(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH)

# YAZICILAR HOLDİNG
# ANONİM ŞİRKETİ

## Consolidated Interim Financial Statements
## As of Six Month Ended June 30, 2008

**YAZICILAR HOLDİNG ANONİM ŞİRKETİ**

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**YAZICILAR HOLDİNG ANONİM ŞİRKETİ**

Consolidated Interim Balance Sheet Prepared According to the Communiqué No. XI-29 "Communiqué for the Financial Reporting Basis in Capital Markets" as of June 30, 2008

(Currency – TRY unless otherwise indicated)

| | Notes | **Reviewed Current Period June 30, 2008** | Audited Prior Period December 31, 2007 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | **3,156,055,335** | 2,585,781,639 |
| Cash and Cash Equivalents | 6 | **459,713,262** | 452,743,902 |
| Marketable Securities (net) | 7 | **46,037,806** | 33,790,600 |
| Reserve Deposits at Central Bank | 41.1 | **101,411,000** | 105,431,000 |
| Banking Loans (net) | 41.2 | **1,978,438,911** | 1,557,847,666 |
| Trade Receivables (net) | 10.1 | **184,385,230** | 111,562,090 |
| Lease Receivables (net) | 12.1 | **127,438,640** | 104,629,301 |
| Derivative Financial Instruments – Assets | 41.5 | **8,973,000** | 5,807,000 |
| Due From Related Parties (net) | 37.1 | **13,505,200** | 16,857,722 |
| Other Receivables (net) | 11.1 | **20,220,919** | 23,489,710 |
| Biological Assets (net) | 14 | **6,850,885** | 5,662,820 |
| Inventories (net) | 13 | **103,679,602** | 87,336,467 |
| Receivables from Construction Contracts in Progress (net) | 15 | **-** | - |
| Other Current Assets | 26.1 | **105,400,880** | 80,623,361 |
| **Non-Current Assets** | | **1,859,589,538** | 1,701,104,735 |
| Marketable Securities (net) | 7 | **104,072,492** | 128,097,492 |
| Banking Loans (net) | 41.2 | **408,236,089** | 302,332,334 |
| Trade Receivables (net) | 10.1 | **-** | - |
| Lease Receivables (net) | 12.1 | **126,246,170** | 113,938,383 |
| Derivative Financial Instruments – Assets | 41.5 | **-** | - |
| Due from Related Parties (net) | 37.1 | **5,805,397** | - |
| Other Receivables (net) | 11.2 | **12,323,997** | 21,570,777 |
| Investments Valued Through Equity Pick up Method | 16 | **893,579,528** | 815,721,105 |
| Goodwill (net) | 20 | **35,344,256** | 35,344,256 |
| Investment Property (net) | 17 | **8,758,000** | 21,206,000 |
| Property, Plant and Equipment (net) | 18 | **237,405,845** | 227,996,352 |
| Intangible Assets (net) | 19 | **10,553,062** | 10,632,218 |
| Deferred Tax Assets | 35.1 | **7,284,226** | 10,598,656 |
| Other Non-Current Assets | 26.2 | **9,980,476** | 13,667,162 |
| **TOTAL ASSETS** | | **5,015,644,873** | 4,286,886,374 |

The explanatory notes form an integral part of these consolidated financial statements.

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

**YAZICILAR HOLDİNG ANONİM ŞİRKETİ**

Consolidated Interim Balance Sheet Prepared According to the Communiqué No. XI-29 "Communiqué for the Financial Reporting Basis in Capital Markets" as of June 30, 2008

(Currency – TRY unless otherwise indicated)

| | Notes | **Reviewed Current Period June 30, 2008** | Audited Prior period December 31, 2007 |
|---|---|---|---|
| **LIABILITIES** | | | |
| **Current Liabilities** | | **2,671,643,357** | 2,373,687,630 |
| Short-Term Borrowings (net) | 8 | **179,925,489** | 125,280,339 |
| Current Portion of Long-Term Borrowings (net) | 8 | **47,030,138** | 33,971,270 |
| Lease Obligations (net) | 12.2 | **-** | - |
| Other Financial Liabilities (net) | 9 | **-** | - |
| Trade Payables (net) | 10.2 | **57,421,275** | 54,811,363 |
| Deposits | 41.3 | **1,653,014,252** | 1,694,419,425 |
| Funds Borrowed | 41.4 | **533,041,455** | 254,643,642 |
| Blocked Accounts | | **29,831,998** | 52,912,000 |
| Due to Related Parties (net) | 37.2 | **9,162,809** | 10,994,254 |
| Other Payables | 11.3 | **25,827,512** | 24,458,338 |
| Deferred Income from Construction Contracts in progress (net) | 15 | **-** | - |
| Provisions | 22 | **34,042,820** | 23,420,168 |
| Tax Provision | 35.3 | **8,060,959** | 3,533,619 |
| Derivative Financial Instruments – Liabilities | 41.5 | **15,620,000** | 36,770,000 |
| Provisions for the Employee Benefits | 24 | **-** | - |
| Other Current Liabilities (net) | 26.3 | **78,664,650** | 58,473,212 |
| **Non-Current Liabilities** | | **617,402,657** | 354,702,209 |
| Long-Term Borrowings (net) | 8 | **31,952,223** | 32,061,241 |
| Lease Obligations (net) | 12.2 | **-** | - |
| Other Financial Liabilities (net) | 9 | **-** | - |
| Trade Payables (net) | 10.2 | **-** | - |
| Deposits | 41.3 | **249,152,000** | 63,000 |
| Funds Borrowed | 41.4 | **314,914,663** | 297,447,602 |
| Blocked Accounts | | **-** | - |
| Due to Related Parties (net) | 37.2 | **-** | - |
| Provisions | 22 | **-** | - |
| Derivative Financial Instruments – Liabilities | 41.5 | **-** | - |
| Provisions for the Employee Benefits | 24 | **11,952,859** | 11,360,648 |
| Deferred Tax Liability | 35.1 | **9,430,912** | 10,339,193 |
| Other Liabilities (net) | 26.3 | **-** | 3,430,525 |
| **EQUITY** | | **1,726,598,859** | 1,558,496,535 |
| **Equity of the Parent** | | **1,353,263,181** | 1,230,167,557 |
| Capital | 27 | **160,000,000** | 160,000,000 |
| Capital Participation Elimination | 27 | **-** | - |
| Share Premium | 27 | **9,472,333** | 9,467,049 |
| Value Increase Funds | 27 | **6,305,792** | 15,799,634 |
| Restricted Reserves Allocated from Net Profit | 27 | **23,807,675** | 23,807,675 |
| Currency Translation Differences | | **(16,626,777)** | (56,469,524) |
| Net Income | | **125,356,772** | 242,244,969 |
| Accumulated Profits | 27 | **1,044,947,386** | 835,317,754 |
| **Minority Interest** | | **373,335,678** | 328,328,978 |
| **TOTAL LIABILITIES AND EQUITY** | | **5,015,644,873** | 4,286,886,374 |

The explanatory notes form an integral part of these consolidated financial statements.

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

**YAZICILAR HOLDİNG ANONİM ŞİRKETİ**

Consolidated Interim Income Statement Prepared According to the Communiqué No. XI-29 "Communiqué for the Financial Reporting Basis in Capital Markets" for the Six-Month Period Ending on June 30, 2008

(Currency – TRY unless otherwise indicated)

| | Notes | Reviewed 01.01.2008 – 06.30.2008 | 04.01.2008 – 06.30.2008 | Reviewed 01.01.2007 – 06.30.2007 | 04.01.2007– 06.30.2007 |
|---|---|---|---|---|---|
| **CONTINUING OPERATIONS** | | | | | |
| Revenue (net) | 28 | **557,009,879** | **279,324,361** | 419,727,532 | 233,278,471 |
| Cost of Sales (-) | 28 | **(414,550,412)** | **(205,822,123)** | (320,675,643) | (171,540,484) |
| Service Income (net) | 28 | **15,743,952** | **8,642,878** | 13,189,281 | 6,778,892 |
| **Gross Profit from Trading Operations** | | **158,203,419** | **82,145,116** | 112,241,170 | 68,516,879 |
| Interest Income | 28 | **229,995,025** | **101,370,797** | 157,988,822 | 78,000,901 |
| Interest Expense | 28 | **(94,392,235)** | **(50,163,050)** | (78,998,183) | (38,796,276) |
| **Gross Profit from Financial Sector** | | **135,602,790** | **51,207,747** | 78,990,639 | 39,204,625 |
| **GROSS PROFIT** | | **293,806,209** | **133,352,863** | 191,231,809 | 107,721,504 |
| Selling, Marketing, and Distribution Expenses (-) | 29 | **(58,729,952)** | **(32,598,065)** | (39,148,914) | (20,836,352) |
| General Administrative Expenses (-) | 29 | **(106,836,312)** | **(52,457,588)** | (69,057,948) | (38,148,676) |
| Research and Development Expenses (-) | 29 | **(203,287)** | **(111,872)** | (173,383) | (111,349) |
| Other Operating Income | 31.1 | **17,808,745** | **7,142,384** | 36,583,614 | 31,468,586 |
| Other Operating Expense (-) | 31.2 | **(7,726,516)** | **(5,850,974)** | (10,433,047) | (6,557,177) |
| **OPERATING INCOME** | | **138,118,887** | **49,476,748** | 109,002,131 | 73,536,536 |
| Gain/(Loss) from Associates | 16 | **95,762,576** | **76,465,257** | 79,553,686 | 64,566,307 |
| Non-Operating Financial Income | 32 | **25,044,426** | **11,577,800** | 28,039,454 | 18,810,499 |
| Non-Operating Financial Expense (-) | 33 | **(84,161,176)** | **(13,633,435)** | (29,064,198) | (16,708,283) |
| **INCOME BEFORE TAX FROM CONTINUING OPERATIONS** | | **174,764,713** | **123,886,370** | 187,531,073 | 140,205,059 |
| Continuing Operations Tax Expense | | **(14,590,203)** | **(7,280,517)** | (14,814,048) | (8,748,413) |
| - Current Period Tax Expense (-) | 35.2 | **(11,706,258)** | **(7,821,425)** | (3,879,656) | (1,873,356) |
| - Deferred Tax Income / (Expense) | 35.2 | **(2,883,945)** | **540,908** | (10,934,392) | (6,875,057) |
| **NET INCOME** | | **160,174,510** | **116,605,853** | 172,717,025 | 131,456,646 |
| **Distribution of Net Income** | | | | | |
| - Minority Interest | | **34,817,738** | **22,776,486** | 45,211,766 | 32,040,982 |
| - Equity Holders of the Parent | | **125,356,772** | **93,829,367** | 127,505,259 | 99,415,664 |
| Earnings per share (full TRY) | 36 | **0.7835** | **0.5864** | 0.7969 | 0.6213 |

The explanatory notes form an integral part of these consolidated financial statements.

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

**YAZICILAR HOLDİNG ANONİM ŞİRKETİ**

Consolidated Interim Statements Of Changes In Shareholders' Equity Prepared According to the Communiqué No. XI-29 "Communiqué for the Financial Reporting Basis in Capital Markets" for the Six-Month Period Ending on June 30, 2008

(Currency – TRY unless otherwise indicated)

| | **Historical Issued Capital** | **Share Premium** | **Value Increase Funds** | **Restricted Reserves Allocated from Net Profit** | **Currency Translation Differences** | **Net Income** | **Accumulated Profits** | **Equity of the Parent** | **Minority Interest** | **Total Equity** |
|---|---|---|---|---|---|---|---|---|---|---|
| **January 1, 2008** | **160,000,000** | **9,467,049** | **15,799,634** | **23,807,675** | **(56,469,524)** | **242,244,969** | **835,317,754** | **1,230,167,557** | **328,328,978** | **1,558,496,535** |
| **Transfer of net income to the accumulated profit** | **-** | **-** | **-** | **-** | **-** | **(242,244,969)** | **242,244,969** | **-** | **-** | **-** |
| **Capital increase of minority shareholders** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **10,065,236** | **10,065,236** |
| **Dividends paid** | **-** | **-** | **-** | **-** | **-** | **-** | **(32,000,000)** | **(32,000,000)** | **(1,821,805)** | **(33,821,805)** |
| **Increase in share premium** | **-** | **5,284** | **-** | **-** | **-** | **-** | **-** | **5,284** | **2,965** | **8,249** |
| **Securities value decrease funds** | **-** | **-** | **(9,493,842)** | **-** | **-** | **-** | **-** | **(9,493,842)** | **(28,413)** | **(9,522,255)** |
| **A participation's intra-group portion of loss from sales of its subsidiary to associate** | **-** | **-** | **-** | **-** | **-** | **-** | **(615,337)** | **(615,337)** | **(877,667)** | **(1,493,004)** |
| **Currency translation differences** | **-** | **-** | **-** | **-** | **39,842,747** | **-** | **-** | **39,842,747** | **2,848,646** | **42,691,393** |
| **Net income** | **-** | **-** | **-** | **-** | **-** | **125,356,772** | **-** | **125,356,772** | **34,817,738** | **160,174,510** |
| **June 30, 2008** | **160,000,000** | **9,472,333** | **6,305,792** | **23,807,675** | **(16,626,777)** | **125,356,772** | **1,044,947,386** | **1,353,263,181** | **373,335,678** | **1,726,598,859** |

| | Historical Issued Capital | Share Premium | Value Increase Funds | Restricted Reserves Allocated from Net Profit | Currency Translation Differences | Net Income | Accumulated Profits | Equity of the Parent | Minority Interest | Total Equity |
|---|---|---|---|---|---|---|---|---|---|---|
| January 1, 2007 | 40,000,000 | 9,467,525 | 14,893,130 | 23,807,675 | (13,950,153) | 156,745,411 | 820,534,474 | 1,051,498,062 | 254,367,924 | 1,305,865,986 |
| Transfer of net income to the accumulated profit | - | - | - | - | - | (156,745,411) | 156,745,411 | - | - | - |
| Capital increase | 120,000,000 | - | - | - | - | - | (120,000,000) | - | - | - |
| Dividends paid | - | - | - | - | - | - | (21,000,000) | (21,000,000) | (1,899,613) | (22,899,613) |
| Increase in share premium | - | 184 | - | - | - | - | - | 184 | - | 184 |
| Securities value increase funds | - | - | 577,191 | - | - | - | - | 577,191 | (297,943) | 279,248 |
| A participation's intra-group portion of gain from sales of its subsidiary to associate | - | - | - | - | - | - | 1,114,811 | 1,114,811 | (1,700,634) | (585,823) |
| Currency translation differences | - | - | - | - | (17,756,927) | - | - | (17,756,927) | (1,286,426) | (19,043,353) |
| Net income | - | - | - | - | - | 127,505,259 | - | 127,505,259 | 45,211,766 | 172,717,025 |
| June 30, 2007 | 160,000,000 | 9,467,709 | 15,470,321 | 23,807,675 | (31,707,080) | 127,505,259 | 837,394,696 | 1,141,938,580 | 294,395,074 | 1,436,333,654 |

The explanatory notes form an integral part of these consolidated financial statements.

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

**YAZICILAR HOLDİNG ANONİM ŞİRKETİ**

Consolidated Interim Statement of Cashflow Prepared According to the Communiqué No. XI-29 "Communiqué for the Financial Reporting Basis in Capital Markets" For the Six-Month Period Ending on June 30, 2008

(Currency – TRY unless otherwise indicated)

| | Notes | **Reviewed**<br>**Current Period**<br>**June 30, 2008** | Prior Period<br>June 30, 2007 |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Net profit before minority interest, income tax and monetary gain/(loss) | | **174,764,713** | 187,531,073 |
| **Adjustments for:** | | | |
| Foreign exchange loss/(gain) | | **31,030,079** | (7,975,913) |
| Loss/(gain) from disposal of tangible and intangible assets | | **(3,348,484)** | 1,444,526 |
| Loss/(gain) from disposal of investment securities | | **(32,500)** | (1,391,000) |
| Depreciation and amortization | 18, 19 | **14,737,392** | 10,185,564 |
| Provision for possible loan losses and impairment in receivables | | **22,360,272** | 7,307,078 |
| Warranty, unpaid vacation pay and other provisions | 22 | **10,622,652** | 6,203,869 |
| Provision for employee termination benefits | | **1,680,241** | 1,289,776 |
| Gain from disposal of financial assets | 31.1 | **61** | (18,962,278) |
| Interest expenses | | **18,074,622** | 31,984,609 |
| Provision for inventories | | **683,517** | 242,025 |
| Equity income from investment in associate and joint ventures | 16.1, 16.2 | **(95,762,576)** | (79,553,686) |
| Other non-cash income | | **(188,097)** | 73,508 |
| **Operating profit before changes in operating assets and liabilities** | | **174,621,892** | 138,379,151 |
| Net (increase)/decrease in marketable securities | | **9,773,026** | (33,181,089) |
| Net (increase)/decrease in reserve deposits at Central Bank | | **4,020,000** | (12,844,000) |
| Net (increase)/decrease in banking loans | | **(546,821,058)** | (294,842,248) |
| Net increase in trade and other receivables and due from related parties | | **(115,462,316)** | (85,748,199) |
| Net (decrease)/increase in derivative financial instruments – assets | | **(3,166,000)** | 1,549,000 |
| Net (increase)/decrease in inventories | | **(18,214,717)** | 30,610,670 |
| Net changes in other assets | | **(8,575,262)** | (18,385,833) |
| Net (decrease)/increase in trade and other payables and due to related parties | | **18,908,554** | 14,327,519 |
| Net increase/(decrease) in banking customer deposits | | **207,683,827** | 6,765,043 |
| Net increase in blocked accounts | | **(23,080,002)** | 17,520,000 |
| Net increase in derivative financial instruments – liabilities | | **(21,150,000)** | 20,141,000 |
| Retirement pay liability paid | | **(1,088,210)** | (646,252) |
| Taxes paid | | **(7,178,918)** | (2,063,572) |
| **Net cash (used in) /provided by operating activities** | | **(329,729,184)** | (218,418,810) |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment, investment property, intangible asset | | **(30,699,683)** | (70,960,410) |
| Proceeds from sale of property, plant and equipment, and intangible asset | | **23,639,932** | 13,558,439 |
| Proceeds from sale of investments | | **(64)** | (25,544,226) |
| Purchase of investments | | **(162,006)** | (1,065,827) |
| Capital increase of subsidiaries from minority shareholders | | **3** | 44,506,504 |
| Sale of investment securities | | **(1,179,000)** | (8,313,000) |
| **Net cash (used in) / provided by investing activities** | | **(8,400,818)** | (47,818,520) |
| **Cash flows from financing activities** | | | |
| Dividends from equity participations | | **52,343,265** | 47,778,923 |
| Capital increase of minority shareholders | | **10,065,236** | - |
| Dividends paid | | **(32,000,000)** | (21,000,000) |
| Addition to borrowings from banks and other institutions | | **688,011,263** | 278,388,650 |
| Repayments of borrowings from banks and other institutions | | **(357,738,292)** | (270,233,816) |
| Interest paid | | **(15,915,878)** | (12,307,068) |
| **Net cash (used in) / provided by financing activities** | | **344,765,594** | 22,626,689 |
| **Currency translation on cash and cash transaction** | | **333,768** | 2,448,104 |
| **Net (decrease) /increase in cash and cash equivalents** | | **6,969,360** | (241,162,537) |
| **Cash and cash equivalent at the beginning of the period** | 6 | **452,743,902** | 494,708,615 |
| **Total cash and cash equivalent at the end of the period** | | **459,713,262** | 253,546,078 |

The explanatory notes form an integral part of these consolidated financial statements.

## 1. ORGANIZATION AND NATURE OF ACTIVITIES

Yazıcılar Holding A.Ş., a company incorporated in Istanbul, Turkey (henceforth as "Yazıcılar" or the "Company") is a holding company of which majority shares are owned by three Yazıcı families. Three Yazıcı families consist of Mr. Kamil Yazıcı, his two deceased brothers, their wives and children. The Company controls its subsidiaries through Anadolu Endüstri Holding (AEH) in which it has 68.00% stake. Certain shares of the Company are listed on the Istanbul 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, No: 12, İçerenköy, Kadıköy, İstanbul – Turkey.

The consolidated financial statements are authorized for issue by the Board of Directors on August 29, 2008. General Assembly and other regulatory institutions have the right to change the financial statements after the financial statements are issued.

**Activities of the Group**

The Company and its subsidiaries, joint ventures and associates will be referred in this report as the "Group" henceforth for the purposes of the consolidated financial statements.

The Group is organized and primarily managed in five principal segments: automotive (including passenger vehicles, commercial vehicles, generators, spare and component parts); financial services (including banking, leasing, brokerage and portfolio management in capital markets); writing instruments and stationery; food (chain restaurant management and food) and other (tourism, trade, information technologies, consumer durables, asset management).

The average number of personnel of the Group is 5,588 (December 31, 2007: 5,066).

**List of Shareholders**

As of June 30, 2008 and December 31, 2007 the composition of shareholders and their respective percentage of ownership can be summarized as follows:

| | **June 30, 2008** | | December 31, 2007 | |
|---|---|---|---|---|
| | **Paid-in Capital** | **%** | Paid-in Capital | % |
| Yazıcı Families | **65,280,128** | **40.80** | 66,304,128 | 41.44 |
| Kamil Yazıcı Yönetim ve Danışma A.Ş. | **53,599,952** | **33.50** | 53,599,952 | 33.50 |
| Publicly traded (*) | **41,119,920** | **25.70** | 40,095,920 | 25.06 |
| **Historical share capital** | **160,000,000** | **100.00** | 160,000,000 | 100.00 |

(*) The TRY 455,359 amount of the publicly traded portion (0.285%) is owned by Kamil Yazıcı Yönetim ve Danışma A.Ş.

## 1. ORGANIZATION AND NATURE OF ACTIVITIES (cont'd)

**List of Subsidiaries**

The subsidiaries included in consolidation and their shareholding percentages at June 30, 2008 and December 31, 2007 are as follows:

| | Place of Incorporation | Principal Activities | Effective Shareholding and Voting Rights % | |
|---|---|---|---|---|
| | | | **June 30, 2008** | December 31, 2007 |
| Anadolu Endüstri Holding A.Ş. (AEH) | Turkey | Holding company | **68.00** | 68.00 |
| Alternatifbank A.Ş. (ABank) (*) | Turkey | Banking services | **61.64** | 61.62 |
| Alternatif Yatırım A.Ş. (A Yatırım) | Turkey | Brokerage company | **61.64** | 61.62 |
| Alternatif Finansal Kiralama A.Ş. (ALease) | Turkey | Leasing company | **64.94** | 64.94 |
| Alternatif Yatırım Ortaklığı A.Ş. (AYO) (*) (***) | Turkey | Investment company | **30.76** | 30.34 |
| Çelik Motor Ticaret A.Ş. (Çelik Motor) | Turkey | Import, distribution and marketing of Lada and Kia motor vehicles and operating lease | **68.00** | 68.00 |
| Anadolu Motor Üretim ve Pazarlama A.Ş. (Anadolu Motor) | Turkey | Production of industrial engines | **67.93** | 67.93 |
| Anadolu Otomotiv Dış Ticaret ve Sanayi A.Ş. | Turkey | Import of Lada and Kia motor vehicles | **67.38** | 67.38 |
| Anadolu Elektronik Aletler Pazarlama ve Ticaret A.Ş. (Anadolu Elektronik) (****) | Turkey | Distribution of Samsung-branded consumer durables in Turkey | **34.65** | 34.65 |
| Adel Kalemcilik Ticaret ve Sanayi A.Ş. (Adel) (*) (**) | Turkey | Production of writing instruments under Adel, Johann Faber and Faber Castell brand names | **38.68** | 38.68 |
| Ülkü Kırtasiye Ticaret ve Sanayi A.Ş. (Ülkü) (**) | Turkey | Distribution of the products of Adel, and other imported stationery products | **49.76** | 49.76 |
| Ana Gıda Otomotiv ve İhtiyaç Maddeleri Sanayi ve Ticaret A.Ş. (Ana Gıda) | Turkey | Production and marketing of olive oil under Kırlangıç and Madra Brands, sunflower and corn oil, and automotive trading | **68.00** | 68.00 |
| Efes Turizm İşletmeleri A.Ş. (Efestur) | Turkey | Arrangement of travelling and organization facilities of the Group | **51.60** | 51.60 |
| Anadolu Bilişim Hizmetleri A.Ş. (ABH) | Turkey | IT, internet and e-commerce services | **65.04** | 65.04 |
| Oyex Handels GmbH (Oyex) | Germany | Trading of various materials used in the Group | **67.32** | 67.32 |
| Anadolu Endüstri Holding und Co. KG (AEH und Co.) | Germany | Provides necessary market research of products abroad | **67.32** | 67.32 |
| Anadolu Restaurant İşletmeleri Limited Şirketi (McDonald's) | Turkey | Restaurant chain management, ranch management | **68.00** | 68.00 |
| Hamburger Restoran İşletmeleri A.Ş. (Hamburger) | Turkey | Restaurant chain management | **68.00** | 68.00 |
| Anadolu Varlık Yönetim A.Ş. (Anadolu Varlık) | Turkey | Asset management | **67.99** | 67.99 |
| Anadolu Taşıt Ticaret A.Ş. (Anadolu Taşıt) | Turkey | Industrial and commercial operations in automotive sector | **68.00** | 68.00 |
| Anadolu Araçlar Ticaret A.Ş. (Anadolu Araçlar) | Turkey | Industrial and commercial operations in automotive sector | **68.00** | 68.00 |
| Anadolu Termik Santralleri A.Ş. (Anadolu Termik) | Turkey | Production of electricity | **68.00** | 68.00 |

(*) Shares of ABank, Adel and AYO are currently traded on the Istanbul Stock Exchange.

(**) AEH controls Adel and Ülkü through its shareholding of 56.89% and 68.78%, respectively. Moreover, Adel has 7.67% stake at Ülkü. As a result, Adel and Ülkü are controlled by Yazıcılar.

(***) Decrease is due to the change in ABank's effective consolidation rate of AYO.

(****) Anadolu Motor and AEH have 50.00% and 1.00% shareholding at Anadolu Elektronik respectively. As a result, Anadolu Elektronik is controlled by Yazıcılar.

### Associate

The associate included in consolidation and its shareholding percentages at June 30, 2008 and December 31, 2007 are as follows:

| | Place of incorporation | Principal activities | Effective shareholding and voting rights % | |
|---|---|---|---|---|
| | | | **June 30, 2008** | December 31, 2007 |
| Anadolu Efes Biracılık ve Malt San. A.Ş. (Anadolu Efes) | Turkey | Production of beer | **36.24** | 36.24 |

## 1. ORGANIZATION AND NATURE OF ACTIVITIES (cont'd)

### Investment in Joint Venture

The investments in joint ventures included in consolidation and their shareholding percentages at June 30, 2008 and December 31, 2007 are as follows:

| | Place of incorporation | Principal activities | Effective shareholding and voting rights % | |
|---|---|---|---|---|
| | | | **June 30, 2008** | December 31, 2007 |
| Anadolu Isuzu Otomotiv San. ve Tic. A.Ş. (Anadolu Isuzu) | Turkey | Manufacturing of Isuzu brand commercial vehicles | **37.32** | 37.32 |
| Aslancık Üretim ve Tic. Ltd. Şti. (Aslancık) | Turkey | Electricity production | **17.00** | 17.00 |
| D Tes Elektrik Enerjisi Toptan Satış A.Ş (D Tes) | Turkey | Electricity wholesale | **17.00** | 17.00 |

## 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

### Basis of Preparation of Financial Statements

The Company and its subsidiaries incorporated in Turkey maintains its books of account and prepares its statutory financial statements in New Turkish lira (TRY) in accordance with Turkish Commercial Code and Banking Legislation, Tax Legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. The subsidiaries incorporated outside of Turkey maintain their books of account and prepare their statutory financial statements in accordance with the regulations of the countries in which they operate. The consolidated financial statements have been prepared from the statutory financial statements of the Company's subsidiaries' in accordance with CMB Accounting Standards with certain adjustments and reclassifications for the purpose of fair presentation.

Previously, the financial statements of the Company and its subsidiaries as at and for the year ended 31 December 2007 have been prepared in accordance with the Communiqué No: XI-25 'Communiqué on Accounting Standards in Capital Markets'. In this Communiqué is stated that alternatively, the application of accounting standards prescribed by the International Accounting Standards Board (IASB) and International Accounting Standards Committee (IASC) will be also considered to be compliant with the CMB Accounting Standards. Accordingly, the consolidated financial statements of the Company as at and for the year ended 31 December 2007 had been prepared in accordance with the alternative methods allowed by the CMB.

In accordance with the CMB's "Communiqué on Financial Reporting in Capital Market" No: XI-29, published in the Official Gazette dated 9 April 2008, effective 1 January 2008, listed companies are required to prepare their financial statements in conformity with International Accounting/Financial Reporting Standards (IAS/IFRS) as prescribed in the CMB Communiqué. Since, there are not any differences between the accounting policies of the alternative method of Communiqué No: XI-25 (previously applied) and the Communiqué Serial No: XI-29, there is no change in the accounting policies applied in preparation of the financial statements of the current and prior period.

### Functional and Reporting Currency

The functional and presentation currency of the Company in Turkey is TRY.

In accordance with CMB announcement No.11/367 dated March 17, 2005; since the objective conditions for the application of restatement is no longer available and since CMB foresees that the probability of the re-occurrence of the conditions is remote, lastly the financial statements as of December 31, 2004 have been subject to the restatement per IAS 29 (Financial Reporting in Hyperinflationary Economies). Therefore, the non-monetary assets, liabilities and shareholders' equity including share capital reported in the balance sheet as of June 30, 2008 and December 31, 2007 are derived by indexing the additions occurred until December 31, 2004. The additions after December 31, 2004 are carried with their nominal amounts.

## 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

**Classifications made in financial statements of the year 2007**

In order to be consistent with the financial statements prepared according to the Communiqué No. XI-29 of CMB as of June 30, 2008, some classifications has been made in the balance sheet as of December 31, 2007 and in the income statement for the six-month period ending on June 30, 2007.

The classifications made to be comparable with the current period are as follows;

**a)** Amount of TRY 332,040 portion of 'Other current assets' account has been classified into 'Other receivables' account. Amount of TRY 266,990 in 'other receivables' account has been classified into 'Other current assets' account.

**b)** Advances given amount of TRY 39,024,027 in 'Inventories' account has been classified into 'Other current assets' account.

**c)** Available for sale investments non current amount of TRY 6,498,492 has been classified into 'Financial Investments' account.

**d)** Deposits and collaterals given amount of TRY 1,377,777 in 'Other non-current assets' account has been classified into 'Other receivables' account.

**e)** Short term 'Advances taken' amount of TRY 2,163,526 has been classified into short term 'Other liabilities' account; long term 'Advances taken' amount of TRY 3,428,178 has been classified into long term 'Other liabilities' account.

**f)** Tax provision amount of TRY 3,533,619 which is shown in 'Provisions' account, is also shown in 'Tax provision' account in financial statements.

**g)** Wages and sallaries payable amount of TRY 2,040,608 in 'Other current liabilities' account has been classified into 'Other payables' account.

**h)** Vacation pay liability amount of TRY 1,420,000 in non-current 'Provisions' account has been classified into current 'Provisions' account.

**i)** TRY 1,028,938 amounted portion of TRY 1,065,938 amount of other line in 'Other liabilities' account has been classified into deposits and collaterals taken, and TRY 34,460 portion of other line has been classified into 'Other liabilities' account.

**j)** Taxes payable amount of TRY 10,256,332 (non-banking) in 'Other current liabilities' account has been presented in taxes and duties payable (banking) in an amount of TRY 8,191,000 and in collaterals given for securities (banking) in an amount of TRY 2,905,000 in 'Other liabilities' account.

**k)** Provision for warranty amount of TRY 8,048,923, provision for labels amount of TRY 4,380,050, provision for vacation pay liability amount of TRY 1,569,784, and Provision for dealer sales premium amount of TRY 260,358 in 'Other current liabilities' account has been classified into 'Provisions' account.

**l)** Employee termiantion benefit amount of TRY 11,360,648 in 'Provisions' account, has been classified into 'Provisions for the employee benefits' account.

**m)** Inflation restatement differences on equity amount of TRY 105,185,390 and Extraordinary reserves amount of TRY 190,041,771 has been classified into 'Accumulated profit'.

**n)** TRY 23,764,819 amount shown in legal reserves and TRY 42,856 amount shown in statutory reserves has been classified into 'Restricted reserves allocated from net profit' account; TRY 9,467,049 amount shown in special reserves has been classified into 'Value increase funds' account.

**o)** Foreign currency translation gain amount of TRY 19,248,812, gain from transactions on capital market amount of TRY 1,971,000, interest income amount of TRY 5,367,600, gain from sale of securities amount of TRY 87,456, and other income amount of TRY 1,364,586 which were shown in 'Other income' account, has been classified into ' Non-operating financial income' account.

**p)** Foreign currency translation loss amount of TRY 9,322,139, discount expense amount of TRY 3,642,895, and other expense amount of TRY 69,531 which were shown in 'Other expense' account has been classified into 'Non-operating financial expense' account.

**q)** Income from associates and joint ventures amount of TRY 79,553,686 in 'Other income' account has been classified into 'Gain/loss from associates' account.

## 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

**Functional and Reporting Currencies of Foreign Subsidiaries**

The foreign subsidiaries maintain their books of accounts in accordance with the laws and regulations in force in the countries in which they are registered and necessary adjustments and reclassifications made for the fair presentation in accordance with IFRS. The assets and liabilities of foreign subsidiaries are translated into Turkish lira using the relevant foreign exchange rates prevailing at the balance sheet date.

The incomes and expenses of the foreign subsidiaries are translated into New Turkish Lira using average exchange rate for the period. Exchange differences arising from using year-end and average exchange rates are included in the shareholders' equity as currency translation reserve.

| | | **June 30, 2008** | December 31, 2007 |
|---|---|---|---|
| | Local Currency | **Functional Currency** | Functional Currency |
| AEH und Co. | EUR | **EUR** | EUR |
| Oyex | EUR | **EUR** | EUR |

Foreign subsidiaries are established as foreign corporate entities.

**Changes in Accounting Policies**

Group has applied accounting policies in consistent with previous year except expressions below.

Group has analyzed the new and amended International Financial Reporting Standards and interpretations approved by the International Accounting Standards Board and International Accounting Standards (IAS) and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee (IASC) as of June 30, 2008.

***Application of New and Revised International Financial Reporting Standards***

IFRIC 11, "IFRIC 2 Group and Treasury Share Transactions" (Effective for financial periods beginning on or after March 1, 2007)
IFRIC 12, "Service Concession Arrangements" (Effective for financial periods beginning on or after January 1, 2008)
IFRIC 14, "IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction." (Effective for financial periods beginning on or after January 1, 2008)

Adoption of these Standards and Interpretations in future periods has no material impact on the financial statements of the Group.

***Standarts Issued but not Effective as of June 30, 2008 and Interpretations***

The interpretations on existing standards and issued but not effective standards as of June 30, 2008 which the Company analyses the effects of; are presented below:

IFRIC 15, "Construction Contracts in Real Estate Companies", (Effective for financial periods beginning on or after January 1, 2009, will be applied retrospectively). This interpretation has not been approved by European Union yet.
IFRIC 16, " Protection of Investment in Foreign Subsidiaries" , (Effective for financial periods beginning on or after October 1, 2008) This interpretation has not been approved by European Union yet.

Group has not early adopted standarts stated up here.

## 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

**Basis of Consolidation**

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

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 financial statements of the Group include Yazıcılar Holding A.Ş and subsidiaries under its control. 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 balance sheet and income statement, respectively.

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

The purchase method of accounting is used for acquired businesses.

**Investment in Associate**

The Group's investments in associates are accounted for under the equity method of accounting. These 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 inter-company transactions are eliminated with the Group's total shareholding ratio in the associate, while unrealized losses are eliminated only if the transferred asset does not indicate impairment.

**Investments in Joint Ventures**

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

**Offsetting**

Financial assets and liabilities are offset and the net amount reported in the consolidated financial statements when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a basis or realize the assets and settle the liabilities simultaneously.

## 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

**Use of Estimates and Assumptions**

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

The source of the risk carrying estimates, assumptions and calculation indefinitions which may cause to significant adjustments at assets and liabilities at following periods as of balance sheet date are; actuarial assumptions used for employee termination benefits and useful lives of tangibles and intangibles.These estimates and assumptions are explained at related disclosure in detail.

**Summary of Significant Accounting Policies**

**2.1 Revenue Recognition**

***Non-Banking***

Revenue is recognized on accrual basis at the fair value of the amount obtained or to be obtained based on the assumptions that delivery is realized, the income can be reliably determined and the inflow of the economic benefits related with the transaction to the Group is probable. Net sales are calculated after the sales returns and sales discounts are deducted.

Revenue from sale of goods is recognized when all the following conditions are satisfied:

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

Service income is recorded as revenue according to it's completed portion when it is calculated reliably. When it is not calculated reliably, the revenue is recognized only to the extent of the associated expenses that are recoverable.

Interest income is recorded on the basis of effective interest rate method and dividend income is recorded when the right of dividend income emerges.

***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 and fee for various banking services are recorded as income when the services are rendered. Other income and expenses are recognized on an accrual basis. Dividends are recognized when the associates and subsidiaries distribute the profit.

## 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

**Summary of Significant Accounting Policies (cont'd)**

### 2.2 Inventories

Inventories are valued at the lower of cost and net realizable value. Overheads that have been incurred in bringing the inventories to their present location and condition are accounted as stated below:

Motor vehicles imported by Çelik Motor is valued over specific costing for each vehicle.

Costs are accounted for weighted average method. Finished goods and work in progress include cost of direct materials, labour and a proportion of manufacturing overheads based on normal operating capacity. Borrowing costs are not included in the cost of inventories.

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

### 2.3 Tangible Assets

Property, plant and equipment that are acquired before January 1, 2005 are carried with their restated cost as of December 31, 2004; and property, plant and equipment that are acquired after January 1, 2005 are carried with their cost after subtracting accumulated depreciation and impairment. Property, plant and equipment are depreciated principally on a straight-line basis. Land is not depreciated as it is deemed to have an indefinite life. The depreciation periods for property, plant and equipment, which approximate the useful lives of such assets, are 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 estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

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 amounts. The recoverable amount of property, plant and equipment is the greater of net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present values 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.

The profit/loss as a result of selling property, plant and equipment is calculated as the difference between the carrying amount and proceeds and included in income statement in the period the asset is disposed.

## 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

**Summary of Significant Accounting Policies (cont'd)**

### 2.4 Intangible Assets

**(i) Goodwill and amortization**

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 arising from the acquisitions before March 31, 2004 was amortized on a straight-line basis over its useful economic life of 5 years until December 31, 2004. 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. Starting from January 1, 2005, the goodwill arising from the business combinations before March 31, 2004 is not amortized in accordance with IFRS 3. In accordance with IFRS 3, goodwill is tested for impairment at least annually.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

**(ii) Other 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 period in which it is incurred.

Intangible assets are amortized on a straight line basis over the estimated useful lives which are between 3 and 20 years.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.

### 2.5 Impairment of Assets

All assets other than deferred tax assets and goodwill are tested to see if there is an indication of impairment of asset or not for each periods of the balance sheet. If such an indication exists, recoverable amount of that asset is estimated. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

## 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

**Summary of Significant Accounting Policies (cont'd)**

**2.5 Impairment of Assets (cont'd)**

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**2.6 Borrowing Costs**

Borrowing costs are recorded in the income statement in the period in which they are incurred.

**2.7 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.

**Cash and Cash Equivalents**

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise cash at bank and in hand, deposits at the Central Bank, which are easily convertible into cash and do not carry any material value changes, have high liquidity, with an original maturity of three months or less. The amounts paid under the reverse repurchase agreements are included in cash and cash equivalents. Carrying amount of these assets approximates their fair values.

**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:

## 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

**Summary of Significant Accounting Policies (cont'd)**

**2.7 Financial Instruments (cont'd)**

**Marketable Securities (cont'd)**

***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 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.

After initial recognition, 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 included in interest income.

***Available-for-Sale Securities***

After initial recognition, available-for-sale securities are revalued 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 securities is included in 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.

## 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

**Summary of Significant Accounting Policies (cont'd)**

**2.7 Financial Instruments (cont'd)**

**Trade Receivables and Payables**

Trade receivables from the supply of products and services to a buyer, are carried at net of deferred finance income. Trade receivables net of deferred finance income, which are initially recorded at original invoice amounts, are measured at amortized cost of the amounts that will be collected in the subsequent periods with the effective interest rate. Short term trade receivables which do not have a determined interest rate, when the interest accrual effect is immaterial, are measured at the original invoice values.

The Group provides allowance for doubtful receivables when there is an indication that the collections are not probable. Related provision amount is the difference between the book value of the receivable and the probable collection amount. The probable collection amount is the cash flows, including collections from guarantees, which are discounted at the effective interest rate of the original receivable.

Subsequent to provide allowance for doubtful receivable, when all or a portion of the doubtful receivable is collected, the collection is deducted from the allowance and recorded as other income.

**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.

**Borrowings and Customer Deposits**

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 discounts or premiums on settlement.

**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 under 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 an interest expense and accrued over the life of the repurchase agreements.

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

## 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

**Summary of Significant Accounting Policies (cont'd)**

### 2.7 Financial Instruments (cont'd)

**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 values. Any gains or losses arising from changes in fair value of foreign currency futures contracts are recognized in the current year income statement.

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.

### 2.8 Foreign Currency Transactions

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in TRY, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the Company and its Turkish subsidiaries, transactions in currencies other than TRY (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise except for:

- Exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings;

- Exchange differences on transactions entered into in order to hedge certain foreign currency risks (see below for hedging accounting policies); and

- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment.

## 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

**Summary of Significant Accounting Policies (cont'd)**

### 2.8 Foreign Currency Transactions (cont'd)

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in TRY using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such exchange differences are recognized in profit or loss in the period in which the foreign operation is disposed of. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

### 2.9 Earnings per Share

Earnings per share disclosed in the accompanying consolidated statement of income is determined by dividing net income by the weighted average number of shares in existence during the period concerned.

In Turkey, companies can raise their share capital by distributing shares ("Bonus Shares") to shareholders in their retained earnings. In computing earnings per share, such "bonus share" distributions are assessed as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

### 2.10 Subsequent Events

An explanation for any event between the balance sheet date and the publication date of the balance sheet, which has positive or negative effects on the Group (should any evidence come about events that were prior to the balance sheet date or should new events come about) they will be explained in the relevant disclosure.

The Group; restates its financial statements if such important subsequent events arise.

### 2.11 Provisions, Contingent Liabilities, Contingent Assets

If the Group has liabilities from previous events, probably sells its economically beneficial assets to pay these liabilities and estimates the cost of the liabilities and this estimation is reliable; provision is provided for the related liabilities and the provision is displayed on the financial statements. Contingent liabilities are revaluated continuously to determine sales probability of economically beneficial assets. If economically beneficial assets are going to be sold certainly in the future for the payment of the items that are displayed as contingent liabilities, provision is provided and displayed on the financial statements for related contingent liabilities except reliable value estimation of the economically beneficial assets can not be performed at the time when sales probability of economically beneficial assets turns into certainty.

Although the payment of the contingent liabilities is certain and value estimation of the economically beneficial assets is not reliable, the Group displays related liabilities in the disclosures.

Assets that result from previous events can not be controlled fully by the company and dependent to realization of one or more uncertain events, is considered as a contingent asset. Economically beneficial assets' affects that are expected to be a part of the company resources with high probability, are disclosed in the disclosures.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

## 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

**Summary of Significant Accounting Policies (cont'd)**

### 2.12 Changes in Accounting Policies, Accounting Estimates and Errors

Changes in accounting policies or determined accounting errors are applied retroactively and the financial statements of the previous year are adjusted. If estimated changes in accounting policies are for only one period, changes are applied on the current year but if the estimated changes are for the following periods, changes are applied both on the current and following years prospectively.

### 2.13 Leases

The Group as a 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 cancellable 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 a 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 amortized based on their cost after deducting their residual values.

## 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

**Summary of Significant Accounting Policies (cont'd)**

### 2.14 Related Parties

Parties are considered related to the Company if;

(a) Directly, or indirectly through one or more intermediaries, the party:
   (i) Controls, is controlled by, or is under common control with, the Company (this includes parents, subsidiaries and fellow subsidiaries);
   (ii) Has an interest in the Company that gives it significant influence over the Company; or
   (iii) Has joint control over the Company;
(b) The party is an associate of the Company;
(c) The party is a joint venture in which the Company is a venture;
(d) The party is member of the key management personnel of the Company or its parent;
(e) The party is a close member of the family of any individual referred to in (a) or (d);
(f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e);
(g) The party has a defined benefit plan for the employees of the Company or a related party of the Company.

Related party transactions are transfer of resources or obligations between related parties, regardless of whether a price is charged.

### 2.15 Segmental Information

An entity shall report separately information about a geographical or industrial segment that meets any of the following quantitative thresholds; Its reported revenue, including both sales to external customers and inter-segment sales or transfers, is 10 per cent or more of the combined revenue, internal and external, of all operating segments, or the absolute amount of its reported profit or loss is 10 per cent or more of the greater, in absolute amount, of the combined reported profit of all operating segments that did not report a loss and the combined reported loss of all operating segments that reported a loss, or its assets are 10 per cent or more of the combined assets of all operating segments.

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 five major segments.

### 2.16 Government Incentives

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to such grants, and that the grants will be received. They are recognized as 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.

## 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

**Summary of Significant Accounting Policies (cont'd)**

### 2.17 Investment Properties

Investment properties are stated at cost less accumulated depreciation and any impairment in value. Investment properties are depreciated on a straight-line basis over the estimated useful live which is 50 years.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the income statement in the period of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by the commencement of owner-occupation or commencement of development to sell.

### 2.18 Taxation and Deferred Tax

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Income tax expense represents the sum of the tax currently payable and deferred tax.

*Current Tax*

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

*Deferred Tax*

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

## 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

**Summary of Significant Accounting Policies (cont'd)**

### 2.18 Taxation and Deferred Tax (cont'd)

*Deferred Tax (cont'd)*

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

### 2.19 Employee Termination Benefits

**a) Defined Benefit Plan**

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

In the consolidated financial statements the Group has reflected a liability using the Projected Unit Credit Method and based upon estimated inflation rates and factors derived using the Group's experience of personnel terminating their services and being eligible to receive such benefits and discounted by using the current market yield at the balance sheet date on government bonds.

**b) Defined Contribution Plan**

The Group pays contributions 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 paid.

### 2.20 Statement of Cash Flows

In statement of cash flow, cash flows are classified according to operating, investment and finance activities.

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

## 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

**Summary of Significant Accounting Policies (cont'd)**

### 2.21 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.

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 uncollectible 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.

### 2.22 Biological Assets

Cattle grown up in farms belonging to Mc Donald's, are classified under biological assets and reflected at fair value as of balance sheet dates. The fair values are determined with to the expected market rate according to IAS 41.

## 3. BUSINESS COMBINATIONS

<u>June 30, 2008</u>
None.

<u>December 31, 2007</u>
The group has sold its total shares in its associate Anadolu Cetelem which was 50% in ratio, amounting to TRY 23,962,986 on June 1, 2007. The gain on sale of these shares which amounting to TRY 18,962,278 has been classified in 'other operating income' in the consolidated income statement of the period it has realized.

## 4. JOINT VENTURES

**Joint Ventures**

| | | | **June 30, 2008** | | | December 31, 2007 | | |
|---|---|---|---|---|---|---|---|---|
| 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 Isuzu (*) | Manufacturing of Isuzu brand commercial vehicles | Turkey | **79,619,562** | **37.32** | **8,281,815** | 76,553,652 | 37.32 | 9,595,746 |
| Aslancık | Production of electricity | Turkey | **3,147,778** | **17.00** | **(68,417)** | **1,239,118** | **17.00** | **(91,227)** |
| D Tes | Wholesale of electricity | Turkey | **51,326** | **17.00** | **(8,384)** | **59,710** | **17.00** | **(68,694)** |
| **TOTAL** | | | **82,818,666** | | **8,205,014** | 77,852,480 | | 9,435,825 |

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

Summary financial statements of joint ventures are as follows:

| **Anadolu Isuzu (Thousands TRY)** | **June 30, 2008** | December 31, 2007 |
|---|---|---|
| Total assets | **342,438** | 321,336 |
| Total liabilities | **134,743** | 121,693 |
| Net assets | **207,695** | 199,643 |
| **Group's interest in net assets** | **79,620** | 76,554 |
| Revenues | **288,458** | 473,605 |
| Net income | **21,754** | 25,206 |
| **Group's share in net income** | **8,282** | 9,596 |

| **Aslancık (Thousands TRY)** | **June 30, 2008** | December 31, 2007 |
|---|---|---|
| Total assets | **12,651** | 5,017 |
| Total liabilities | **60** | 60 |
| Net assets | **12,591** | 4,957 |
| **Group's interest in net assets** | **3,148** | 1,239 |
| Revenues | **-** | - |
| Net income | **(274)** | (365) |
| **Group's share in net income** | **(68)** | (91) |

| **D Tes (Thousands TRY)** | **June 30, 2008** | December 31, 2007 |
|---|---|---|
| Total assets | **895** | 558 |
| Total liabilities | **699** | 328 |
| Net assets | **196** | 230 |
| **Group's interest in net assets** | **51** | 60 |
| Revenues | **-** | - |
| Net income | **(34)** | (275) |
| **Group's share in net income** | **(8)** | (69) |

## 5. 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 five major operating segments.

| Thousands TRY June 30, 2008 | Financial institutions | Automotive | Writing materials and stationery | Food | Other | Unallocated | Elimination | Consolidated |
|---|---|---|---|---|---|---|---|---|
| Sales to third-parties | 229,995 | 286,360 | 52,038 | 196,963 | 31,209 | 6,184 | - | 802,749 |
| Inter-segment sales | 234 | 1,578 | 584 | 107 | 4,302 | 3,536 | (10,341) | - |
| **Total sales** | **230,229** | **287,938** | **52,622** | **197,070** | **35,511** | **9,720** | **(10,341)** | **802,749** |
| **GROSS PROFIT** | **133,544** | **86,576** | **27,763** | **34,569** | **5,053** | **9,720** | **(3,419)** | **293,806** |
| Selling, marketing, and distribution expenses (-) | - | (37,474) | (6,118) | (14,166) | (972) | - | - | (58,730) |
| General administrative expenses (-) | (46,970) | (28,709) | (3,926) | (9,513) | (2,545) | (15,173) | - | (106,836) |
| Research and development expenses (-) | - | (193) | (10) | - | - | - | - | (203) |
| Other income | 2,154 | 10,314 | 1,829 | 109 | 414 | 2,989 | - | 17,809 |
| Other expense (-) | (1,828) | (1,329) | (675) | (676) | (150) | (3,069) | - | (7,727) |
| **OPERATING INCOME** | **86,900** | **29,185** | **18,863** | **10,323** | **1,800** | **(5,533)** | **(3,419)** | **138,119** |
| Gain/(Loss) from associates (*) | - | - | - | - | - | 95,763 | - | 95,763 |
| Financial income | 9,275 | 6,557 | 85 | 1,871 | 890 | 6,366 | - | 25,044 |
| Financial expense (-) | (47,949) | (20,020) | (4,109) | (1,550) | (546) | (9,987) | - | (84,161) |
| **INCOME BEFORE TAX FROM CONTINUING OPERATIONS** | **48,226** | **15,722** | **14,839** | **10,644** | **2,144** | **86,609** | **(3,419)** | **174,765** |
| Continuing operations tax income / (expense) | **(9,535)** | **(2,740)** | **(2,321)** | **-** | **(454)** | **460** | **-** | **(14,590)** |
| - Income tax (-) | (4,359) | (3,321) | (3,189) | - | (652) | (185) | - | (11,706) |
| - Deferred tax income / (expense) | (5,176) | 581 | 868 | - | 198 | 645 | - | (2,884) |
| **NET INCOME** | **38,691** | **12,982** | **12,518** | **10,644** | **1,690** | **87,069** | **(3,419)** | **160,175** |
| **Distribution of net income** | | | | | | | | |
| - Minority interest | (2,232) | 3,744 | - | - | - | 33,306 | - | 34,818 |
| - Equity holders of the parent | 40,923 | 9,238 | 12,518 | 10,644 | 1,690 | 53,763 | (3,419) | 125,357 |
| **Total assets** | **3,357,214** | **371,139** | **103,202** | **170,171** | **39,515** | **1,614,705** | **(640,301)** | **5,015,645** |
| **Total liabilities** | **2,882,804** | **204,663** | **54,275** | **60,497** | **14,832** | **71,975** | **-** | **3,289,046** |
| Fixed asset purchases | 4,619 | 17,400 | 593 | 6,528 | 464 | 313 | - | 29,917 |
| Depreciation and amortization | 2,267 | 7,930 | 753 | 2,968 | 320 | 499 | - | 14,737 |

(*) Income recognized due to equity pick up adjustment from Anadolu Efes and Anadolu Isuzu that amounts for KTRY 95,840 and expense from Aslancık and D Tes that amounts for KTRY 77 recorded to gain/(loss) from associates in 'unallocated' segment.

## 5. SEGMENTAL INFORMATION (cont'd)

| Thousands TRY June 30, 2007 | Financial institutions | Automotive | Writing materials and stationery | Food | Other | Unallocated | Elimination | Consolidated |
|---|---|---|---|---|---|---|---|---|
| Sales to third-parties | 157,989 | 227,163 | 46,276 | 132,085 | 22,593 | 4,799 | - | 590,905 |
| Inter-segment sales | 310 | 13,769 | 544 | 6 | 3,181 | 2,894 | (20,704) | - |
| Total sales | 158,299 | 240,932 | 46,820 | 132,091 | 25,774 | 7,693 | (20,704) | 590,905 |
| GROSS PROFIT | 77,729 | 62,605 | 24,120 | 18,216 | 4,276 | 7,693 | (3,408) | 191,231 |
| | | | | | | | | |
| Selling, marketing, and distribution expenses (-) | - | (22,642) | (4,960) | (11,083) | (464) | - | - | (39,149) |
| General administrative expenses (-) | (28,062) | (17,053) | (3,707) | (7,060) | (2,348) | (10,828) | - | (69,058) |
| Research and development expenses (-) | - | (144) | (29) | - | - | - | - | (173) |
| Other income | 1,622 | 9,845 | 352 | 1,952 | 180 | 22,633 | - | 36,584 |
| Other expense (-) | (1,721) | (688) | (485) | (2,830) | (129) | (4,580) | | (10,433) |
| | | | | | | | | |
| OPERATING INCOME | 49,568 | 31,923 | 15,291 | (805) | 1,515 | 14,918 | (3,408) | 109,002 |
| | | | | | | | | |
| Gain/(Loss) from associates (*) | - | - | - | - | - | 79,554 | - | 79,554 |
| Financial income | 13,039 | 5,858 | 1,484 | 1,497 | 305 | 5,856 | - | 28,039 |
| Financial expense (-) | (8,433) | (11,669) | (4,985) | (1,454) | (451) | (2,072) | - | (29,064) |
| | | | | | | | | |
| INCOME BEFORE TAX FROM CONTINUING OPERATIONS | 54,174 | 26,112 | 11,790 | (762) | 1,369 | 98,256 | (3,408) | 187,531 |
| | | | | | | | | |
| Continuing operations tax income / (expense) | (8,068) | (3,816) | (2,015) | - | (410) | (505) | - | (14,814) |
| - Income tax (-) | (104) | (555) | (2,504) | - | (403) | (314) | - | (3,880) |
| - Deferred tax income / (expense) | (7,964) | (3,261) | 489 | - | (7) | (191) | - | (10,934) |
| | | | | | | | | |
| NET INCOME | 46,106 | 22,296 | 9,775 | (762) | 959 | 97,751 | (3,408) | 172,717 |
| Distribution of net income | | | | | | | | |
| - Minority interest | 2,996 | 1,358 | - | - | - | 40,858 | - | 45,212 |
| - Equity holders of the parent | 43,110 | 20,938 | 9,775 | (762) | 959 | 56,893 | (3,408) | 127,505 |
| | | | | | | | | |
| Total assets | 2,249,072 | 291,665 | 87,255 | 153,343 | 6,828 | 1,457,869 | (573,942) | 3,672,090 |
| Total liabilities | 1,947,267 | 156,313 | 43,354 | 34,406 | 10,514 | 43,902 | - | 2,235,756 |
| Fixed asset purchases | 3,178 | 30,052 | 666 | 7,929 | 1,143 | 34,319 | - | 77,287 |
| Depreciation and amortization | 1,117 | 4,578 | 785 | 2,926 | 245 | 535 | - | 10,186 |

(*) Income recognized due to equity pick up adjustment from Anadolu Efes and Anadolu Isuzu that amounts for KTRY 79,554 recorded to gain/(loss) from associates in 'unallocated' segment.

## 5. SEGMENTAL INFORMATION (cont'd)

### Geographical Segments

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

Investment in associates and joint ventures: Company's effective participation rate for Anadolu Efes is 36.24% (December 31, 2007: 36.24%). 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, 2008 and June 30, 2007 are reflected in "gain/loss from associates" line of the consolidated income statement as TRY 87,557,562 and TRY 76,019,168 respectively.

## 6. CASH AND CASH EQUIVALENTS

| | **June 30, 2008** | December 31, 2007 |
|---|---|---|
| Non-Banking | **61,574,867** | 49,851,921 |
| Banking | **398,138,395** | 402,891,981 |
| **Cash and cash equivalents in the consolidated statement of cash flows** | **459,713,262** | 452,743,902 |

**Non-Banking**

The details of cash and cash equivalents are as follows:

| | **June 30, 2008** | December 31, 2007 |
|---|---|---|
| Cash on hand | **1,265,246** | 870,928 |
| Cash in banks | **59,183,468** | 48,134,160 |
| Other | **1,126,153** | 846,833 |
| **Total** | **61,574,867** | 49,851,921 |

| | **June 30, 2008** | | | December 31, 2007 | | |
|---|---|---|---|---|---|---|
| | **Amount** | **Maturity** | **Interest rate** | Amount | Maturity | Interest rate |
| **Cash in banks** | | | | | | |
| **Demand** | **11,943,724** | - | - | 8,064,845 | - | - |
| -EUR | **3,148,785** | - | - | 393,815 | - | - |
| -USD | **246,749** | - | - | 608,551 | - | - |
| -TRY | **8,517,515** | - | - | 6,976,950 | - | - |
| -Other | **30,675** | - | - | 85,529 | - | - |
| **Time** | **47,239,744** | | | 40,069,315 | | |
| -EUR | **10,335,726** | **1 – 54 days** | **5% - 5.50%** | 3,602,238 | 4 days | 4.65% |
| -USD | **2,453,649** | **4 days** | **2.45%** | 3,392,610 | 4 – 64 days | 5.55% - 6.14% |
| -TRY | **34,450,369** | **1 – 43 days** | **16.25% - 21.00%** | 33,074,467 | 3 – 39 days | 15.75% - 19.25% |
| **Total** | **59,183,468** | | | 48,134,160 | | |

## 6. CASH AND CASH EQUIVALENTS (cont'd)

**Banking**

| | **June 30, 2008** | December 31, 2007 |
|---|---|---|
| Cash on hand | **22,638,650** | 24,228,434 |
| Balances with the Central Bank | **57,278,000** | 71,956,000 |
| **Cash and balances with the Central Bank** | **79,916,650** | 96,184,434 |
| **Deposits with banks and other financial institutions** | **301,839,745** | 289,745,518 |
| Reverse repurchase agreements | **16,382,000** | 14,476,000 |
| Cheques given to collection | **-** | 2,486,029 |
| **Other money market placements** | **16,382,000** | 16,962,029 |
| **Total** | **398,138,395** | 402,891,981 |

As of June 30, 2008 and December 31, 2007 the interest rate range of deposits and placements are as follows:

| | **June 30, 2008** | | | | December 31, 2007 | | | |
|---|---|---|---|---|---|---|---|---|
| | **Amount** | | **Effective interest rate** | | Amount | | Effective interest rate | |
| | **TRY** | **Foreign currency** | **TRY** | **Foreign currency** | TRY | Foreign currency | TRY | Foreign currency |
| Balances with the Central Bank | **19,119,000** | **38,159,000** | - | - | 32,310,000 | 39,646,000 | - | - |
| Deposits with banks and other financial institutions | **181,709,503** | **120,130,242** | **17.48%** | **4.47%** | 111,516,789 | 178,228,729 | 16.04% | 3.75% |
| Reverse repurchase agreements | **16,382,000** | **-** | **18.16%** | **-** | 14,476,000 | - | 17.06% | - |
| **Total** | **217,210,503** | **158,289,242** | | | 158,302,789 | 217,874,729 | | |

## 7. MARKETABLE SECURITIES

| | **June 30, 2008** | December 31, 2007 |
|---|---|---|
| Non-Banking | **15,096,298** | 17,569,092 |
| Banking | **135,014,000** | 144,319,000 |
| **Total** | **150,110,298** | 161,888,092 |

## 7. MARKETABLE SECURITIES (cont'd)

**Non-Banking**

| | **Final Rate (%)** | **June 30, 2008** | Final Rate (%) | December 31,2007 |
|---|---|---|---|---|
| Investment funds | - | **8,597,806** | - | 11,070,600 |
| Financial assets available for sale | | **6,498,492** | | 6,498,492 |
| - Polinas Plastik ve Ticaret A.Ş. (Polinas) | 10.57 | **6,275,510** | 10.57 | 6,275,510 |
| - Doğu Yatırım Holding A.Ş. (Doğu Yatırım) | 0.48 | **94,767** | 0.48 | 94,767 |
| - Other | | **128,215** | | 128,215 |
| Total | | **15,096,298** | | 17,569,092 |

**Banking**

**Trading Securities**

| | **June 30, 2008** | | December 31, 2007 | |
|---|---|---|---|---|
| | **Amount** | **Effective interest rate %** | Amount | Effective interest rate % |
| **Trading securities at fair value** | | | | |
| **Debt instruments – TRY** | | | | |
| Turkish government bonds | **24,488,000** | **17.56%** | 32,502,000 | 13.85% |
| Turkish treasury bills | **8,000** | **16.45%** | 50,000 | 15.24% |
| **Debt instruments – FX** | | | | |
| Eurobonds issued by the Turkish government | **2,395,000** | **6.62%** | 1,524,000 | 9.05% |
| **Total** | **26,891,000** | | 34,076,000 | |
| **Others** | | | | |
| Equity securities – listed in ISE | **14,739,000** | - | 22,402,000 | - |
| **Total** | **14,739,000** | | 22,402,000 | |
| **Total trading securities** | **41,630,000** | | 56,478,000 | |

## 7. MARKETABLE SECURITIES (cont'd)

**Banking (cont'd)**

**Investment Securities**

| | **June 30, 2008** | | December 31, 2007 | |
|---|---|---|---|---|
| | **Amount** | **Effective interest rate** | Amount | Effective interest rate |
| **Available-for-sale securities at fair value-TRY** | | | | |
| Turkish government bonds | **16,890,000** | **17.36%** | 28,795,000 | 19.69% |
| **Available-for-sale securities at fair value-FX** | | | | |
| Eurobonds issued by the Turkish government | **25,022,000** | **6.00%** | 23,855,000 | 5.99% |
| **Total available-for-sale securities at fair value** | **41,912,000** | | 52,650,000 | |
| **Held to maturity securities** | | | | |
| **Debt Instruments-TRY** | | | | |
| Turkish government bonds | **26,064,000** | **19.28%** | 25,796,000 | 18.54% |
| **Total held to maturity securities** | **26,064,000** | | 25,796,000 | |
| **Total investment securities** | **67,976,000** | | **78,446,000** | |

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

| | **June 30, 2008** | December 31, 2007 |
|---|---|---|
| Trading securities | **6,431,000** | 3,394,000 |
| Available for sale securities | **18,977,000** | 6,001,000 |
| **Carrying value of securities given as collateral under repurchase agreement** | **25,408,000** | 9,395,000 |
| **Related repurchase liability** | **25,740,000** | 10,211,000 |

As of June 30, 2008, the carrying value of government securities kept in the Central Bank of Turkish Republic (the Central Bank) and in Istanbul Stock Exchange Clearing and Custody Incorporation for legal requirements and as a guarantee for stock exchange and money market operations are TRY 15,077,000 and TRY 15,211,000 respectively (December 31, 2007: TRY 13,027,000 and TRY 12,955,038).

As of June 30, 2008, current marketable securities amounts to TRY 46,037,806 (December 31, 2007: TRY 33,790,600) and non-current marketable securities amounts to TRY 104,072,492 (December 31, 2007: TRY 128,097,492).

## 8. FINANCIAL BORROWINGS

| | **June 30, 2008** | December 31, 2007 |
|---|---|---|
| Bank borrowings | **179,925,489** | 125,280,339 |
| Current portion of long term borrowings | **47,030,138** | 33,971,270 |
| Short term borrowings | **226,955,627** | 159,251,609 |
| Bank borrowings | **31,952,223** | 32,061,241 |
| Long term borrowings | **31,952,223** | 32,061,241 |
| **Total borrowings** | **258,907,850** | 191,312,850 |

## 8. FINANCIAL BORROWINGS (cont'd)

As of June 30, 2008, Group does not have any secured bank borrowings (December 31, 2007: None).

| | **June 30, 2008** | | December 31, 2007 | |
|---|---|---|---|---|
| Bank borrowings | **Amount** | **Interest rate** | Amount | Interest rate |
| *Long Term* | **31,952,223** | | 32,061,241 | |
| USD | **7,722,978** | **2.73% - 4.87%** | 14,773,186 | 4.7% - 5.5% |
| EUR | **22,271,136** | **4.99% - 5.67%** | 17,288,055 | 4.8% - 5.3% |
| TRY | **1,958,109** | **18.50%** | - | - |
| *Short Term* | **226,955,627** | | 159,251,609 | - |
| USD | **30,855,947** | **2.73% - 5.19%** | 15,256,907 | 4.7% - 8.5% |
| EUR | **66,439,469** | **4.10% - 6.30%** | 53,460,755 | 4.1% - 5.3% |
| TRY | **129,660,211** | **15% - 20.48%** | 90,533,947 | 15.0% - 17.4% |

Long-term borrowings have payment periods of one and six months. Repayments schedules of long-term borrowings are as follows (excluding finance lease payables):

| | **June 30, 2008** | December 31, 2007 |
|---|---|---|
| 2009 | **7,651,177** | 18,901,853 |
| 2010 | **13,362,921** | 10,040,617 |
| 2011 | **10,938,125** | 3,118,771 |
| **Total** | **31,952,223** | 32,061,241 |

## 9. OTHER FINANCIAL LIABILITIES

None (December 31, 2007: none)

## 10. TRADE RECEIVABLES AND TRADE PAYABLES

### 10.1 Trade Receivables

| | **June 30, 2008** | December 31, 2007 |
|---|---|---|
| Trade receivable (*) | **95,838,026** | 86,883,157 |
| Notes receivable and post-dated cheques (*) | **90,906,210** | 26,916,011 |
| Less: Provision for doubtful trade receivables | **(2,359,006)** | (2,237,078) |
| **Total** | **184,385,230** | 111,562,090 |

(*) As of June 30, 2008, discount amount in trade receivables is TRY 5,599,982 (December 31, 2007: TRY 1,923,740).

## 10. TRADE RECEIVABLES AND TRADE PAYABLES (cont'd)

### 10.1 Trade Receivables (cont'd)

Movement of provision for doubtful trade receivables is as follows:

| | **June 30, 2008** | June 30, 2007 |
|---|---|---|
| January 1, | **2,237,078** | 1,891,931 |
| Provisions | **257,214** | 32,778 |
| Collections | **(135,286)** | (39,217) |
| **Total** | **2,359,006** | 1,885,492 |

As of June 30, 2008, Group has no long term trade receivables (December 31, 2007: None).

### 10.2 Trade Payables

| | **June 30, 2008** | December 31, 2007 |
|---|---|---|
| Non-Banking (*) | **53,734,061** | 51,083,854 |
| Banking | **3,687,214** | 3,727,509 |
| **Total** | **57,421,275** | 54,811,363 |

(*) As of June 30, 2008, discount amount in trade payables is TRY 202,906 (December 31, 2007: TRY 228,625).

As of June 30, 2008, Group has no long term trade payables (December 31, 2007: None).

## 11. OTHER RECEIVABLES AND PAYABLES

### 11.1 Other Short term Receivables

| | **June 30, 2008** | December 31, 2007 |
|---|---|---|
| Non-Banking | **20,220,919** | 23,489,710 |
| Banking | **-** | - |
| **Total** | **20,220,919** | 23,489,710 |

### 11.2 Other Long term Receivables

| | **June 30, 2008** | December 31, 2007 |
|---|---|---|
| Non-Banking | **1,540,997** | 1,337,777 |
| Banking | | |
| -Collaterals given for derivatives and marketable securities | **10,783,000** | 20,233,000 |
| **Total** | **12,323,997** | 21,570,777 |

## 11. OTHER RECEIVABLES AND PAYABLES (cont'd)

### 11.3 Other Payables

| | **June 30, 2008** | December 31, 2007 |
|---|---|---|
| Non-Banking | **12,032,512** | 13,362,338 |
| Banking | **13,795,000** | 11,096,000 |
| **Total** | **25,827,512** | 24,458,338 |

**Non-Banking**

| | **June 30, 2008** | December 31, 2007 |
|---|---|---|
| Taxes payable | **9,068,167** | 10,256,332 |
| Deposits and collaterals taken | **1,287,523** | 1,028,938 |
| Due to personnel | **1,661,685** | 2,040,608 |
| Other | **15,137** | 36,460 |
| **Total** | **12,032,512** | 13,362,338 |

**Banking**

| | **30 Haziran 2008** | 31 Aralık 2007 |
|---|---|---|
| Taxes payable | **8,318,000** | 8,191,000 |
| Collaterals given for marketable securities | **5,477,000** | 2,905,000 |
| **Total** | **13,795,000** | 11,096,000 |

## 12. LEASE RECEIVABLES AND OBLIGATIONS

### 12.1 Lease Contracts Receivable

Gross investments in finance leases receivables are as follows:

| | **June 30, 2008** | December 31, 2007 |
|---|---|---|
| Within 1 year | **154,806,903** | 128,063,472 |
| 1 – 5 years | **144,749,894** | 128,569,897 |
| Minimum financial lease receivables, gross | **299,556,797** | 256,633,369 |
| Less: Unearned interest income | **(42,305,987)** | (35,856,685) |
| Net investment in finance leases | **257,250,810** | 220,776,684 |
| Less: Reserve for doubtful financial lease receivables | **(3,566,000)** | (2,209,000) |
| Minimum financial lease receivables, net | **253,684,810** | 218,567,684 |

## 12. LEASE RECEIVABLES AND OBLIGATIONS (cont'd)

### 12.1 Lease Contracts Receivable (cont'd)

Maturities of net investment in finance leases:

| | **June 30, 2008** | December 31, 2007 |
|---|---|---|
| Within 1 year | **127,438,640** | 104,629,301 |
| 1 - 5 years | **126,246,170** | 113,938,383 |
| **Total** | **253,684,810** | 218,567,684 |

| | **June 30, 2008** | | December 31, 2007 | |
|---|---|---|---|---|
| | **Amount** | **Interest rate** | Amount | Interest rate |
| TRY | **51,010,969** | **16.62% - 35.36%** | 40,800,928 | 16.62% - 36.85% |
| USD | **59,977,149** | **7.96% - 19.49%** | 61,082,493 | 7.96% - 19.03% |
| EUR | **142,696,692** | **5.97% - 22.99%** | 116,684,263 | 5.97% - 22.99% |
| **Total** | **253,684,810** | | 218,567,684 | |

As of June 30, 2008, collaterals obtained by the Company from certain lease customers in relation to minimum lease payments receivables amount to TRY 96,522,000, USD 41,011,049 and EUR 44,517,756 (December 31, 2007: TRY 63,497,000, USD 37,694,234, EUR 39,390,657). These collaterals consist of mortgages, checks, letter of guarantees and liens on manufacturing equipments.

Movement of provision for doubtful financial lease receivables is as follows:

| | **June 30, 2008** | June 30, 2007 |
|---|---|---|
| Provision at the beginning of the period | **2,209,000** | 2,027,460 |
| Provision | **1,777,000** | 1,002,000 |
| Collections | **(420,000)** | (514,460) |
| **Reserve at the end of the period** | **3,566,000** | 2,515,000 |

### 12.2 Finance Lease Liabilities

None (December 31, 2007 : None).

## 13. INVENTORIES

| | **June 30, 2008** | December 31, 2007 |
|---|---|---|
| Raw materials | **28,377,852** | 19,442,101 |
| Work-in-progress | **7,632,767** | 6,911,740 |
| Finished goods | **15,991,072** | 15,669,384 |
| Merchandise | **50,700,714** | 44,129,303 |
| Others | **1,660,714** | 1,183,939 |
| Provision for inventories (-) | **(683,517)** | - |
| **Total** | **103,679,602** | 87,336,467 |

## 14. BIOLOGICAL ASSETS

Biological assets having a worth of TRY 6,850,885 (December 31, 2007: TRY 5,662,820) consist of cattle in the farm. Number of cattle additons is 3,593 unit and disposals is 2,973 unit for the period ended as of June 30, 2008 (December 31, 2007: Additions 7,230 unit , disposal 7,101 unit).

## 15. RECEIVABLES AND DEFERRED INCOME FROM CONSTRUCTION IN PROGRESS

None (December 31, 2007 : None)

## 16. INVESTMENTS VALUED THROUGH EQUITY PICK UP METHOD

| | **June 30, 2008** | December 31, 2007 |
|---|---|---|
| Investment | **810,760,862** | 737,868,625 |
| Joint ventures | **82,818,666** | 77,852,480 |
| **Total** | **893,579,528** | 815,721,105 |

### 16.1 Investment in Associate

| | | | **June 30, 2008** | | | December 31, 2007 | | |
|---|---|---|---|---|---|---|---|---|
| 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 (*) | Product. of beer | Turkey | **810,760,862** | **36.24** | **87,557,562** | 737,868,625 | 36.24 | 145,111,775 |
| **TOTAL** | | | **810,760,862** | | **87,557,562** | 737,868,625 | | 145,111,775 |

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

Summary financial statements of associates are as follows:

| **Anadolu Efes (Thousands TRY)** | **June 30, 2008** | December 31, 2007 |
|---|---|---|
| Total assets | **4,975,664** | 3,894,467 |
| Total liabilities | **2,604,776** | 1,755,499 |
| Net assets | **2,370,888** | 2,138,968 |
| **Group's interest in net assets** | **810,761** | 737,869 |
| Revenues | **1,782,453** | 3,030,359 |
| Net income | **225,955** | 374,482 |
| **Group's share in net income** | **87,558** | 145,112 |

## 16. INVESTMENTS VALUED THROUGH EQUITY PICK UP METHOD (cont'd)

### 16.2 Investments in Joint Ventures

The detail of the investment in joint venture is as follows:

| | | | **June 30, 2008** | | | December 31, 2007 | | |
|---|---|---|---|---|---|---|---|---|
| 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 Isuzu (*) | Manufacturing of Isuzu brand commercial vehicles | Turkey | **79,619,562** | **37.32** | **8,281,815** | 76,553,652 | 37.32 | 9,595,746 |
| Aslancık | Production of electricity | Turkey | **3,147,778** | **17.00** | **(68,417)** | 1,239,118 | 17.00 | (91,227) |
| D Tes | Wholesale of electricity | Turkey | **51,326** | **17.00** | **(8,384)** | 59,710 | 17.00 | (68,694) |
| **TOTAL** | | | **82,818,666** | | **8,205,014** | 77,852,480 | | 9,435,825 |

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

## 17. INVESTMENT PROPERTIES

| | **June 30, 2008** | December 31, 2007 |
|---|---|---|
| January 1 | **21,206,000** | 10,218,000 |
| Disposal of investment property | **(13,231,000)** | (9,258,000) |
| Additions to investment properties | **783,000** | 20,246,000 |
| **Total** | **8,758,000** | 21,206,000 |

Investment property consists of a building and parcels of land. According to a report prepared by an independent valuation firm, the fair value of such property is TRY 12,082,269 as of June 30, 2008 (December 31, 2007, TRY 36,813,000).

## 18. PROPERTY, PLANT AND EQUIPMENT

Movements of property, plant and equipment during the six-month period ending on June 30, 2008 are as follows:

| | Land and land improvements | Buildings | Machinery and equipment | Motor vehicles | Furniture and fixtures | Other tangible assets | Leasehold improvements | Construction in progress | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | | |
| **January 1, 2008** | 42,762,259 | 78,435,818 | 169,368,363 | 62,621,009 | 29,297,128 | 13,906,554 | 63,082,432 | 1,720,893 | 461,194,456 |
| **Additions** | 165,809 | 13,100 | 2,688,084 | 15,349,954 | 3,876,094 | 199,304 | 3,048,037 | 3,823,121 | 29,163,503 |
| **Disposals** | - | (2,025,600) | (1,142,116) | (3,895,065) | (559,250) | - | - | (1,918,771) | (9,540,802) |
| **June 30, 2008** | 42,928,068 | 76,423,318 | 170,914,331 | 74,075,898 | 32,613,972 | 14,105,858 | 66,130,469 | 3,625,243 | 480,817,157 |
| **Accumulated depreciation** | | | | | | | | | |
| **January 1, 2008** | 1,418,861 | 14,627,362 | 132,944,848 | 14,504,487 | 22,916,619 | 12,261,707 | 34,524,220 | - | 233,198,104 |
| **Depreciation charge for the period** | 102,112 | 479,085 | 3,221,211 | 5,859,288 | 1,769,014 | 100,293 | 2,374,053 | - | 13,905,056 |
| **Disposals** | - | (87,776) | (1,037,228) | (2,010,185) | (556,659) | - | - | - | (3,691,848) |
| **June 30, 2008** | 1,520,973 | 15,018,671 | 135,128,831 | 18,353,590 | 24,128,974 | 12,362,000 | 36,898,273 | - | 243,411,312 |
| **Net carrying amount** | 41,407,095 | 61,404,647 | 35,785,500 | 55,722,308 | 8,484,998 | 1,743,858 | 29,232,196 | 3,625,243 | 237,405,845 |

### Tangible assets held under finance lease

The carrying amount of tangible assets held under finance leases at June 30, 2008 is TRY 28,202,634. According to the finance lease law, tangible assets under finance lease are owned by the finance lease company during the lease term. Hence, these tangible assets are regarded as colleterals by the finance lease company.

## 18. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Movements of property, plant and equipment during the six-month period ending on June 30, 2007 are as follows:

| | Land and land improvements | Buildings | Machinery and equipment | Motor vehicles | Furniture and fixtures | Other tangible assets | Leasehold improvements | Construction in progress | Total |
|---|---|---|---|---|---|---|---|---|---|
| Cost | | | | | | | | | |
| January 1, 2007 | 7,116,921 | 59,285,886 | 156,986,481 | 29,841,365 | 29,778,332 | 13,271,646 | 49,203,056 | 752,113 | 346,235,800 |
| Additions | 34,587,939 | 22,459 | 3,699,785 | 16,893,995 | 1,131,008 | 160,716 | 2,632,796 | 17,738,150 | 76,866,848 |
| Disposals | - | - | (272,154) | (1,900,261) | (151,115) | - | (519,109) | (2,332,346) | (5,174,985) |
| June 30, 2007 | 41,704,860 | 59,308,345 | 160,414,112 | 44,835,099 | 30,758,225 | 13,432,362 | 51,316,743 | 16,157,917 | 417,927,663 |
| Accumulated depreciation | | | | | | | | | |
| January 1, 2007 | 1,309,539 | 13,518,873 | 126,285,260 | 7,466,162 | 23,988,053 | 12,132,232 | 31,654,115 | - | 216,354,234 |
| Depreciation charge for the period | 46,142 | 554,123 | 3,323,996 | 3,147,207 | 856,072 | 67,606 | 1,537,389 | - | 9,532,535 |
| Disposals | - | - | (221,931) | (848,201) | (122,062) | - | (370,404) | - | (1,562,598) |
| June 30, 2007 | 1,355,681 | 14,072,996 | 129,387,325 | 9,765,168 | 24,722,063 | 12,199,838 | 32,821,100 | - | 224,324,171 |
| Net carrying amount | 40,349,179 | 45,235,349 | 31,026,787 | 35,069,931 | 6,036,162 | 1,232,524 | 18,495,643 | 16,157,917 | 193,603,492 |

### Tangible assets held under finance lease

The carrying amount of tangible assets held under finance leases at June 30, 2007 is TRY 26,052,671. According to the finance lease law, tangible assets under finance lease are owned by the finance lease company during the lease term. Hence, these tangible assets are regarded as colleterals by the finance lease company.

## 19. INTANGIBLE ASSETS

Movements of intangible assets during the six-month period ending on June 30, 2008 are as follows:

| | **Rights** | **Patents and licenses** | **Franchise** | **Other intangible assets** | **Total** |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| **January 1, 2008** | **41,292,965** | **10,677,061** | **1,051,246** | **1,204,035** | **54,225,307** |
| **Additions** | **648,952** | **-** | **-** | **104,228** | **753,180** |
| **June 30, 2008** | **41,941,917** | **10,677,061** | **1,051,246** | **1,308,263** | **54,978,487** |
| **Accumulated amortization** | | | | | |
| **January 1, 2008** | **33,916,615** | **9,074,470** | **152,406** | **449,598** | **43,593,089** |
| **Amortization charge for the period** | **662,480** | **38,803** | **26,282** | **104,771** | **832,336** |
| **June 30, 2008** | **34,579,095** | **9,113,273** | **178,688** | **554,369** | **44,425,425** |
| **Net carrying amount** | **7,362,822** | **1,563,788** | **872,558** | **753,894** | **10,553,062** |

Movements of intangible assets during the six-month period ending on June 30, 2007 are as follows:

| | Rights | Patents and licenses | Franchise | Other intangible assets | Total |
|---|---|---|---|---|---|
| Cost | | | | | |
| January 1, 2007 | 40,171,296 | 10,677,061 | 1,051,246 | 612,102 | 52,511,705 |
| Additions | 136,969 | - | - | 283,597 | 420,566 |
| Disposals | - | (5,148,051) | - | - | (5,148,051) |
| June 30, 2007 | 40,308,265 | 5,529,010 | 1,051,246 | 895,699 | 47,784,220 |
| Accumulated amortization | | | | | |
| January 1, 2007 | 32,736,034 | 8,841,654 | 99,843 | 283,275 | 41,960,806 |
| Amortization charge for the period | 551,822 | - | 65,281 | 35,926 | 653,029 |
| Disposals | - | (3,461,474) | - | - | (3,461,474) |
| June 30, 2007 | 33,287,856 | 5,380,180 | 165,124 | 319,201 | 39,152,361 |
| Net carrying amount | 7,020,409 | 148,830 | 886,122 | 576,498 | 8,631,859 |

## 20. POSITIVE/NEGATIVE GOODWILL

The goodwill amount of the group is TRY 35,344,256 as of June 30, 2008 and December 31, 2007. 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.

## 21. GOVERNMENT INCENTIVES AND GRANTS

None. (December 31,2007: None).

## 22. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

| | **June 30, 2008** | December 31, 2007 |
|---|---|---|
| Non-Banking | **28,358,820** | 15,621,168 |
| Banking | **5,684,000** | 7,799,000 |
| **Total** | **34,042,820** | 23,420,168 |

**Non-Banking**

| | **June 30, 2008** | December 31, 2007 |
|---|---|---|
| Warranty provisions | **8,421,276** | 8,048,923 |
| Label provisions | **5,799,562** | 4,380,050 |
| Dealer sales premium provisions | **2,138,525** | 260,358 |
| Vacation pay provisions | **2,940,695** | 1,569,784 |
| Bonus payable provisions | **5,749,095** | - |
| Other provisions | **3,309,667** | 1,362,053 |
| **Total** | **28,358,820** | 15,621,168 |

**Banking**

| | **June 30, 2008** | December 31, 2007 |
|---|---|---|
| Bonus payable provisions | **3,000,000** | 5,666,000 |
| Vacation pay provisions | **1,961,000** | 1,420,000 |
| Litigation provisions | **481,000** | 481,000 |
| Others | **242,000** | 232,000 |
| **Total** | **5,684,000** | 7,799,000 |

Group has no long term provisions. (December 31, 2007: None ).

## 23. COMMITMENTS

***Non-Banking***

Letters of guarantee given to suppliers, and custom offices are TRY 13,617,927 (December 31, 2007: TRY 12,358,164).

Collaterals given to banks for the loans of associates and other related parties are TRY 765,450 (December 31, 2007: TRY 728,699).

Letters of guarantee given to banks, suppliers, and custom offices by the joint venture are TRY 6,261,992 (December 31, 2007: TRY 13,971,359).

Total letter of credits amount to TRY 2,834,457 (December 31, 2007: TRY 1,279,588).

ABH has service agreement liabilities for 1 to 2 years with its customers.

The Group's guarantee, letters of guarantee, cheques and notes of guarantee, mortgage and other guarantees received from its customers in consideration of its receivables amount to TRY 61,721,848, TRY 3,535,853, TRY 14,667,186 and TRY 858,310 respectively (December 31, 2007: TRY 47,175,615, TRY 2,134,165, TRY 12,019,687 and TRY 858,310).

The subsidiary AEH has undertaken the obligation of preserving the corporate presence, and supporting to fulfil the financial and fiscal liabilities during its contract period with McDonald's.

The subsidiary operates in vehicle operating lease business which has 1 – 3 years of rental period.

***Banking***

In the normal course of business activities, ABank and its consolidated subsidiaries undertake various commitments. Contingent liabilities that are not presented in the financial statements are as follows:

| | **June 30, 2008** | December 31, 2007 |
|---|---|---|
| Letters of guarantees | | |
| - issued by ABank | **1,000,411,000** | 887,040,000 |
| Letters of credit | **263,008,000** | 182,388,000 |
| Acceptance credits | **18,084,000** | 22,142,000 |
| Other | **11,114,000** | 4,515,000 |
| Total non-cash loans | **1,292,617,000** | 1,096,085,000 |
| Other commitments (*) | **589,551,000** | 567,471,000 |
| **Total** | **1,882,168,000** | 1,663,556,000 |

(*) Other commitments include derivative purchase commitments and loan granting commitments.

As of June 30, 2008 and December 31, 2007, ALease has no letters of guarantees given for funds borrowed from banks and various leasing transactions.

## 23. COMMITMENTS (cont'd)

***Banking (cont'd)***

**Blocked Assets**

As of June 30, 2008, the nominal values of the TRY denominated assets held by the Group in fiduciary, agency or custodian capacities amounted to TRY 985,127,000 (December 31, 2007: TRY 845,244,000) and foreign currency denominated assets amounted to TRY 32,438,000 (December 31, 2007: TRY 29,949,000).

**Litigation**

Damages claimed in the suits filed against the Group amount to TRY 1,165,000 (December 31, 2007: TRY 1,028,000), as of June 30, 2008. These mainly include matters relating to personal claims of customers and former employees of ABank. Although the outcome of these matters can not always be ascertained with precision, the Management, based on professional advice and also considering ABank's insurance coverage believes that no material liabilities are likely to result. Consequently, no provision has been provided for.

**Other**

The Group 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.

## 24. PROVISIONS FOR THE EMPLOYEE BENEFITS

| | **June 30, 2008** | December 31, 2007 |
|---|---|---|
| Provision for employee termination benefit | **11,952,859** | 11,360,648 |
| **Total** | **11,952,859** | 11,360,648 |

**Provision for Employee Termination Benefit**

In accordance with the existing labour 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 TRY 2,087.92 at June 30, 2008 and TRY 2,030.19 December 31, 2007, 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, 2008 and December 31, 2007, financial statements reflect a liability calculated using the Projected Unit 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 on government bonds at the balance sheet date.

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

| | **June 30, 2008** | December 31, 2007 |
|---|---|---|
| Discount rate | **11%** | 11% |
| Expected rates of salary/limit increases(inflation rate) | **5%** | 5% |

## 24. PROVISIONS FOR THE EMPLOYEE BENEFITS (cont'd)

In addition, as of June 30, 2008 retirement pay liability provision was calculated as actuarial assumption considering the increase of maximum liability of TRY 2,087.92 for the related year in accordance with the inflation rate.

Retirement pay liability provision movements are as follows:

| | **June 30, 2008** | June 30, 2007 |
|---|---|---|
| January 1 | **11,360,648** | 9,988,682 |
| Interest cost | **624,836** | 549,377 |
| Charge for the period (net) | **1,055,585** | 740,399 |
| Paid (-) | **(1,088,210)** | (646,252) |
| **June 30** | **11,952,859** | 10,632,206 |

## 25. PENSION PLANS

None (December 31, 2007 : None)

## 26. OTHER ASSETS AND LIABILITIES

### 26.1 OTHER CURRENT ASSETS

| | **June 30, 2008** | December 31, 2007 |
|---|---|---|
| Non-Banking | **90,675,986** | 74,697,361 |
| Banking | **14,724,894** | 5,926,000 |
| **Total** | **105,400,880** | 80,623,361 |

**Non-Banking**

| | **June 30, 2008** | December 31, 2007 |
|---|---|---|
| Prepaid taxes | **904,238** | 3,963,183 |
| Prepaid expenses | **27,168,440** | 24,314,452 |
| VAT receivable | **4,792,321** | 5,435,910 |
| Advances given to suppliers | **56,695,376** | 39,024,027 |
| Other current assets | **1,115,611** | 1,959,789 |
| **Total** | **90,675,986** | 74,697,361 |

**Banking**

| | **June 30, 2008** | December 31, 2007 |
|---|---|---|
| Prepaid taxes | **9,365** | 25,000 |
| VAT receivable | **9,739,468** | 3,434,000 |
| Receivables from insurance policies | **1,264,903** | 911,000 |
| Prepaid expenses, transitory accounts and others | **3,711,158** | 1,556,000 |

| | | |
|---|---|---|
| **Total** | **14,724,894** | 5,926,000 |

## 26. OTHER ASSETS AND LIABILITIES (cont'd)

### 26.2 OTHER NON-CURRENT ASSETS

| | June 30, 2008 | December 31, 2007 |
|---|---|---|
| Non-Banking | **1,661,476** | 820,162 |
| Banking | **8,319,000** | 12,847,000 |
| - Prepaid expenses | **4,279,000** | 6,259,000 |
| - Equipment to be leased | **-** | 4,261,000 |
| - Other | **4,040,000** | 2,327,000 |
| **Total** | **9,980,476** | 13,667,162 |

### 26.3 OTHER CURRENT LIABILITIES

| | June 30, 2008 | December 31, 2007 |
|---|---|---|
| Non-Banking | **21,318,548** | 3,365,606 |
| Banking | **57,346,102** | 55,107,606 |
| **Total** | **78,664,650** | 58,473,212 |

**Non-Banking**

| | June 30, 2008 | December 31, 2007 |
|---|---|---|
| Advances taken | **19,378,137** | 2,163,526 |
| Deferred income | **582,644** | 601,884 |
| Other payables and liabilities | **1,357,767** | 600,196 |
| **Total** | **21,318,548** | 3,365,606 |

**Banking**

| | June 30, 2008 | December 31, 2007 |
|---|---|---|
| Cheques in collection | **36,796,000** | 28,355,000 |
| Advances taken from customers | **2,490,595** | 5,022,368 |
| Assets held for resale (*) | **10,326,718** | 14,024,000 |
| Other | **7,732,789** | 7,706,238 |
| **Total** | **57,346,102** | 55,107,606 |

(*) Collections from banking loans.

As of June 30, 2008, there has been no other long term liability amount presented in the financial statements. (December 31, 2007: TRY 3,430,525)

## 27. EQUITY

**Issued Capital / Capital - Participation Elimination**

| | **June 30, 2008** | | December 31, 2007 | |
|---|---|---|---|---|
| | **Paid-in capital** | **%** | Paid-in capital | % |
| Yazıcı Families | **65,280,128** | **40.80** | 66,304,128 | 41.44 |
| Kamil Yazıcı Yönetim ve Danışma A.Ş. | **53,599,952** | **33.50** | 53,599,952 | 33.50 |
| Publicly traded (*) | **41,119,920** | **25.70** | 40,095,920 | 25.06 |
| Historical share capital | **160,000,000** | **100.00** | 160,000,000 | 100.00 |
| Restatement effect | **-** | | - | |
| **Total restated share capital** | **160,000,000** | | 160,000,000 | |

(*) The TRY 455,359 amount of the publicly traded portion (0.285%) is owned by Kamil Yazıcı Yönetim ve Danışma A.Ş.

Movement of paid in capital as at June 30, 2008 and December 31, 2007 is as follows (historical amounts in TRY):

| | **June 30, 2008** | | December 31, 2007 | |
|---|---|---|---|---|
| | **Share** | **Amount** | Share | Amount |
| Beginning (January 1) | **160,000,000** | **160,000,000** | 40,000,000 | 40,000,000 |
| -Inflation restatement of shareholders' equity | **-** | **-** | 120,000,000 | 120,000,000 |
| Ending | **160,000,000** | **160,000,000** | 160,000,000 | 160,000,000 |

Kamil Yazıcı Yönetim ve Danışma A.Ş. (henceforth as Management Company) is a professional management company established by members of the Kamil Yazıcı Family to manage their investments. With the special board nomination rights granted to Class A and Class B shares (1 + 3) which it owns, it is entitled to appoint four of the six directors to the Company's board of directors.

Yazıcılar's common shares are divided into four classes, with each class of shares having identical voting rights on all matters except for the election of directors. Classes B, C and D consist of registered shares and are owned by the members of the three Yazıcı Families. Class A shares are all bearer type shares; shares belonging to two Yazıcı Families and publicly traded shares are included in Class A.

| Class | Number of shares | % of capital | Number of members on board |
|---|---|---|---|
| A (Bearer) | 87,818,037 | 54.89 | 1 |
| B (Registered) | 31,999,964 | 20.00 | 3 |
| C (Registered) | 19,235,049 | 12.02 | 1 |
| D (Registered) | 20,946,950 | 13.09 | 1 |
| **Total** | **160,000,000** | **100.00** | **6** |

## 27. EQUITY (cont'd)

### Share Premiums

As of June 30, 2008 and December 31, 2007, restated values of capital reserves which are included in equity and their restatement differences are as follows:

| Share Premiums | Historical amount | Equity restatement differences | Restated amount |
|---|---|---|---|
| **June 30, 2008** | **9,472,333** | **-** | **9,472,333** |
| December 31, 2007 | 9,467,049 | - | 9,467,049 |

### Restricted Reserves Allocated from Net Profit, Value Increase Fund

The legal reserves consist of first and second legal reserves in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory net income (inflation-restated income in accordance with CMB) at the rate of 5%, until the total reserve reaches a maximum of 20% of the Company's issued capital (inflation-restated issued capital in accordance with the communiqués and announcements of CMB). The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's issued capital (inflation-restated capital in accordance with CMB). The legal reserves are not available for distribution unless they exceed 50% of the issued capital, other than that legal reserves can not be used.

In accordance with the Communiqué No. XI-25, items of statutory shareholders' equity such as "share capital, share premium, legal reserves, statutory reserves and extraordinary reserves", were presented at their historical amounts. The difference between the inflated and historical amounts of these items was presented in shareholders' equity as "adjustment to equity".

According to the CMB Communiqué No. XI-29, which is effective as of January 1, 2008 and explanatory announcements of CMB related with the communiqué, "paid in capital", "restricted reserves allocated from net profit" and "share premiums" have to be presented as the amounts in the statutory financial statements. The valuation differences appeared during the application of the communiqué (like the differences resulting from the inflation adjustments) are associated with the "adjustment to issued capital" which is presented after the "paid in capital", if they result from the "paid in capital" and have not been added to the capital yet; they are associated with the "accumulated profits" if they result from the "restricted reserves allocated from net profit" and the "share premium" and have not been subject to dividend distribution or capital increase yet. Other equity items are presented with the amounts valued within the framework of CMB Financial Reporting Standards.

Quoted companies are subject to dividend requirements regulated by the CMB as follows:

In accordance with the Communiqué No. IV-27, first dividend to be appropriated out of the profits from annual operations to be based on the financial statements prepared in accordance with CMB Accounting Standards has to be at least the 20% of net distributable profit. This distribution may be made either as cash or as pro-rata shares or as a combination of both in accordance with the decision taken in the general assemblies. Besides, first dividend amount may be included in extraordinary reserves instead of distributing it in cash or pro-rata shares in accordance with the decision of general assemblies.

The profits of subsidiaries, joint ventures and associates, that are included in the consolidated financial statements of the parent, are not considered in the calculation of the distributable profits, if the decision on profit distribution has not been taken in the general assemblies of the related subsidiaries, joint ventures and associates.

## 27. EQUITY (cont'd)

### Restricted Reserves Allocated from Net Profit, Value Increase Fund (cont'd)

In accordance with Communiqué No. XI-29, if a profit distribution decision is taken in the general assemblies of the related subsidiaries, joint ventures and associates, which are consolidated under parent financials, the parent can distribute its share of the profits in these companies up to the profit level included in the consolidated financial statements with reference to the profit distribution decision taken in the general assemblies of the related subsidiaries, joint ventures and associates.

In addition, based on the CMB Decree 7/242, dated February 25, 2005, if the amount of the profit distribution calculated in accordance with the net distributable profit requirements of the CMB does not exceed the statutory net distributable profit, the entire amount of the net distributable profit should be distributed. It is stated that dividend distributions should not be made if there is a loss in either the financial statements prepared in accordance with CMB regulations or in the statutory financial statements.

| | **June 30, 2008** | December 31, 2007 |
|---|---|---|
| Value increase funds | **6,305,792** | 15,799,634 |
| **Total** | **6,305,792** | 15,799,634 |

| **Restricted reserves allocated from net profit** | **June 30, 2008** | December 31, 2007 |
|---|---|---|
| Legal reserves | **23,764,819** | 23,764,819 |
| Statutory reserves | **42,856** | 42,856 |
| **Total** | **23,807,675** | 23,807,675 |

### Accumulated Profits

In accordance with Communiqué No. XI-29, extraordinary reserves, equity restatement differences of restricted reserves allocated from net profit and extraordinary reserves have been classified to accumulated profits in the consolidated financial statements. The details of accumulated profits are as follows:

| | **June 30, 2008** | December 31, 2007 |
|---|---|---|
| **Extraordinary reserves** | **190,041,771** | 190,041,771 |
| **Equity restatement differences** | **105,185,390** | 105,185,390 |
| - Legal reserves | 7,959,930 | 7,959,930 |
| - Statutory reserves | 356,718 | 356,718 |
| - Value increase funds | 16,556 | 16,556 |
| - Restricted reserves allocated from net profit | 96,852,186 | 96,852,186 |
| **Accumulated profits** | **749,720,225** | 540,090,593 |
| **Total** | **1,044,947,386** | 835,317,754 |

### Minority Interest

Minority interests are separately classified in the financial statements.

## 28. CONTINUING OPERATIONS

| GROSS PROFIT | June 30, 2008 | June 30, 2007 |
|---|---|---|
| Non-Banking | | |
| Revenue net off cost of sales | **142,459,467** | 99,051,889 |
| Service Income (*) | **15,743,952** | 13,189,281 |
| Banking – net interest and banking service income | **135,602,790** | 78,990,639 |
| **Total** | **293,806,209** | 191,231,809 |

(*) Service income consists of AEH and ABH's service income.

## 29. OPERATING EXPENSES

| | June 30, 2008 | June 30, 2007 |
|---|---|---|
| Non-Banking | **118,789,416** | 78,105,585 |
| Banking | **46,980,135** | 30,274,660 |
| **Total** | **165,769,551** | 108,380,245 |

**Non-Banking**

| | June 30, 2008 | June 30, 2007 |
|---|---|---|
| General administrative expenses | **59,856,177** | 38,783,288 |
| Selling and marketing expenses | **58,729,952** | 39,148,914 |
| Research and development expenses | **203,287** | 173,383 |
| **Total** | **118,789,416** | 78,105,585 |

**Banking**

| | June 30, 2008 | June 30, 2007 |
|---|---|---|
| General administrative expenses | **43,070,135** | 22,379,660 |
| Bank foreign exchange loss, net | **3,910,000** | 7,895,000 |
| **Total** | **46,980,135** | 30,274,660 |

## 30. EXPENSES BY NATURE

The amounts of depreciation and amortization expenses recorded in income statement accounts are as follows:

| | June 30, 2008 | June 30, 2007 |
|---|---|---|
| **Depreciation and amortization expenses** | | |
| Cost of sales | **3,554,372** | 3,234,508 |
| General administrative expenses | **10,750,330** | 6,320,749 |
| Selling, marketing and distribution expenses | **432,690** | 630,307 |
| **Total** | **14,737,392** | 10,185,564 |

## 30. EXPENSES BY NATURE (cont'd)

The amounts of personnel expenses recorded in the income statement accounts are as follows:

| | **June 30, 2008** | June 30, 2007 |
|---|---|---|
| **Personnel expenses** | | |
| Cost of sales | **25,879,586** | 20,063,192 |
| General administrative expenses | **62,331,937** | 45,746,159 |
| Selling, marketing and distribution expenses | **5,833,853** | 5,305,471 |
| **Total** | **94,045,376** | 71,114,822 |

## 31. OTHER OPERATING INCOME/EXPENSE

### 31.1 Other Operating Income

| | **June 30, 2008** | June 30, 2007 |
|---|---|---|
| Gain on sale of property, plant and equipment | **3,474,663** | 811,267 |
| Gain on sale of share in associates | **-** | 18,962,278 |
| Dividend income | **1,446** | 921 |
| Insurance damage income | **1,282,918** | 580,250 |
| Transportation income | **792,874** | 721,988 |
| After sales service income | **1,359,985** | 2,173,209 |
| Commission income | **637,781** | 1,853,756 |
| Distributor contribution share | **2,565,904** | 1,119,023 |
| Reversal of provision for loan and other losses | **241,881** | 3,956,498 |
| Income from agreements | **1,277,000** | 943,000 |
| Return of labels | **987,816** | - |
| Other | **5,186,477** | 5,461,424 |
| **Total** | **17,808,745** | 36,583,614 |

### 31.2 Other Operating Expense

| | **June 30, 2008** | June 30, 2007 |
|---|---|---|
| Losses on sale of property, plant and equipment | **93,679** | 2,255,793 |
| Donation | **405,100** | 550,000 |
| Loss from agreements | **1,506,000** | 898,000 |
| Other | **5,721,737** | 6,729,254 |
| **Total** | **7,726,516** | 10,433,047 |

## 32. NON- OPERATING FINANCIAL INCOME

| | **June 30, 2008** | June 30, 2007 |
|---|---|---|
| Gain on capital market transactions | **-** | 1,971,000 |
| Foreign exchange gain | **21,628,675** | 19,248,812 |
| Interest income | **3,169,319** | 5,367,600 |
| Gain on sale of property, plant and equipment | **45,212** | 87,456 |
| Other | **201,220** | 1,364,586 |
| **Total** | **25,044,426** | 28,039,454 |

## 33. NON-OPERATING FINANCIAL EXPENSE

| | **June 30, 2008** | June 30, 2007 |
|---|---|---|
| Interest expense | **18,074,622** | 14,864,609 |
| Loss from capital market transactions | **13,866,000** | - |
| Foreign exchange loss from financial liabilities | **34,448,468** | 412,270 |
| Other foreign exchange loss | **13,186,036** | 9,322,139 |
| Rediscount interest expense | **3,034,960** | 3,642,895 |
| Other | **1,551,090** | 822,285 |
| **Total** | **84,161,176** | 29,064,198 |

## 34. PROPERTY, PLANT & EQUIPMENT AVAILABLE FOR SALE AND DISCONTINUED OPERATIONS

None (December 31, 2007: none)

## 35. TAX ASSETS AND LIABILITIES

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.

The corporation tax rate for the fiscal year is 20% in Turkey (2007 - 20%). 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 related month. The tax legislation provides for a provisional tax of 20% (2007 – 20%) 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 fiscal year.

According to the Turkish Tax Law, 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.

With the new law enacted, effective from January 1, 2006, Turkish government ceased to offer "Investment Incentives" for capital investments. 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 directly related with the production of goods and services. According to the transitional provisions on the protection of acquired rights, expenditures on incomplete investments after December 31, 2005 and investment allowances which have been qualified in prior years but not used because of loss can be used as investment allowance until December 31, 2008. Unused investment allowances when vested between these years, can not be used once again. However, corporate tax rate will be 30% instead of 20% in the years in which investment allowance can be exercised.

In Turkey, the tax legislation does not permit 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.

## 35. TAX ASSETS AND LIABILITIES (cont'd)

### 35.1 Deferred Tax Assets and Liabilities

The distribution of deferred tax assets and liabilities is as follows:

| | **June 30, 2008** | December 31, 2007 |
|---|---|---|
| Deferred tax asset | **7,284,226** | 10,598,656 |
| Deferred tax liability (-) | **(9,430,912)** | (10,339,193) |
| **Total deferred tax asset/(liability), net** | **(2,146,686)** | 259,463 |

| | Balance January 1, 2008 | Credited/(charged) to income statement | **Balance June 30, 2008** |
|---|---|---|---|
| Fixed assets | (8,509,804) | (36,767) | **(8,546,571)** |
| Inventory | - | - | **-** |
| Carry forward tax loss | 1,838,782 | (1,838,782) | **-** |
| Allowance for retirement pay liability | 1,800,124 | 501,080 | **2,301,204** |
| Financial leases | (903,306) | (272,340) | **(1,175,646)** |
| Investment incentive | 23,510,893 | 2,742,599 | **26,253,492** |
| Other | 7,180,949 | (1,360,022) | **5,820,927** |
| Net deferred tax (liability)/asset | 24,917,638 | (264,232) | **24,653,406** |
| Reclassification to value increase funds (Note 2) | - | (477,796) | **-** |
| Allowance for deferred tax (*) | (24,658,175) | (2,141,917) | **(26,800,092)** |
| **Total** | 259,463 | (2,883,945) | **(2,146,686)** |

| | Balance January 1, 2007 | Credited/(charged) to income statement | **Balance June 30, 2007** |
|---|---|---|---|
| Fixed assets | (3,259,282) | (2,010,077) | (5,269,359) |
| Inventory | 22,097 | (21,287) | 810 |
| Carry forward tax loss | 6,077,000 | (4,952,518) | 1,124,482 |
| Allowance for retirement pay liability | 1,501,511 | (414,014) | 1,087,497 |
| Financial leases | 1,736,591 | (1,730,259) | 6,332 |
| Investment incentive | 22,176,517 | 620,441 | 22,796,958 |
| Other | 2,850,312 | (3,683,507) | (833,195) |
| Net deferred tax (liability)/asset | 31,104,746 | (12,191,221) | 18,913,525 |
| Reclassification to value increase funds (Note 2) | - | 284,351 | - |
| Allowance for deferred tax (*) | (26,508,217) | 972,478 | (25,535,739) |
| Total | 4,596,529 | (10,934,392) | (6,622,214) |

(*) As of June 30, 2008, the Group management decided not to recognize a portion of deferred tax assets in the future based on future business plans of ALease. For this reason, TRY 26,800,092 of deferred tax assets has not been recognized in the consolidated financial statements (As for ALease, June 30, 2007: TRY 25,535,739).

## 35. TAX ASSETS AND LIABILITIES (cont'd)

### 35.2 Tax Expense

| | **June 30, 2008** | June 30, 2007 |
|---|---|---|
| Income tax expense | **11,706,258** | 3,879,656 |
| Deferred tax expense | **2,883,945** | 10,934,392 |
| **Total** | **14,590,203** | 14,814,048 |

The reconciliation of the total income tax to the theoretical amount that would arise using the tax rate of the home company of the Company is as follows:

| | **June 30, 2008** | June 30, 2007 |
|---|---|---|
| **Continuing operations profit before tax** | **174,764,713** | 187,531,073 |
| **Minority interest (-)** | **(34,817,738)** | (45,211,766) |
| **Profit before tax** | **139,946,975** | 142,319,307 |
| Tax calculated at the parent company tax rate of 20% (2007: %20) | **28,181,865** | 28,463,859 |
| Add non deductible expenses | **10,322,690** | 10,720,726 |
| Non-taxable income (-) | **(13,056,397)** | (5,137,868) |
| Utilization of tax loss carryforward (-) | **(3,882,929)** | (14,997,371) |
| Donations and other deductible expenses (-) | **(508,816)** | (104,000) |
| Investment incentives (-) | **(248,711)** | - |
| Consolidation effect (-) | **(12,478,423)** | (11,434,605) |
| Permanent differences between CMB and statutory results | **6,260,924** | 7,303,307 |
| **Tax** | **14,590,203** | 14,814,048 |

### 35.3 Tax Provision

| | **June 30, 2008** | June 30, 2007 |
|---|---|---|
| January 1 | **3,533,619** | 102,699 |
| Income tax expense | **11,706,258** | 3,879,656 |
| Prepaid tax (-) | **(7,178,918)** | (2,063,572) |
| **Provision at the end of the period** | **8,060,959** | 1,918,783 |

### 36. EARNING PER SHARE

| | **June 30, 2008** | June 30, 2007 |
|---|---|---|
| Net profit | **125,356,772** | 127,505,259 |
| Weighted average number of shares | **160,000,000** | 160,000,000 |
| Earning per share | **0.7835** | 0.7969 |

### 37. RELATED PARTY BALANCES AND TRANSACTIONS

### 37.1 Due from Related Parties

| | June 30, 2008 | December 31, 2007 |
|---|---|---|
| Kamil Yazıcı Yönetim ve Danışma A.Ş. (4) | **2,711** | 17,455 |
| Anadolu Efes (1) | **1,798,474** | 3,277,093 |
| Efes Pazarlama Ticaret A.Ş. (Efpa) (3) | **1,214,845** | 989,718 |
| Tarbes Tarım Ürünleri ve Besicilik San.Tic.A.Ş. (Tarbes) (3) | **27,263** | 55,982 |
| Anadolu Isuzu (2) | **1,447,312** | 1,444,036 |
| ZAO Moscow Efes Brewery (Efes Moskow) (3) | **2,411,412** | 2,866,950 |
| JSC Efes Karaganda Brewery (Efes Karaganda) (3) | **1,106,112** | 516,612 |
| Anadolu Eğitim ve Sosyal Yardım Vakfı Sağlık Tes. İkt. İşl. (5) | **6,726,322** | 2,896,697 |
| Krasny Vostok Group (3) | **273,383** | 879,557 |
| OAO Amstar (3) | **861,401** | 572,952 |
| Efes Weifert Brewery d.o.o (Efes Weifert) (3) | **281** | 493,918 |
| Efes Zajecar Brewery d.o.o (Efes Zajecar) (3) | **420** | 356,271 |
| Efes Vitanta (3) | **460,088** | 188,461 |
| Coca Cola İçecek Üretim A.Ş. (3) | **176,426** | 622,127 |
| Coca Cola Satış ve Dağıtım A.Ş. (3) | **277,020** | 190,577 |
| Other | **2,527,127** | 1,489,316 |
| **Total** | **19,310,597** | 16,857,722 |

As of June 30, 2008 and December 31, 2007, loans given to related parties, which are included under "Banking Loans" in the financial statements, are TRY 458,000 and TRY 592,592 respectively. As of June 30, 2008, TRY 4,734,378 due from related parties is included in other liabilities and blocked accounts at the financial statement of the bank (December 31, 2007: TRY 2,305,695).

As of June 30, 2008, the short term portion of the due from related parties is TRY 13,505,200 (December 31, 2007: TRY 16,857,722) and the long term portion is TRY 5,805,397 (December 31, 2007: None).

(1) An associate
(2) A joint venture
(3) A Company controlled by an associate
(4) Shareholder of the Company
(5) Other

### 37.2 Due To Related Parties

| | June 30, 2008 | December 31, 2007 |
|---|---|---|
| Kamil Yazıcı Yönetim ve Danışma A.Ş. (4) | **8,681,948** | - |
| Efpa (3) | **6,119** | 5,670,843 |
| Anadolu Isuzu (2) | **198,454** | 3,777,321 |
| Özilhan Sınai Yatırım A.Ş. (5) | **-** | 1,159,869 |
| Anelsan (3) | **251,226** | 243,691 |
| Dividends payable | **18,007** | 15,365 |
| Other | **7,055** | 127,165 |
| **Total** | **9,162,809** | 10,994,254 |

## 37. RELATED PARTY BALANCES AND TRANSACTIONS (cont'd)

### 37.2 Due To Related Parties (cont'd)

(1) An associate
(2) A joint venture
(3) A Company controlled by an associate
(4) Shareholder of the Company
(5) Other

### 37.3 Related Party Transactions

Significant transactions with related parties during the six months period ended as of June 30, 2008 and June 30, 2007 are as follows:

| | **June 30, 2008** | June 30, 2007 |
|---|---|---|
| **Sales of goods and services, net** | | |
| Anadolu Efes (1) | **11,625,808** | 7,040,823 |
| Efpa (3) | **9,926,916** | 4,878,540 |
| Tarbes (3) | **1,570,813** | 872,226 |
| Anadolu Isuzu (2) | **6,063,279** | 4,037,689 |
| Efes Holland Technical Management Consultancy (3) | **-** | 14,684 |
| Efes Breweries International B.V. (3) | **10,255,011** | 7,077,336 |
| Anadolu Cetelem Tüketici Finansman A.Ş. (Anadolu Cetelem) (1) | **-** | 113,531 |
| Anadolu Eğitim ve Sosyal Yardım Vakfı Sağlık Tes. İkt. İşl. (5) | **238,433** | 429,055 |
| Coca Cola Satış ve Dağıtım A.Ş. (3) | **1,728,260** | 465,340 |
| Other | **1,288,657** | 675,166 |
| **Total** | **42,697,177** | 25,604,390 |

| | **June 30, 2008** | June 30, 2007 |
|---|---|---|
| **Purchases of goods and other charges** | | |
| Anadolu Isuzu (2) | **2,740,183** | 2,481,374 |
| Efpa (3) | **167,899** | 123,892 |
| Other | **256,463** | 74,482 |
| **Total** | **3,164,545** | 2,679,748 |

| | **June 30, 2008** | June 30, 2007 |
|---|---|---|
| **Interest and other financial income (included banking revenues and foreign exchange losses)** | | |
| Anadolu Efes (1) | **50,850** | 61,645 |
| Coca Cola İçecek Üretim A.Ş. (3) | **101,134** | 64,031 |
| Anadolu Isuzu (2) | **33,238** | 78,358 |
| Other | **191,231** | 90,786 |
| **Total** | **376,453** | 294,820 |

### 37.3 Related Party Transactions (cont'd)

| | **June 30, 2008** | June 30, 2007 |
|---|---|---|
| **Interest and other financial expense (included banking direct cost and foreign exchange losses) paid to** | | |
| Anadolu Efes (1) (*) | **6,599,576** | 8,646,254 |
| Anadolu Isuzu (2) | **3,456,701** | 259,682 |
| Efpa (3) | **155,324** | 119,705 |
| Anadolu Eğitim ve Sosyal Yardım Vakfı Sağlık Tes. İkt. İşl. | **253,612** | 101,401 |
| Tarbes (3) | **172,354** | 38,441 |
| Efes Pilsen Spor Kulübü (5) | **1,142,535** | 722,737 |
| Özilhan Sınai Yatırım A.Ş. (5) | **1,174,897** | 734,189 |
| Other | **428,712** | 102,292 |
| **Total** | **13,383,711** | 10,724,701 |

(*) Interest rate for TRY deposit is 15.75% and for USD deposits is 4.75%.

| | **June 30, 2008** | June 30, 2007 |
|---|---|---|
| **Miscellaneous sales included in other income (including dividend received)** | | |
| Anadolu Efes (1) | **138,550** | 139,096 |
| Polinas | **27,650** | 10,750 |
| Coca Cola İçecek (3) | **-** | 3,707 |
| Efpa (3) | **24,708** | 1,137,432 |
| Anadolu Isuzu (2) | **58,217** | 64,640 |
| Other | **17,184** | 17,499 |
| **Total** | **266,309** | 1,373,124 |

| | **June 30, 2008** | June 30, 2007 |
|---|---|---|
| **Other financial expenses and interest paid (including financial income/expense and foreing currency traslation loss)** | | |
| Kamil Yazıcı Yönetim ve Danışma A.Ş. (4) | **273,240** | **51,382** |
| Anelsan (3) | **18,966** | **18,691** |
| Anadolu Isuzu (2) | **618,591** | **-** |
| **Toplam** | **910,797** | **70,073** |

(1) An associate
(2) A joint venture
(3) A Company controlled by an associate
(4) Shareholder of the Company
(5) Other

*Compensation of Key Management Personnel of the Group*

As of June 30, 2008, members of the top management received remuneration and fees amounting to TRY 15,126,258 (June 30, 2007: TRY 10,181,290)

*Other*

The Company and its subsidiaries with the exception of Mc Donald’s, Hamburger, Efes Tur, Ana Gıda and AYO are obligated to donate 1% - 5% of their profit to Anadolu Eğitim ve Sosyal Yardım Vakfı before corporate tax and such fiscal obligations as stated in the entities’ foundation agreements as long as these donations are exempt from tax.

The Company and its subsidiaries with the exception of McDonald’s, Hamburger, ABank, AYO, Anadolu Motor, A Yatırım and Ülkü, distribute a 5% dividend of their net profit, which is the amount left after the legal reserves and the first dividend are deducted consecutively, to board members as dividend. If a corporate representative executes a board member position, the executive board dividend of that representative is recorded as board of members’ dividend income at the company concerned.

## 38./39.FINANCIAL INSTRUMENTS, NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

### ***Financial Risk Management***

**General**

**Banking**

To maintain and improve the soundness of its operations, ABank accords top management priority to upgrading its risk management systems and capabilities. According to ABank’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 ABank. 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 ABank’s Risk Management Policy. In addition to fully complying with regulatory capital requirements, ABank has its own estimate of required economic capital. This figure is believed to reflect a more realistic picture of ABank’s risk profile. Based on the capital management tool, ABank 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, ABank determines risk-based limits, with respect to available economic capital and monitors actual risks against these limits.

**Credit Risk**

Seeking to maintain a sound asset portfolio and prevent non-performing loans, ABank has clearly separated its sales-related departments and credit management department. ABank 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.

## 38./39.FINANCIAL INSTRUMENTS, NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

### 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 tradable 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

ABank centralized their 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.

### 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. 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.

### 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.

Banking 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, ABank uses ratios established by BRSA. These ratios measure capital adequacy (minimum 8% as required by BRSA) by comparing ABank'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 risks. As of June 30, 2008 ABank's capital adequacy ratio calculated on consolidated basis based on statutory financial statements is 12.65% (December 31, 2007: 15.25%).

**38./39.FINANCIAL INSTRUMENTS, NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)**

**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 Group also monitors the market price risk arising from all financial instruments.

a) 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, 2008 | Average exchange buying rate in the period | Exchange buying rate at June 30, 2008 |
|---|---|---|---|---|
| TRY /USD | Turkey | 1.1593 | 1.2266 | 1.2237 |
| TRY /EUR | Turkey | 1.7060 | 1.8776 | 1.9271 |

| | | Exchange selling rate at January 1, 2008 | Average exchange selling rate in the period | Exchange selling rate at June 30, 2008 |
|---|---|---|---|---|
| TRY /USD | Turkey | 1.1649 | 1.2326 | 1.2296 |
| TRY /EUR | Turkey | 1.7142 | 1.8866 | 1.9364 |

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.

Foreign currency risk arises from the EUR, USD, GBP, JPY, CAD, NOK denominated assets and liabilities of the Group. The Group has transactional currency exposures. Such exposures arise from sales or purchases or borrowings by the Group in currencies other than the Group's functional currency. The Group manages foreign currency risk by using natural hedges that arise from offsetting foreign currency denominated assets and liabilities.

b) Interest Rate Risk

**Non-Banking**

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. The Group manages interest rate risk by using natural hedges that arise from offsetting interest rate of assets and liabilities or derivative financial instruments.

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's exposure to market risk for changes in interest rates relates primarily to the Group's debt obligations.

## 38./39.FINANCIAL INSTRUMENTS, NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

### Financial risk management objectives and policies (cont'd)

c) 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.

### Foreign Currency Position

Net foreign currency position for the Group (excluding bank) as of June 30, 2008 is approximately TRY 113,358,778 (December 31, 2007: TRY 93,524,496). Net foreign currency accounts, currency units and TRY equivalents are shown below.

| June 30, 2008 | USD | EUR | Other | **Total** |
|---|---|---|---|---|
| Cash and cash equivalents | 2,700,398 | 13,484,511 | 30,675 | **16,215,584** |
| Trade receivables | 3,319,153 | 3,303,629 | 121,851 | **6,744,633** |
| Other current assets | - | - | - | **-** |
| Trade payables | (3,465,810) | (5,563,655) | - | **(9,029,465)** |
| Financial borrowings (*) | (38,578,925) | (88,710,605) | - | **(127,289,530)** |
| **Net foreign currency position** | **(36,025,184)** | **(77,486,120)** | **152,526** | **(113,358,778)** |

| December 31, 2007 | USD | EUR | Other | Total |
|---|---|---|---|---|
| Cash and cash equivalents | 4,001,161 | 3,996,053 | 85,529 | 8,082,743 |
| Trade receivables | 3,320,799 | 3,916,378 | 12,418 | 7,249,595 |
| Other current assets | 782,924 | 70,782 | - | 853,706 |
| Trade payables | (2,043,028) | (5,308,908) | (1,579,701) | (8,931,637) |
| Financial borrowings | (30,030,093) | (70,748,810) | - | (100,778,903) |
| Net foreign currency position | (23,968,237) | (68,074,505) | (1,481,754) | (93,524,496) |

(*) Amounting to TRY 30,833,600 of Financial Borrowings which are originally EUR commitments are hedged to foreign currency risk. (December 31, 2007: TRY 44,807,420).

| | **June 30, 2008** | June 30, 2007 |
|---|---|---|
| Total amount of export | **36,895,387** | 31,478,345 |
| Total amount of import | **249,412,893** | 136,386,804 |

| | **June 30, 2008** | June 30, 2007 |
|---|---|---|
| Hedged portion of net foreign currency position (Non-Banking) (%) | **27%** | 48% |

## 40. SUBSEQUENT EVENTS

Ana Gıda, which is one of the subsidiaries of the Company and a producer edible oils, signed a purchase agreement with Unilever Sanayi ve Ticaret Türk A.Ş. (Unilever) on July 09, 2008, for the purchase of all Komili brands owned by Unilever, covered in item 29 and 30 product catagories of Turkish Patent Institute. These catagories include edible vegitable oils and several food products, mainly olive oil, sunflower oil and corn oil. The agreement will become effective after the necessary legal permissions are obtained.

The application of one of the company's associates, Anadolu Termik, to the Energy Market Regulatory Authority on December 26, 2007 for obtaining a licence to build a coal-powered energy plant with 1,020 MW capacity in Blacksea Region, has been accepted as of August 12, 2008.

According to the board of directors' decision on August 1, 2008, Anadolu Araçlar, one of the subsidiaries of the company, increased its capital from TRY 250,000 to TRY 2,250,000 in cash.

One of the shareholders of the Company, Kamil Yazıcı Yönetim Danışma A.Ş., purchased 661,812 unit of Yazıcılar shares between TRY 6.55 – 7.00 price range from Istanbul Stock Exchange between the dates July 1, 2008 and July 31, 2008. As a result of these transactions, the effective rate of Kamil Yazıcı Yönetim Danışma A.Ş. in Yazıcılar increased from 33.78% to 34.19% with 0.413 addition.

AEH, one of the subsidiaries of the Company, has signed an agreement on August 20, 2008 with Doğan Enerji Yatırımları San. ve Tic A.Ş., Unit Investment N.V., and Bruce Power Inc., Canada's first private company in nuclear energy production, in order to work collectively for participating in the competition arranged by Türkiye Elektrik Ticaret A.Ş. (TETAŞ) on September 24, 2008, which is about determining the electricity supplier company to TETAŞ via establishing and operating a nuclear power plant.

## 41. OTHER ISSUES

### 41.1 Reserve Deposits at Central Bank

| | **June 30, 2008** | December 31, 2007 |
|---|---|---|
| Reserve Deposits at Central Bank | | |
| - New Turkish Lira | **-** | - |
| - Foreign Currency | **101,411,000** | 105,431,000 |
| **Total** | **101,411,000** | 105,431,000 |

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, 2008 and December 31, 2007, reserve deposit rates applicable for the TRY and foreign currency deposits are 6.00% and 11.00% respectively.

As of June 30, 2008, the interest rates applied for TRY and foreign currency reserve deposits are 12.18% and 1.00% (December 31, 2007: 11.81% and 1.95%) respectively.

## 41. OTHER ISSUES (cont'd)

### 41.2 Banking Loans

| | **June 30, 2008** | December 31, 2007 |
|---|---|---|
| Corporate loans (*) | **1,074,459,000** | 839,576,000 |
| Small business loans | **1,299,780,000** | 1,008,843,000 |
| Consumer loans | **9,232,000** | 11,676,000 |
| **Total performing loans** | **2,383,471,000** | 1,860,095,000 |
| Non performing loans | **81,741,000** | 65,871,000 |
| Specific reserve for impairment | **(57,639,000)** | (50,268,000) |
| Portfolio reserve for impairment | **(20,898,000)** | (15,518,000) |
| **Total** | **2,386,675,000** | 1,860,180,000 |

| (Thousands TRY) | June 30, 2008 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Amount | | | | Effective interest rate | | |
| | TRY | Foreign currency | Foreign currency indexed | Total | TRY | Foreign currency | Foreign currency indexed |
| **Corporate loans (*)** | **535,771** | **227,663** | **311,025** | **1,074,459** | **20.9%** | **7.2%** | **8.0%** |
| **Small business loans** | **764,755** | **212,520** | **322,505** | **1,299,780** | **23.6%** | **7.9%** | **8.5%** |
| **Consumer loans** | **8,836** | **-** | **396** | **9,232** | **24.1%** | **-** | **8.8%** |
| **Total performing loans** | **1,309,362** | **440,183** | **633,926** | **2,383,471** | | | |

| (Thousands TRY) | December 31, 2007 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Amount | | | | Effective interest rate | | |
| | TRY | Foreign currency | Foreign currency indexed | Total | TRY | Foreign currency | Foreign currency indexed |
| Corporate loans (*) | 396,890 | 194,557 | 248,129 | 839,576 | 21.2% | 7.7% | 8.1% |
| Small business loans | 628,243 | 140,924 | 239,676 | 1,008,843 | 23.5% | 7.7% | 8.5% |
| Consumer loans | 11,676 | - | - | 11,676 | 23.7% | - | - |
| Total performing loans | 1,036,809 | 335,481 | 487,805 | 1,860,095 | | | |

(*) Corporate loans include restructured loans which amount to TRY 3,376,000 (December 31, 2007: TRY 5,587,000).

Movements in the reserve for possible loan losses are as follows:

| | **June 30, 2008** | June 30, 2007 |
|---|---|---|
| Reserve at beginning of period | **65,786,000** | 41,887,000 |
| Provision for possible loan losses | **20,533,000** | 8,231,173 |
| Collections | **(7,575,000)** | (3,865,126) |
| Loans written off and sold during the period | **(207,000)** | (116,047) |
| **Reserve at the end of the period** | **78,537,000** | 46,137,000 |

ABank classified separately loans that have been restructured through medium to long-term agreements signed by related borrowers. As of June 30, 2008 interest accrued on the restructured loans amounted to TRY 1,334,000 (December 31, 2007: TRY 1,618,000).

Provision for doubtful loans includes TRY 20,898,000 (December 31, 2007: TRY 15,518,000) provided on a portfolio basis as of June 30, 2008.

## 41. OTHER ISSSUES (cont'd)

### 41.2 Banking Loans (cont'd)

As of June 30, 2008, loans and advances on which interest is not being accrued or where interest is suspended amounted to TRY 81,741,000 (December 31, 2007: TRY 65,871,000 ).

The TRY 1,978,438,911 amount of 'Banking Loans' covers (December 31, 2007: TRY 1,557,847,666) current loans and TRY 408,236,089 amount covers (December 31, 2007: TRY 302,332,334) non-current loans.

### 41.3 Deposits

**Deposits from other banks**

| | June 30, 2008 | | | | December 31, 2007 | | | |
|---|---|---|---|---|---|---|---|---|
| | Amount | | Effective interest rate | | Amount | | Effective interest rate | |
| | TRY | Foreign currency | TRY | Foreign currency | TRY | Foreign currency | TRY | Foreign Currency |
| Demand | 75,000 | 4,504,000 | - | - | 44,000 | 787,000 | - | - |
| Time | 12,094,000 | - | 18.41% | - | 6,196,000 | - | 16.98% | - |
| Total | 12,169,000 | 4,504,000 | | | 6,240,000 | 787,000 | | |

**Customer deposits**

| | June 30, 2008 | | | | December 31, 2007 | | | |
|---|---|---|---|---|---|---|---|---|
| | Amount | | Effective interest rate | | Amount | | Effective interest rate | |
| | TRY | Foreign currency | TRY | Foreign currency | TRY | Foreign currency | TRY | Foreign Currency |
| Saving | | | | | | | | |
| Demand | 9,478,000 | 16,001,000 | - | - | 9,538,000 | 15,722,000 | - | - |
| Time | 550,588,000 | 417,166,000 | 19.24% | 4.77% | 375,606,000 | 487,917,000 | 17.96% | 5.63% |
| Total | 560,066,000 | 433,167,000 | | | 385,144,000 | 503,639,000 | | |
| Commercial and other | | | | | | | | |
| Demand | 165,862,462 | 50,346,512 | - | - | 73,891,874 | 61,865,097 | - | - |
| Time | 313,396,965 | 331,120,313 | 18.58% | 4.93% | 259,542,591 | 382,161,863 | 16.43% | 5.75% |
| Total | 479,259,427 | 381,466,825 | | | 333,434,465 | 444,026,960 | | |
| Total | 1,039,325,427 | 814,633,825 | | | 718,578,465 | 947,665,960 | | |

**Other money market deposits**

| | June 30, 2008 | | | | December 31, 2007 | | | |
|---|---|---|---|---|---|---|---|---|
| | Amount | | Effective interest rate | | Amount | | Effective interest rate | |
| | TRY | Foreign currency | TRY | Foreign currency | TRY | Foreign Currency | TRY | Foreign Currency |
| Obligations under repurchase agreements: | | | | | | | | |
| -Due to customers | 7,280,000 | - | 14.71% | - | 10,211,000 | - | 14.29% | - |
| -Due to banks | - | 18,460,000 | - | 3.74% | - | - | - | - |
| | 7,280,000 | 18,460,000 | | | 10,211,000 | | | |
| Inter-bank deposits | 5,794,000 | - | 19.03% | - | 11,000,000 | - | 16.95% | - |
| Other money market deposits | - | - | - | - | - | - | - | - |
| Total | 13,074,000 | 18,460,000 | | | 21,211,000 | - | | |

## 41. OTHER ISSSUES (cont'd)

### 41.3 Deposits (cont'd)

The TRY 1,653,014,252 amount is the current portion of 'Deposits' (December 31, 2007: TRY 1,694,419,425) and 249,152,000 is the non-current portion of 'Deposits' as of June 30, 2008. (December 31, 2007: TRY 63,000)

### 41.4 Funds Borrowed

| | **June 30, 2008** | | | | December 31, 2007 | | | |
|---|---|---|---|---|---|---|---|---|
| | **Amount** | | **Effective interest rate** | | Amount | | Effective interest rate | |
| | **TRY** | **Foreign currency** | **TRY** | **Foreign currency** | TRY | Foreign currency | TRY | Foreign currency |
| **Short-term** | **50,839,378** | **482,202,077** | | | 42,100,355 | 212,543,287 | | |
| Fixed interest | **50,839,378** | **170,318,827** | **15.86%-23.80%** | **4.53%-6.23%** | 42,100,355 | 141,322,106 | 15.05%-23.80% | 5.00%-6.69% |
| Floating interest | **-** | **311,883,250** | **-** | **3.20%-7.71%** | - | 71,221,181 | - | 5.59%-7.70% |
| **Medium-long term** | | **314,914,663** | | | 2,624,092 | 294,823,510 | | |
| Fixed interest | **-** | **61,469,301** | **-** | **1.58%-6.50%** | 2,624,092 | 7,408,000 | 19.70% | 5.94% |
| Floating interest | **-** | **253,445,362** | **-** | **4.49%-7.71%** | - | 287,415,510 | - | 5.70%-7.70% |
| **Total** | **50,839,378** | **797,116,740** | | | 44,724,447 | 507,366,797 | | |
| **Total funds borrowed** | **847,956,118** | | | | 552,091,244 | | | |

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

| | **June 30, 2008** | | December 31, 2007 | |
|---|---|---|---|---|
| | **Fixed rate** | **Floating rate** | Fixed rate | Floating rate |
| 2008 | **32,549,000** | **139,127,000** | 4,630,000 | 167,963,000 |
| 2009 | **28,920,301** | **37,782,087** | 5,402,092 | 48,782,607 |
| 2010 | **-** | **12,615,833** | - | 11,379,514 |
| 2011 | **-** | **9,666,122** | - | 8,760,324 |
| 2012 | **-** | **54,254,320** | - | 50,530,065 |
| **Total** | **61,469,301** | **253,445,362** | 10,032,092 | 287,415,510 |

There is no letters of guarantee denominated in foreign currency (December 31, 2007: TRY 1,795,235) given to the lending institutions as collateral against the loans obtained.

TRY amount of 533,041,455 'Funds Borrowed' covers (December 31, 2007: TRY 254,643,642) current deposits and TRY 314,914,663 amount covers (December 31, 2007: TRY 297,447,602) non-current deposits.

### 41.5 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 favourable (assets) and unfavourable (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.

## 41. OTHER ISSSUES (cont'd)

### 41.5 Derivatives (cont'd)

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.

| **(Thousands TRY)** | | | | | **June 30, 2008** | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **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** | **3,119** | **79** | **80,353** | **41,786** | **18,579** | **12,667** | **7,321** | **-** | **-** |
| **Forward sale contract** | **181** | **1,138** | **78,155** | **40,465** | **18,380** | **11,821** | **7,489** | **-** | **-** |
| **Currency swap purchase** | **1,369** | **1,857** | **311,031** | **277,222** | **20,754** | | **13,055** | **-** | **-** |
| **Currency swap sale** | **-** | **2,285** | **313,154** | **280,972** | **19,945** | | **12,237** | **-** | **-** |
| **Futures purchase** | **-** | **1,531** | **131,400** | **-** | **131,400** | | | **-** | **-** |
| **Futures sale** | **-** | **-** | **133,452** | **133,452** | **-** | | | **-** | **-** |
| **Option purchase** | **871** | **2,466** | **288,212** | **103,456** | **120,599** | **40,805** | **23,352** | **-** | **-** |
| **Option sale** | **2,022** | **1,264** | **291,035** | **104,222** | **121,307** | **42,154** | **23,352** | **-** | **-** |
| **Interest Swap Purchase** | **1,411** | **-** | **122,370** | **61,185** | **61,185** | | | **-** | **-** |
| **Interest Swap Sale** | **-** | **5,000** | **128,703** | **65,403** | **63,300** | | | **-** | **-** |
| **Total** | **8,973** | **15,620** | **1,877,865** | **1,108,163** | **575,449** | **107,447** | **86,806** | **-** | **-** |

| (Thousands TRY) | | | | | December 31, 2007 | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 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 | 2,561 | 237 | 56,525 | 32,258 | 10,921 | 3,738 | 9,608 | - | - |
| Forward sale contract | - | 573 | 54,319 | 31,995 | 10,341 | 3,668 | 8,314 | - | - |
| Currency swap purchase | 564 | 514 | 211,183 | 106,360 | 58,235 | 34,941 | 11,647 | - | - |
| Currency swap sale | - | 28,254 | 242,784 | 115,797 | 67,952 | 44,460 | 14,575 | - | - |
| Futures purchase | 2 | 9 | 118,681 | - | 118,681 | - | - | - | - |
| Futures sale | - | - | 118,688 | - | 118,688 | - | - | - | - |
| Option purchase | 786 | 2,109 | 256,125 | 106,817 | 67,165 | 42,812 | 39,331 | - | - |
| Option sale | 1,643 | 662 | 257,998 | 106,720 | 67,558 | 42,803 | 40,918 | - | - |
| Sswap purchase | 251 | - | 23,294 | 11,647 | 11,647 | - | - | - | - |
| Swap sale | - | 4,412 | 26,380 | 13,240 | 13,140 | - | - | - | - |
| Total | 5,807 | 36,770 | 1,365,977 | 524,834 | 544,328 | 172,422 | 124,393 | - | - |