107	80.231	16.420	1.105	-	103.544	578.407
Other money market deposits	200.402	-	-	-	-	-	200.402
Funds borrowed	90.440	69.615	138.293	17.369	444	26	316.187
Derivative financial instruments	1.132	193	3.359	-	-	-	4.684
Other liabilities and provisions (*)	6.451	66	95	164	90	56.592	63.458
Income taxes payable	-	-	-	-	-	336	336
Total liabilities	700.438	150.105	158.167	18.638	534	164.600	1.192.482
On balance sheet interest sensitivity gap	(54.906)	(70.911)	180.564	69.397	139.819	(59.390)	204.573
Off balance sheet interest sensitivity gap	(2.706)	(175)	(6.142)	(2)	-	-	(9.025)
Total interest sensitivity gap	(57.612)	(71.086)	174.422	69.395	139.819	(59.390)	195.548

(*) Includes blocked accounts

44.6 FINANCIAL INSTRUMENTS (continued)

The table below summarizes Group's exposure to interest rate risk (in thousands of YTL) on the basis of the remaining period at the balance sheet date to the repricing date.

(Thousands YTL)	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Non interest bearing	Total
As at December 31, 2004							
Assets							
Cash and balances with the Central Bank	4,562	-	-	-	-	9,674	14,236
Deposits with banks and other financial institutions	138,208	-	-	-	-	5,047	143,255
Other money market placements	19,846	-	-	-	-	-	19,846
Reserve deposits at the Central Bank	52,751	-	-	-	-	-	52,751
Trading securities	193	322	1,141	45,095	8,362	11,289	66,402
Investment securities	-	-	219,867	-	-	-	219,867
Originated loans and advances	338,577	69,642	50,973	53,354	48,687	9,760	570,993
Minimum lease payments receivable	4,963	7,635	10,331	18,645	25,484	1,164	68,222
Derivative financial instruments	-	-	-	-	-	1,006	1,006
Tangible assets held for resale	-	-	-	-	-	5,025	5,025
Tangible assets	-	-	-	-	-	3,793	3,793
Other assets	7,083	-	-	-	-	48,938	56,021
Total assets	566,183	77,599	282,312	117,094	82,533	95,696	1,221,417
Liabilities							
Deposits from other banks	-	-	-	-	-	3,123	3,123
Customers' deposits	357,594	87,035	3,601	10,645	799	114,521	574,195
Other money market deposits	136,675	-	-	-	-	-	136,675
Funds borrowed	79,507	57,093	52,464	82,141	-	-	271,205
Derivative financial instruments	-	-	-	-	-	1,878	1,878
Other liabilities and provisions (*)	1,585	45	69	139	123	58,790	60,751
Income tax payable	-	-	-	-	-	1,343	1,343
Deferred tax liabilities	-	-	-	-	-	85	85
Total liabilities	575,361	144,173	56,134	92,925	922	179,740	1,049,255
On balance sheet interest sensitivity gap	1,089	(60,305)	231,247	8,779	56,127	-	236,937
Off balance sheet interest sensitivity gap	(215)	-	11	-	-	-	(204)
Total interest sensitivity gap	874	(60,305)	231,258	8,779	56,127	-	236,733

(*) Includes blocked accounts

(Currency – YTL Unless otherwise indicated)

44.6 FINANCIAL INSTRUMENTS (continued)

Operational Risk

Operational risk is defined as the risk of direct or indirect loss resulting from inadequate or failed internal process, people and systems or from external events.

Operational risk which is inherent in all business activities is associated with human error, system failure and inadequate controls and procedures. Operational risk includes errors and omissions in business activities, internal and external fraud and natural disasters.

Group has Risk Management and Internal Control practices, to keep operational risks under control and minimize it by operating under detailed written procedures. All documents, including Risk Management policies and contingency procedures, are kept up-to-date and accessible to all staff in electronic media.

Capital Adequacy

To monitor the adequacy of its capital, A-Bank uses ratios established by Banking Regulation and Supervision Agency (BRSA). These ratios measure capital adequacy (minimum 8% as required by BRSA) by comparing A-Bank's eligible capital with its balance sheet assets, off-balance sheet commitments and market and other risk positions at weighted amounts to reflect their relative risk. As of June 30, 2005 A-Bank's capital adequacy ratio calculated on consolidated basis based on statutory financial statements is 16,54% (December 31, 2004 - 19,21%)

Non-Banking

Financial risk management objectives and policies

The Group's principal financial instruments, other than derivatives, comprise bank borrowings, finance leases, cash and short-term deposits and marketable securities. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk, and credit risk. The board / management reviews and agrees policies for managing each of these risks and they are summarized below. The Group also monitors the market price risk arising from all financial instruments.

1) Foreign currency risk

The Group's operations are predominantly performed in Turkey where the economy experiences high and variable levels of inflation.

The following table summarizes the exchange rate of New Turkish lira to 1 USD and 1 EUR :

		Exchange buying rate at January 1, 2005	Average exchange buying rate in the period	Exchange buying rate at June 30, 2005
YTL /USD	Turkey	1.3363	1.3394	1.3413
YTL /EUR	Turkey	1.8233	1.7227	1.6167

44.6 FINANCIAL INSTRUMENTS (continued)

		Exchange selling rate at January 1, 2005	Average exchange selling rate in the period	Exchange selling rate at June 30, 2005
YTL /USD	Turkey	1.3427	1.3458	1.3478
YTL /EUR	Turkey	1.8321	1.7310	1.6245

The Group does not hedge investments, receivables, accounts payables, lease obligations and borrowings denominated in a foreign currency. The Group does not hedge their estimated foreign currency exposure in respect of sales and purchases.

2) Liquidity Risk

Liquidity risk arises from the possibility that customers may not be able to settle within the normal terms of trade. To manage this risk the Group periodically assesses the financial viability of customers. Liquidity risk arises from the possibility that a market for derivatives may not exist in some circumstances.

3) Credit Risk

The Group is generally raising funds by liquidating their short-term financial instruments such as collecting their receivables. The Group's proceedings from these instruments generally approximate their fair values.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and the current economic environment.

4) Price Risk

The Group is exposed to exchange rate fluctuations due to the nature of their businesses. The Group's imports are in US Dollars and European currencies. These currencies strengthening against the subsidiaries' local currencies have an adverse effect on the Group's results. Certain parts of the interest rates related to borrowings are based on market interest rates; therefore the Group is exposed to interest rate fluctuations on domestic and international markets. The Group does not have any hedging transactions to limit currency and interest rate risks.

(Currency – YTL Unless otherwise indicated)

5) Interest Rate Risk

The Group mainly enters into fixed based contracts in its financial borrowings. As of June 30, 2005, overwhelming majority of the Group's (non-banking) long-term debt was at fixed rates.

The effective interest rate range which are calculated from different types of currencies other than New Turkish Lira, is as follows:

Fixed rate bank loans	3,74%-3,93%
Fixed rate financial lease payables	4,5%-11,33%

As of June 30, 2005 the effective interest range of ABanks' credit loans is as follows:

Short term YTL denominated ;	
Fixed rate loans	15,4%
Floating rate loans	-
Short term foreign exchange denominated;	
Fixed rate loans	4,02%-7,5%
Floating rate loans	4,12%-7,47%
Long term foreign exchange denominated;	
Variable rate loans	3,9%-5,75%

Fair Values

Fair value of trade receivables, other current assets, trade payables and other current liabilities are equal to their carrying values in the balance sheet due to their short term nature.

Due to the unavailability of market prices and insufficiency of other methods to be used in determining the fair value, investments are carried on their cost values.

Short-term and long-term financial lease liabilities are presented with their carrying values in the balance sheet owing to their foreign exchange denominated structure and revalued by the year end foreign exchange rates.

It is accepted that, banking loans are all deemed to represent their carrying values because of the fact that, lender updates the interest rate applied on loans aiming to reflect the active market rates.