

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH)

**YAZICILAR HOLDİNG  
ANONİM ŐİRKETİ**

CONSOLIDATED FINANCIAL  
STATEMENTS AND INDEPENDENT  
AUDITOR'S REPORT AS OF  
DECEMBER 31, 2007

## YAZICILAR HOLDİNG ANONİM ŞİRKETİ

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

**YAZICILAR HOLDİNG ANONİM ŞİRKETİ**

**CONSOLIDATED BALANCE SHEET  
AS OF DECEMBER 31, 2007**

(Currency – TRY unless otherwise indicated)

	Notes	<b>Audited Current Period December 31, 2007</b>	<b>Audited Prior Period Represented December 31, 2006</b>
<b>ASSETS</b>			
<b>Current Assets</b>		<b>2,585,781,639</b>	<b>2,095,088,739</b>
Cash and Cash Equivalents	4	452,743,902	494,708,615
Marketable Securities (net)	5	33,790,600	30,949,731
Reserve Deposits at Central Bank	44.1	105,431,000	61,288,000
Banking Loans (net)	44.2	1,557,847,666	1,154,726,791
Trade Receivables (net)	7.1	111,562,090	58,873,300
Lease Receivables (net)	8.1	104,629,301	90,414,573
Derivative Financial Instruments – Assets	44.5	5,807,000	3,689,000
Due From Related Parties (net)	9.1	16,857,722	12,809,069
Other Receivables (net)	10.1	23,424,660	23,894,986
Biological Assets (net)	11	5,662,820	5,446,816
Inventories (net)	12	126,360,494	129,819,946
Receivables from Construction Contracts in Progress (net)	13	-	-
Deferred Tax Assets	14	-	-
Other Current Assets	15.1	41,664,384	28,467,912
<b>Non-Current Assets</b>		<b>1,701,104,735</b>	<b>1,358,842,068</b>
Marketable Securities (net)	5	121,599,000	105,190,756
Banking Loans (net)	44.2	302,332,334	190,047,923
Trade Receivables (net)	7.1	-	36,438
Lease Receivables (net)	8.1	113,938,383	91,907,692
Derivative Financial Instruments – Assets	44.5	-	3,031,000
Due from Related Parties (net)	9.1	-	-
Other Receivables (net)	10.1	-	-
Investments (net)	16	822,219,597	759,608,855
Positive/Negative Goodwill (net)	17	35,344,256	35,344,256
Investment Property (net)	18	21,206,000	10,218,000
Property, Plant and Equipment (net)	19	227,996,352	129,881,566
Intangible Assets (net)	20	10,632,218	10,550,902
Deferred Tax Assets	14	10,598,656	8,044,282
Other Non-Current Assets	15.2	35,237,939	14,980,398
<b>TOTAL ASSETS</b>		<b>4,286,886,374</b>	<b>3,453,930,807</b>

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

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

**YAZICILAR HOLDİNG ANONİM ŞİRKETİ**

**CONSOLIDATED BALANCE SHEET  
AS OF DECEMBER 31, 2007**

(Currency – TRY unless otherwise indicated)

		<b>Audited Current Period</b>	Audited Prior period Represented
	Notes	<b>December 31, 2007</b>	December 31, 2006
<b>LIABILITIES</b>			
<b>Current Liabilities</b>		<b>2,372,267,630</b>	1,831,218,017
Short-Term Borrowings (net)	6	<b>125,280,339</b>	63,103,553
Current Portion of Long-Term Borrowings (net)	6	<b>33,971,270</b>	41,106,279
Lease Obligations (net)	8.2	-	3,039,133
Other Financial Liabilities (net)	10	-	-
Trade Payables (net)	7.2	<b>54,811,363</b>	48,791,993
Deposits	44.3	<b>1,694,419,425</b>	1,102,824,202
Funds Borrowed	44.4	<b>254,643,642</b>	460,726,001
Blocked Accounts		<b>52,912,000</b>	39,652,000
Due to Related Parties (net)	9.2	<b>10,994,254</b>	486,633
Advances Received	21	<b>2,163,526</b>	2,291,152
Deferred Income from Construction Contracts in progress (net)	13	-	-
Provisions	23	<b>10,638,132</b>	4,857,699
Derivative Financial Instruments – Liabilities	44.5	<b>36,770,000</b>	12,059,000
Deferred Tax Liability	14	-	-
Other Liabilities (net)	15.3	<b>95,663,679</b>	52,280,372
<b>Non-Current Liabilities</b>		<b>356,122,209</b>	316,846,804
Long-Term Borrowings (net)	6	<b>32,061,241</b>	22,911,754
Lease Obligations (net)	8.2	-	780,138
Other Financial Liabilities (net)	10	-	-
Trade Payables (net)	7.2	-	-
Deposits	44.3	<b>63,000</b>	17,000
Funds Borrowed	44.4	<b>297,447,602</b>	273,467,999
Blocked Accounts		-	-
Due to Related Parties (net)	9	-	-
Advances Received	21	<b>3,428,178</b>	2,319,040
Provisions	23	<b>12,780,648</b>	10,769,682
Derivative Financial Instruments – Liabilities	44.5	-	-
Deferred Tax Liability	14	<b>10,339,193</b>	3,447,753
Other Liabilities (net)	15.3	<b>2,347</b>	3,133,438
<b>MINORITY INTEREST</b>	24	<b>328,328,978</b>	254,367,924
<b>EQUITY</b>		<b>1,230,167,557</b>	1,051,498,062
<b>Capital</b>	1, 25	<b>160,000,000</b>	40,000,000
<b>Capital Participation Elimination</b>		-	-
<b>Capital Reserves</b>		<b>114,652,439</b>	234,652,915
Share Premium	26	<b>9,467,049</b>	9,467,525
Income on Stock Disposals		-	-
Revaluation Fund		-	-
Financial Assets Value Increment Fund		-	-
Inflation Restatement Differences on Equity Items		<b>105,185,390</b>	225,185,390
<b>Profit Reserves</b>		<b>173,179,556</b>	214,792,423
Legal Reserves	27	<b>23,764,819</b>	23,764,819
Statutory Reserves	27	<b>42,856</b>	42,856
Extraordinary Reserves	27	<b>190,041,771</b>	190,041,771
Special Reserves	27	<b>15,799,634</b>	14,893,130
Gain on Sale of Investment and Property, Plant and equipment to be Transferred to Capital		-	-
Currency Translation Difference		<b>(56,469,524)</b>	(13,950,153)
<b>Net Income</b>		<b>242,244,969</b>	156,745,411
<b>Accumulated Profits</b>	28	<b>540,090,593</b>	405,307,313
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>4,286,886,374</b>	3,453,930,807

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

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

**YAZICILAR HOLDİNG ANONİM ŞİRKETİ**

**CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2007**

(Currency – TRY unless otherwise indicated)

		<b>Audited Current Period</b>	Audited Prior period Represented
	Notes	<b>01.01.2007 – 31.12.2007</b>	01.01.2006 – 31.12.2006
<b>OPERATING REVENUE</b>			
Revenue (net)	36	<b>900,510,870</b>	810,233,114
Cost of Sales (-)	36	<b>(691,452,148)</b>	(648,790,136)
Interest Income (net)	36	<b>204,520,891</b>	166,602,747
Service Income (net)	36	<b>29,515,908</b>	26,237,817
Other Operating Income		-	-
<b>GROSS OPERATING PROFIT</b>		<b>443,095,521</b>	354,283,542
Operating Expenses (-)	37	<b>(288,876,833)</b>	(223,881,171)
<b>PROFIT FROM OPERATIONS</b>		<b>154,218,688</b>	130,402,371
Other Income	38.1	<b>264,671,005</b>	173,259,498
Other Expense (-)	38.2	<b>(47,130,922)</b>	(46,026,069)
Finance Expense (-)	39	<b>(36,839,856)</b>	(42,945,561)
<b>OPERATING INCOME</b>		<b>334,918,915</b>	214,690,239
Monetary Gain / (Loss)	40	-	-
Minority Interest	24	<b>(79,688,041)</b>	(37,177,537)
<b>INCOME BEFORE TAX</b>		<b>255,230,874</b>	177,512,702
Income Tax	14, 41	<b>(12,985,905)</b>	(20,767,291)
<b>NET INCOME</b>		<b>242,244,969</b>	156,745,411
Earnings Per Share (TRY)	42	<b>1.51</b>	0.98

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YAZICILAR HOLDİNG ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2007

(Currency – TRY unless otherwise indicated)

	Historical Issued Capital	Inflation Restatement Differences on Equity Items	Share Premium	Legal, Special and Extraordinary Reserves	Currency Translation Differences	Net Income	Accumulated Profits	Total Equity
January 1, 2007	40,000,000	225,185,390	9,467,525	228,742,576	(13,950,153)	156,745,411	405,307,313	1,051,498,062
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)
Decrease in share premium	-	-	(476)	-	-	-	-	(476)
Securities value increase funds	-	-	-	906,504	-	-	-	906,504
A participation's intra-group portion of gain from sales of its subsidiary to associate	-	-	-	-	-	-	(962,131)	(962,131)
Currency translation difference	-	-	-	-	(42,519,371)	-	-	(42,519,371)
Net income	-	-	-	-	-	242,244,969	-	242,244,969
<b>December 31, 2007</b>	<b>160,000,000</b>	<b>105,185,390</b>	<b>9,467,049</b>	<b>229,649,080</b>	<b>(56,469,524)</b>	<b>242,244,969</b>	<b>540,090,593</b>	<b>1,230,167,557</b>

  

	Historical Issued Capital	Inflation Restatement Differences on Equity Items	Share Premium	Legal, Special and Extraordinary Reserves	Currency Translation Differences	Net Income	Accumulated Profits	Total Equity
January 1, 2006	40,000,000	225,185,390	9,455,483	218,614,720	(41,097,697)	181,445,580	244,258,017	877,861,493
Transfer of net income to the accumulated profit	-	-	-	-	-	(181,445,580)	181,445,580	-
Capital increase	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	(26,000,000)	(26,000,000)
Increase in share premium	-	-	12,042	-	-	-	-	12,042
Securities value increase funds	-	-	-	10,127,856	-	-	-	10,127,856
A participation's intra-group portion of gain from sales of its subsidiary to associate	-	-	-	-	-	-	1,236,600	1,236,600
A participation's intra-group portion of gain from sales of its subsidiary to associate	-	-	-	-	-	-	4,367,116	4,367,116
Currency translation difference	-	-	-	-	27,147,544	-	-	27,147,544
Net income	-	-	-	-	-	156,745,411	-	156,745,411
<b>December 31, 2006</b>	<b>40,000,000</b>	<b>225,185,390</b>	<b>9,467,525</b>	<b>228,742,576</b>	<b>(13,950,153)</b>	<b>156,745,411</b>	<b>405,307,313</b>	<b>1,051,498,062</b>

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YAZICILAR HOLDİNG ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE YEARS ENDED DECEMBER 31, 2007  
(Currency – TRY unless otherwise indicated)

	Notes	Audited Current Period December 31, 2007	Audited Prior Period Represented December 31, 2006
<b>Cash flow from operating activities</b>			
Net profit before minority interest, income tax and monetary gain/(loss)		334,918,915	214,690,239
<b>Adjustments for:</b>			
Foreign exchange loss/(gain)		(10,385,840)	20,609,022
Loss/(gain) from disposal of tangible and intangible assets		(1,354,135)	1,708,742
Loss/(gain) from disposal of investment		(1,432,357)	(1,583,000)
Depreciation and amortization (including goodwill)	19, 20	24,150,482	15,815,937
Provision for possible loan losses and impairment in receivables		43,200,977	14,650,552
Warranty, unpaid vacation pay and other provisions	15.3	845,284	11,510,075
Provision for employee termination benefits		3,291,959	(1,933,532)
Gain on sale of financial asset	38.1	(18,962,278)	-
Interest expenses		62,106,115	46,008,319
Gain on sale of shares in associates, joint ventures and other investments		-	(3,133,400)
Equity income from investment in associates and joint ventures	16.2, 16.3, 38.1, 38.2	(154,547,600)	(112,234,798)
Other non-cash income		(7,299,902)	(1,260,915)
<b>Operating profit before changes in operating assets and liabilities</b>		<b>274,531,620</b>	<b>204,847,241</b>
Net (increase)/decrease in marketable securities		(18,715,387)	300,722,412
Net (increase)/decrease in reserve deposits at Central Bank		(44,143,000)	(160,000)
Net (increase)/decrease in banking loans		(551,747,744)	(483,079,939)
Net increase in trade and other receivables and due from related parties		(97,017,652)	(82,169,316)
Net (decrease)/increase in derivative financial instruments – assets		913,000	(6,647,000)
Net (increase)/decrease in inventories		3,243,448	4,598,726
Net changes in other assets		(32,983,687)	(26,069,467)
Net (decrease)/increase in trade and other payables and due to related parties		56,915,435	11,521,423
Net increase/(decrease) in banking customer deposits		591,641,223	232,220,284
Net increase in blocked accounts		13,260,000	6,140,552
Net increase in derivative financial instruments – liabilities		24,711,000	10,807,000
Retirement pay liability paid		(1,919,993)	(1,550,086)
Taxes paid		(5,680,829)	(8,697,539)
<b>Net cash (used in) /provided by operating activities</b>		<b>213,007,434</b>	<b>162,484,291</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment, investment property, intangible asset		(137,562,336)	(53,732,151)
Proceeds from sale of property, plant and equipment, and intangible asset		27,287,062	7,893,897
Proceeds from sale of investment		(25,544,226)	-
Purchase of investments		(1,229,662)	(54,671,697)
Capital increase of subsidiaries from minority shareholders		44,506,504	15,119,617
Sale of investment property		(20,246,000)	(1,128,000)
<b>Net cash (used in) / provided by investing activities</b>		<b>(112,788,658)</b>	<b>(86,518,334)</b>
<b>Cash flows from financing activities</b>			
Dividends from equity participations		46,481,904	46,630,243
Dividends paid		-	5,019,484
Addition to borrowings from banks and other institutions		(21,000,000)	(26,000,000)
Increase in share premium		-	22,000
Addition to borrowings from banks and other institutions		613,970,028	606,415,806
Repayments of borrowings from banks and other institutions		(757,900,373)	(336,374,883)
Interest paid		(29,569,565)	(19,123,771)
<b>Net cash (used in) / provided by financing activities</b>		<b>(148,018,006)</b>	<b>276,588,879</b>
<b>Currency translation on cash and cash transaction</b>			
Net (decrease) /increase in cash and cash equivalents		5,834,517	290,960
Cash and cash equivalent at the beginning of the year	4	(41,964,713)	352,845,796
<b>Cash and cash equivalent at the end of the year</b>		<b>494,708,615</b>	<b>141,862,819</b>
<b>Total cash and cash equivalent at the end of the year</b>		<b>452,743,902</b>	<b>494,708,615</b>
Interest income	38.1	10,774,441	14,016,739
Dividend income	38.1	921	1,295,122

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

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**YAZICILAR HOLDİNG ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007**

(Currency – TRY unless otherwise indicated)

**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 April 7, 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 5,066 (December 31, 2006: 4,469).

**List of Shareholders**

As of December 31, 2007 and December 31, 2006 the composition of shareholders and their respective percentage of ownership can be summarized as follows:

	<b>December 31, 2007</b>		December 31, 2006	
	<b>Paid-in Capital</b>	<b>%</b>	Paid-in Capital	%
Yazıcı Families	<b>66,304,128</b>	<b>41.44</b>	16,689,532	41.72
Kamil Yazıcı Yönetim ve Danışma A.Ş.	<b>53,599,952</b>	<b>33.50</b>	13,399,988	33.50
Publicly traded (*)	<b>40,095,920</b>	<b>25.06</b>	9,910,480	24.78
<b>Historical share capital</b>	<b>160,000,000</b>	<b>100.00</b>	40,000,000	100.00

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



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YAZICILAR HOLDİNG ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 (cont'd)

(Currency – TRY unless otherwise indicated)

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

List of Subsidiaries

The subsidiaries included in consolidation and their shareholding percentages at December 31, 2007 and December 31, 2006 are as follows:

	Place of Incorporation	Principal Activities	Effective Shareholding and Voting Rights %	
			December 31, 2007	December 31, 2006
Anadolu Endüstri Holding A.Ş. (AEH)	Turkey	Holding company	68.00	67.91
Alternatifbank A.Ş. (ABank) (*)	Turkey	Banking services	61.62	61.48
Alternatif Yatırım A.Ş. (A Yatırım)	Turkey	Brokerage company	61.62	61.48
Alternatif Finansal Kiralama A.Ş. (ALease)	Turkey	Leasing company	64.94	64.43
Alternatif Yatırım Ortaklığı A.Ş. (AYO) (*) (***)	Turkey	Investment company	30.34	27.45
Çelik Motor Ticaret A.Ş. (Çelik Motor)	Turkey	Import, distribution and marketing of Lada and Kia motor vehicles and operating lease	68.00	67.91
Anadolu Motor Üretim ve Pazarlama A.Ş. (Anadolu Motor)	Turkey	Production of industrial engines	67.93	67.73
Anadolu Otomotiv Dış Ticaret ve Sanayi A.Ş.	Turkey	Import of Lada and Kia motor vehicles	67.38	67.28
Anadolu Elektronik Aletler Pazarlama ve Ticaret A.Ş. (Anadolu Elektronik) (*****)	Turkey	Distribution of Samsung-branded consumer durables in Turkey	34.65	34.55
Adel Kalemcilik Ticaret ve Sanayi A.Ş. (Adel) (*) (**)	Turkey	Production of writing instruments under Adel, Johann Faber and Faber Castell brand names	38.68	38.63
Ülkü Kırtasiye Ticaret ve Sanayi A.Ş. (Ülkü) (**)	Turkey	Distribution of the products of Adel, and other imported stationery products	49.76	49.69
Ana Gıda Otomotiv ve İhtiyaç Maddeleri Sanayi ve Ticaret A.Ş. (Ana Gıda)	Turkey	Production and marketing of olive oil under Kırilangic and Madra Brands, sunflower and corn oil, and automotive trading	68.00	67.91
Efes Turizm İşletmeleri A.Ş. (Efesur)	Turkey	Arrangement of travelling and organization facilities of the Group	51.60	51.53
Anadolu Bilişim Hizmetleri A.Ş. (ABH)	Turkey	IT, internet and e-commerce services	65.04	64.96
Oyex Handels GmbH (Oyex)	Germany	Trading of various materials used in the Group	67.32	67.23
Anadolu Endüstri Holding und Co. KG (AEH und Co.)	Germany	Provides necessary market research of products abroad	67.32	67.23
Anadolu Restaurant İşletmeleri Limited Şirketi (McDonald's)	Turkey	Restaurant chain management, ranch management	68.00	67.91
Hamburger Restoran İşletmeleri A.Ş. (Hamburger)	Turkey	Restaurant chain management	68.00	67.91
Anadolu Varlık Yönetim A.Ş. (Anadolu Varlık)	Turkey	Asset management	67.99	67.90
Anadolu Taşıt Ticaret A.Ş. (Anadolu Taşıt) (****)	Turkey	Industrial and commercial operations in automotive sector	68.00	-
Anadolu Araçlar Ticaret A.Ş. (Anadolu Araçlar) (****)	Turkey	Industrial and commercial operations in automotive sector	68.00	-
Anadolu Termik Santralleri A.Ş. (Anadolu Termik) (****)	Turkey	Production of electricity	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.

(\*\*\*\*) AEH participates to Anadolu Taşıt which is established at October 25, 2007, Anadolu Araçlar which is established at November 1, 2007 and Anadolu Termik which is established at December 24, 2007 with each shareholding of 99.99%. The indirect participation rate of each company at Yazıcılar is 68.00%.

(\*\*\*\*\*) Anadolu Motor has 50.00% shareholding at Anadolu Elektronik. As a result, Anadolu Elektronik is controlled by Yazıcılar.

List of Associates

The associates included in consolidation and their shareholding percentages at December 31, 2007 and December 31, 2006 are as follows:

	Place of incorporation	Principal activities	Effective shareholding and voting rights %	
			December 31, 2007	December 31, 2006
Anadolu Efes Biracılık ve Malt San. A.Ş. (Anadolu Efes)	Turkey	Production of beer	36.24	36.23
Aslançık Üretim ve Tic. Ltd. Şti. (Aslançık)	Turkey	Production of electricity	17.00	-
D Tes Elektrik Enerjisi Toptan Satış A.Ş. (D Tes)	Turkey	Production of electricity	17.00	-

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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(Currency – TRY unless otherwise indicated)

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

**Investment in Joint Venture**

The investment in joint venture included in consolidation and its shareholding percentages at December 31, 2007 and December 31, 2006 are as follows:

	Place of incorporation	Principal activities	Effective shareholding and voting rights %	
			December 31, 2007	December 31, 2006
Anadolu Isuzu Otomotiv San. ve Tic. A.Ş. (Anadolu Isuzu)	Turkey	Manufacturing of Isuzu brand commercial vehicles	37.32	36.99

**2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS**

**Basis of Preparation of Financial Statements**

The Company and its subsidiaries in Turkey maintain their books of account and prepare their statutory financial statements in accordance with the principles of the CMB, Turkish Commercial Code, Tax Law, Banking Code and the Uniform Charts of Account issued by the Ministry of Finance. Foreign subsidiaries maintain their books of account and prepare their statutory financial statements in their local currencies and in accordance with the regulations of the countries in which they operate. The consolidated financial statements have been prepared from statutory financial statements of the Company and its subsidiaries and presented in the New Turkish Lira (TRY) with adjustment and reclassifications for the purpose of fair presentation in accordance with the CMB.

Capital Market Board (CMB) issued Decree No XI-25 “Capital Markets Accounting Standards” that provides a detailed accounting principals set. This Decree became effective for periods after January 1, 2005. Article 5 of Decree No XI-27, which amends the mentioned Decree, declares that the entities applying International Financial Reporting Standards (IFRS) are accepted as applying the preparation and disclosure requirements of Decree No XI-25. Accompanying financial statements were prepared in accordance with IFRS, within the framework of alternative treatment allowed by CMB as mentioned above and comply with CMB’s decree announced on December 20, 2004 regarding the format of the financial statements and disclosure.

**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 December 31, 2007 and December 31, 2006 are derived by indexing the additions occurred until December 31, 2004. The additions after December 31, 2004 are carried with their nominal amounts.

**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.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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(Currency – TRY unless otherwise indicated)

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

**Functional and Reporting Currencies of Foreign Subsidiaries (cont'd)**

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

		<b>December 31, 2007</b>	December 31, 2006
	Local Currency	<b>Functional Currency</b>	Functional Currency
AEH und Co.	EUR	<b>EUR</b>	EUR
Oyex	EUR	<b>EUR</b>	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).

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

IAS 32, Financial Instruments: Presentation (Amendment)

IFRS 7, Financial Instruments: Disclosures, and a complementary amendment to IAS 1, Presentation of Financial Statements– Capital Disclosures

IFRIC 7, Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies

IFRIC 8, Scope of IFRS 2

IFRIC 9, Reassessment of Embedded Derivatives

IFRIC 10, Interim Financial Reporting and Impairment

Adoption of these Standards and Interpretations in future periods has no material impact on the financial statements of the Group, except for the additional disclosure requirements of IFRS 7.

***Standarts Issued but not Effective as of December 31, 2007 and Interpretations***

The interpretations on existing standards and issued but not effective standards as of December 31, 2007 which the Company analyses the effects of; are presented below:

UFRS 3, Business Combinations - Amendment (effective for financial periods beginning on or after July 1, 2009)

IFRS 8, Operating Segments (effective for financial years beginning on or after January 1, 2009)

IAS 1 (Revised) Presentation of Financial Statements (effective for financial years beginning on or after January 1, 2009)

IAS 23, Amendment – Borrowing Costs (effective for financial years beginning on or after January 1, 2009)

IFRIC 11, IFRS 2-Group and Treasury Share Transactions

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(Currency – TRY unless otherwise indicated)

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

**Changes in Accounting Policies (cont'd)**

*Standarts Issued but not Effective as of December 31, 2007 and Interpretations (cont'd)*

IFRIC 12, Service Concession Arrangements (effective for financial years beginning on or after January 1, 2009)

IFRIC 13, Customer Loyalty Programmes (effective for financial years beginning on or after January 1, 2008)

IFRIC 14, The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction (effective for financial years beginning on or after January 1, 2008).

Amendments to IFRS 2 'Share Based Payment' – Vesting Conditions and Cancellations (effective for annual periods beginning on or after January 1, 2009)

Amendments to IAS 32 and IAS 1 Puttable Financial Instruments (effective for annual periods beginning on or after 1 January 2009)

Group has not early adopted standarts stated up here, but it is predicted that the changes at IFRS 8 and IAS 23 will effect the Group's consolidated financial statements and disclosures.

**Basis of Consolidation**

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

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at December 31, 2007.

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 Associates**

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.

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

Investment in Joint Venture

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

Adoption of New and Revised International Financial Reporting Standards

Group’s consolidated financial statements are presented in comparison with previous year’s financial statements in order to give an understanding about the financial position and performance trends. When the financial statements items are recalculated or reclassified, previous year’s financial statements are also represented accordingly.

On November 23, 2006, a share purchase agreement (STA) was signed among AEH, Çelik Motor, Anadolu Motor, Efes Pazarlama ve Dağıtım Ticaret A.Ş. and Greece-based Alpha Bank, covering the establishment of a new company in which both sides would have equal representation of control with 50% shareholding each. As the STA set forth 50% effective shareholding and governing rights in ABank, ALease and subsidiaries of ABank for both sides, through the application of IFRS 5, namely “Non-Current Assets Held for Sale and Discontinued Operations”, the Company classified the related financial statement items as “held for sale operations” in the financial statements as of December 31, 2006. However, on August 7, 2007, Banking Regulation and Supervision Agency, announced that it did not approve the mentioned share transfers. Accordingly, the financial statement items created for held for sale and discontinued operations, were represented to make the presentation consistent with current year financial statements. This restatement is summarized below:

	December 31, 2006 Previously reported	December 31, 2006 Represented	Difference
<b>ASSETS</b>			
<b>Current Assets</b>	2,332,168,489	2,095,088,739	
Cash and Cash Equivalents	302,635,514	494,708,615	192,073,101
Marketable Securities (net)	17,693,987	30,949,731	13,255,744
Reserve Deposits at Central Bank	30,644,000	61,288,000	30,644,000
Banking Loans (net)	577,363,396	1,154,726,791	577,363,395
Trade Receivables (net)	58,873,500	58,873,300	(200)
Lease Receivables (net)	45,207,287	90,414,573	45,207,286
Derivative Financial Instruments – Assets	1,844,500	3,689,000	1,844,500
Due From Related Parties (net)	13,614,303	12,809,069	(805,234)
Other Receivables (net)	23,894,986	23,894,986	-
Biological Assets (net)	5,446,816	5,446,816	-
Inventories (net)	129,819,946	129,819,946	-
Receivables from Construction Contracts in Progress (net)	-	-	-
Deferred Tax Assets	-	-	-
Other Current Assets	25,445,093	28,467,912	3,022,819
Assets Related to Held for Sale Operations	1,099,685,161	-	(1,099,685,161)
<b>Non-Current Assets</b>	1,121,762,318	1,358,842,068	
Marketable Securities (net)	54,814,500	105,190,756	50,376,256
Banking Loans (net)	95,023,961	190,047,923	95,023,962
Trade Receivables (net)	36,438	36,438	-
Lease Receivables (net)	45,953,484	91,907,692	45,954,208
Derivative Financial Instruments – Assets	1,515,500	3,031,000	1,515,500
Due from Related Parties (net)	-	-	-
Other Receivables (net)	-	-	-
Investments (net)	759,608,855	759,608,855	-
Positive/Negative Goodwill (net)	17,672,128	35,344,256	17,672,128
Investment Property (net)	5,109,000	10,218,000	5,109,000
Property, Plant and Equipment (net)	119,386,873	129,881,566	10,494,693
Intangible Assets (net)	10,118,899	10,550,902	432,003
Deferred Tax Assets	4,035,282	8,044,282	4,009,000
Other Non-Current Assets	8,487,398	14,980,398	6,493,000
<b>TOTAL ASSETS</b>	<b>3,453,930,807</b>	<b>3,453,930,807</b>	<b>-</b>

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

Adoption of New and Revised International Financial Reporting Standards (cont'd)

	December 31, 2006 Previously reported	December 31, 2006 Represented	Difference
<b>Current Liabilities</b>	1,967,120,477	1,831,218,017	
Short-Term Borrowings (net)	63,597,333	63,103,553	(493,780)
Current Portion of Long-Term Borrowings (net)	42,027,104	41,106,279	(920,825)
Lease Obligations (net)	3,039,133	3,039,133	-
Other Financial Liabilities (net)	-	-	-
Trade Payables (net)	47,043,493	48,791,993	1,748,500
Deposits	551,412,102	1,102,824,202	551,412,100
Funds Borrowed	230,363,001	460,726,001	230,363,000
Blocked Accounts	19,826,000	39,652,000	19,826,000
Due to Related Parties (net)	490,314	486,633	(3,681)
Advances Received	2,291,152	2,291,152	-
Deferred Income from Construction Contracts in progress (net)	-	-	-
Provisions	313,699	4,857,699	4,544,000
Derivative Financial Instruments – Liabilities	6,029,500	12,059,000	6,029,500
Deferred Tax Liability	-	-	-
Other Liabilities (net)	39,655,303	52,280,372	12,625,069
Liabilities Related to Held for Sale Operations	961,032,343	-	(961,032,343)
<b>Non-Current Liabilities</b>	180,944,344	316,846,804	
Long-Term Borrowings (net)	24,490,792	22,911,754	(1,579,038)
Lease Obligations (net)	780,138	780,138	-
Other Financial Liabilities (net)	-	-	-
Trade Payables (net)	-	-	-
Deposits	8,500	17,000	8,500
Funds Borrowed	136,734,001	273,467,999	136,733,998
Blocked Accounts	-	-	-
Due to Related Parties (net)	-	-	-
Advances Received	2,319,040	2,319,040	-
Provisions	11,579,182	10,769,682	(809,500)
Deferred Tax Liability	3,447,753	3,447,753	-
Other Liabilities (net)	1,584,938	3,133,438	1,548,500
<b>TOTAL LIABILITIES</b>	2,148,064,821	2,148,064,821	-

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

Adoption of New and Revised International Financial Reporting Standards (cont'd)

	December 31, 2006 Previously reported	December 31, 2006 Represented	Difference
<b>OPERATING REVENUE</b>			
Revenue (net)	804,168,366	810,233,114	6,064,748
Cost of Sales (-)	(648,790,136)	(648,790,136)	-
Interest Income (net)	83,268,900	166,602,747	83,333,847
Service Income (net)	26,962,487	26,237,817	(724,670)
Other Operating Income	-	-	-
<b>GROSS OPERATING PROFIT</b>	265,609,617	354,283,542	
Operating Expenses (-)	(189,551,027)	(223,881,171)	(34,330,144)
<b>PROFIT FROM OPERATIONS</b>	76,058,590	130,402,371	
Other Income	175,597,496	173,259,498	(2,337,998)
Other Expense (-)	(35,304,597)	(46,026,069)	(10,721,472)
Finance Expense (-)	(33,038,715)	(42,945,561)	(9,906,846)
<b>OPERATING INCOME</b>	183,312,774	214,690,239	
Monetary Gain / (Loss)	-	-	-
Minority Interest	(37,177,537)	(37,177,537)	-
<b>INCOME BEFORE TAX</b>	146,135,237	177,512,702	
Income Tax	(13,937,291)	(20,767,291)	(6,830,000)
<b>INCOME FROM CONTINUING OPERATIONS</b>	132,197,946	-	
Gain/(Loss) from held for sale operations	24,547,465	-	(24,547,465)
<b>NET INCOME</b>	156,745,411	156,745,411	-

To be consistent with current period presentation, operational rent income, stated as “other operating income and gain” in the consolidated income statement as of December 31, 2006, is now stated as “revenue” amounting TRY 6,064,318.

**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.

**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 indefinities 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.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 (cont'd)**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**3.1 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.

Sale of goods

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.

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.

**3.2 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.



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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**3.3 Tangible Fixed 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.

**3.4 Intangible Fixed 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.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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(Currency – TRY unless otherwise indicated)

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**3.4 Intangible Fixed Assets (cont'd)**

**(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 year 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.

**3.5 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.

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.

**3.6 Borrowing Costs**

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

**YAZICILAR HOLDİNG ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 (cont'd)**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**3.7 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:

***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.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

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

*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.

**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.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

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

**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.

**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.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**3.8 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.

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.

**3.9 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 year 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.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**3.10 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.

**3.11 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.

**3.12 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.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 (cont'd)**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**3.13 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.



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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**3.14 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 venturer;
- (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.

**3.15 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 intersegment 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.

**3.16 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.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**3.17 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 life 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 year 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.

**3.18 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 year. 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.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**3.18 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.

**3.19 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.

**3.20 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.

**3.21 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.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**3.21 Provisions for Possible Loan Losses and Lease Receivable Losses (cont'd)**

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.

**3.22 Biological Assets**

Cattle 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.

**4. CASH AND CASH EQUIVALENTS**

	<b>December 31, 2007</b>	December 31, 2006
Non-Banking	<b>49,851,921</b>	65,431,168
Banking	<b>402,891,981</b>	429,277,447
<b>Cash and cash equivalents in the consolidated statement of cash flows</b>	<b>452,743,902</b>	494,708,615

**Non-Banking**

The details of cash and cash equivalents are as follows:

	<b>December 31, 2007</b>	December 31, 2006
Cash on hand	<b>870,928</b>	1,926,480
Cash in banks	<b>48,134,160</b>	60,722,450
Other	<b>846,833</b>	2,782,238
<b>Total</b>	<b>49,851,921</b>	65,431,168

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4. CASH AND CASH EQUIVALENTS (cont'd)

Non-Banking (cont'd)

	December 31, 2007			December 31, 2006		
	Amount	Maturity	Interest rate	Amount	Maturity	Interest rate
<b>Cash in banks</b>						
<b>Demand</b>	<b>8,064,845</b>			7,628,336		
-EUR	393,815	-	-	2,347,914	-	-
-USD	608,551	-	-	815,761	-	-
-TRY	6,976,950	-	-	4,381,449	-	-
-Other	85,529	-	-	83,212	-	-
<b>Time</b>	<b>40,069,315</b>			53,094,114		
-EUR	3,602,238	4 days	4.65%	2,236,230	4 - 29 days	3.80% - 3.95%
-USD	3,392,610	4 – 64 days	5.55% - 6.14%	8,922,995	4 - 61 days	5.00% - 6.35%
-TRY	33,074,467	3 – 39 days	15.75% - 19.25%	41,934,889	4 - 29 days	17.00% - 21.20%
<b>Total</b>	<b>48,134,160</b>			60,722,450		

Banking

	December 31, 2007	December 31, 2006
Cash on hand	24,228,434	17,380,000
Balances with the Central Bank	71,956,000	68,257,000
<b>Cash and balances with the Central Bank</b>	<b>96,184,434</b>	<b>85,637,000</b>
<b>Deposits with banks and other financial institutions</b>	<b>289,745,518</b>	<b>322,512,333</b>
Reverse repurchase agreements	14,476,000	15,023,000
Interbank placements	-	4,507,000
Cheques given to collection	2,486,029	1,598,114
<b>Other money market placements</b>	<b>16,962,029</b>	<b>21,128,114</b>
<b>Total</b>	<b>402,891,981</b>	<b>429,277,447</b>

As of December 31, 2007 and December 31, 2006 the interest rate range of deposits and placements are as follows:

	December 31, 2007				December 31, 2006			
	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	32,310,000	39,646,000	-	-	45,350,000	22,907,000	-	-
Deposits with banks and other financial institutions	111,516,789	178,228,729	16.04%	3.75%	23,651,232	298,861,101	14.33%	4.84%
Reverse repurchase agreements	14,476,000	-	17.06%	-	15,023,000	-	17.86%	-
Interbank placements	-	-	-	-	4,507,000	-	15.18%	-
<b>Total</b>	<b>158,302,789</b>	<b>217,874,729</b>			<b>88,531,232</b>	<b>321,768,101</b>		

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**5. MARKETABLE SECURITIES**

	December 31, 2007	December 31, 2006
Non-Banking	11,070,600	8,876,487
Banking	144,319,000	127,264,000
<b>Total</b>	<b>155,389,600</b>	<b>136,140,487</b>

**Non-Banking**

As of December 31, 2007 and December 31, 2006 marketable securities consist of investment funds.

**Banking**

**Trading Securities**

	December 31, 2007		December 31, 2006	
	Amount	Effective interest rate %	Amount	Effective interest rate %
<b>Trading securities at fair value</b>				
<b>Debt instruments – TRY</b>				
Turkish government bonds	32,502,000	13.85%	8,000,000	19.85%
Turkish treasury bills	50,000	15.24%	100,000	19.09%
<b>Debt instruments – FX</b>				
Eurobonds issued by the Turkish government	1,524,000	9.05%	-	-
<b>Total</b>	<b>34,076,000</b>		<b>8,100,000</b>	
<b>Others</b>				
Equity securities – listed in ISE (*)	22,402,000	-	13,791,000	-
<b>Total</b>	<b>22,402,000</b>		<b>13,791,000</b>	
<b>Total trading securities</b>	<b>56,478,000</b>		<b>21,891,000</b>	

(\*) Equity securities include Alternatif Yatırım Ortaklığı A.Ş. shares actively traded in ISE and amounting to TRY 16,963,700 (December 31, 2006: TRY 12,460,430).

**Investment Securities**

	December 31, 2007		December 31, 2006	
	Amount	Effective interest rate	Amount	Effective interest rate
<b>Available-for-sale securities at fair value-TRY</b>				
Turkish treasury bills	-	-	-	-
Turkish government bonds	28,795,000	19.69%	69,764,000	18.54%
<b>Available-for-sale securities at fair value-FX</b>				
Eurobonds issued by the Turkish government	23,855,000	5.99%	-	-
<b>Total available-for-sale securities at fair value</b>	<b>52,650,000</b>		<b>69,764,000</b>	
<b>Debt Instruments-TRY</b>				
Turkish government bonds	25,796,000	18.54%	25,312,000	22.92%
<b>Total debt instruments</b>	<b>25,796,000</b>		<b>25,312,000</b>	
<b>Total investment securities</b>	<b>78,446,000</b>		<b>95,076,000</b>	

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5. MARKETABLE SECURITIES (cont'd)

**Banking (cont'd)**

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

	December 31, 2007	December 31, 2006
Trading securities	3,394,000	240,000
Available for sale securities	6,001,000	10,057,000
<b>Carrying value of securities given as collateral under repurchase agreement</b>	<b>9,395,000</b>	<b>10,297,000</b>
<b>Related repurchase liability</b>	<b>10,211,000</b>	<b>9,581,000</b>

As of December 31, 2007, 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 13,027,000 and TRY 12,955,038 respectively (December 31, 2006: TRY 12,464,000 and TRY 11,925,000).

As of December 31, 2007, current marketable securities amounts to TRY 33,790,600 (December 31, 2006: TRY 30,949,731) and non-current marketable securities amounts to TRY 121,599,000 (December 31, 2006: TRY 105,190,756).

6. FINANCIAL BORROWINGS

	December 31, 2007	December 31, 2006
Bank borrowings	125,280,339	63,103,553
Current portion of long term borrowings	33,971,270	41,106,279
Short term borrowings	159,251,609	104,209,832
Bank borrowings	32,061,241	22,911,754
Long term borrowings	32,061,241	22,911,754
<b>Total borrowings</b>	<b>191,312,850</b>	<b>127,121,586</b>

As of December 31, 2007, Group does not have any secured bank borrowings (December 31, 2006: None).

	December 31, 2007		December 31, 2006	
	Amount	Interest rate	Amount	Interest rate
<i>Long Term</i>	32,061,241		22,911,754	
USD	14,773,186	4.7% - 5.5%	-	
EUR	17,288,055	4.8% - 5.3%	22,911,754	4.1% - 5.1%
<i>Short Term</i>	159,251,609		104,209,832	
USD	15,256,907	4.7% - 8.5%	31,867,975	5.2% - 6.8%
EUR	53,460,755	4.1% - 5.3%	39,788,214	4.0% - 5.1%
TRY	90,533,947	15.0% - 17.4%	32,553,643	12.0% - 19.8%

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**6. FINANCIAL BORROWINGS (cont'd)**

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

	<b>December 31, 2007</b>	December 31, 2006
2008	-	5,095,180
2009	<b>18,901,853</b>	17,816,574
2010	<b>10,040,617</b>	-
2011	<b>3,118,771</b>	-
<b>Total</b>	<b>32,061,241</b>	22,911,754

**7. TRADE RECEIVABLES AND TRADE PAYABLES**

**7.1 TRADE RECEIVABLES**

	<b>December 31, 2007</b>	December 31, 2006
Trade receivable (*)	<b>86,883,157</b>	42,697,637
Notes receivable and post-dated cheques (*)	<b>26,916,011</b>	18,067,594
Less: Provision for doubtful trade receivables	<b>(2,237,078)</b>	(1,891,931)
<b>Total</b>	<b>111,562,090</b>	58,873,300

(\*) As of December 31, 2007, discount amount in trade receivables is TRY 1,923,740 (December 31, 2006: TRY 909,616).

Movement of provision for doubtful trade receivables is as follows:

	<b>December 31, 2007</b>	December 31, 2006
January 1,	<b>1,891,931</b>	1,404,739
Provisions	<b>441,466</b>	597,248
Collections	<b>(96,319)</b>	(110,056)
<b>Total</b>	<b>2,237,078</b>	1,891,931

As of December 31, 2007, Group does not have any long term trade receivables (December 31, 2006: TRY 36,438).



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**7. TRADE RECEIVABLES AND TRADE PAYABLES (cont'd)**

**7.1 TRADE RECEIVABLES (cont'd)**

As at December 31 2007 and December 31, 2006, the aging analysis of trade receivables is as follows;

	Total	Neither past due nor impaired	Past due but not impaired			
			<30 days	30-60 days	60-90 days	> 90 days
2007	111,562,090	110,991,974	386,343	80,039	38,905	64,829
2006	58,909,738	58,730,421	69,142	109,171	312	692

There is no collateral held by the Group as security for the past due but not impaired receivables as of December 31, 2007 (December 31, 2006: None).

**7.2 TRADE PAYABLES**

	December 31, 2007	December 31, 2006
Non-Banking (*)	51,083,854	45,478,993
Banking	3,727,509	3,313,000
<b>Total</b>	<b>54,811,363</b>	<b>48,791,993</b>

(\*) As of December 31, 2007, discount amount in trade payables is TRY 228,625 (December 31, 2006: TRY 177,606).

As of December 31, 2007, Group does not have any long term trade payables (December 31, 2006: None).

**8. LEASE RECEIVABLES AND OBLIGATIONS**

**8.1 LEASE CONTRACTS RECEIVABLE**

Gross investments in finance leases receivables are as follows:

	December 31, 2007	December 31, 2006
Within 1 year	128,063,472	111,184,003
1 – 5 years	128,569,897	103,546,861
Minimum financial lease receivables, gross	256,633,369	214,730,864
Less: Unearned interest income	(35,856,685)	(30,381,139)
Net investment in finance leases	220,776,684	184,349,725
Less: Reserve for doubtful financial lease receivables	(2,209,000)	(2,027,460)
Minimum financial lease receivables, net	218,567,684	182,322,265

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**8. LEASE RECEIVABLES AND OBLIGATIONS (cont'd)**

**8.1 LEASE CONTRACTS RECEIVABLE (cont'd)**

Maturities of net investment in finance leases:

	<b>December 31, 2007</b>	December 31, 2006
Within 1 year	<b>104,629,301</b>	90,414,573
1 - 5 years	<b>113,938,383</b>	91,907,692
<b>Total</b>	<b>218,567,684</b>	182,322,265

	<b>December 31, 2007</b>		December 31, 2006	
	<b>Amount</b>	<b>Interest rate</b>	Amount	Interest rate
TRY	<b>40,800,928</b>	16.62% - 36.85%	39,117,724	16.42% - 45.41%
USD	<b>61,082,493</b>	7.96% - 19.03%	56,752,517	7.89% - 18.26%
EUR	<b>116,684,263</b>	5.97% - 22.99%	86,452,024	7.53% - 20.65%
<b>Total</b>	<b>218,567,684</b>		182,322,265	

As of December 31, 2007, collaterals obtained by the Company from certain lease customers in relation to minimum lease payments receivables amount to TRY 63,497,000, USD 37,694,234 and EUR 39,390,657 (December 31, 2006: TRY 45,584,000, USD 31,729,796, EUR 24,268,046). 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:

	<b>December 31, 2007</b>	December 31, 2006
Provision at beginning of the year	<b>2,027,460</b>	865,000
Provision	<b>1,714,540</b>	1,682,460
Collections	<b>(693,000)</b>	(520,000)
Written off	<b>(840,000)</b>	-
<b>Reserve at the end of the year</b>	<b>2,209,000</b>	2,027,460

**8.2 FINANCE LEASE LIABILITIES**

	<b>December 31, 2007</b>	December 31, 2006
Current	-	3,039,133
Non-Current	-	780,138
<b>Total</b>	-	3,819,271
<b>USD – TRY equivalent</b>	-	3,750,077
<b>EUR – TRY equivalent</b>	-	69,194

As of December 31, 2006, the effective interest rates are 4.5% - 11.3%.

**YAZICILAR HOLDİNG ANONİM ŞİRKETİ**

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**8. LEASE RECEIVABLES AND OBLIGATIONS (cont'd)**

**8.2 FINANCE LEASE LIABILITIES (cont'd)**

Future minimum lease payments for the financial lease contracts are as follows:

	<b>December 31, 2007</b>	December 31, 2006
Within 1 year	-	3,253,253
1 - 5 years	-	796,366
<b>Total minimum lease obligations</b>	-	<b>4,049,619</b>
Net minimum obligations	-	4,049,619
Unearned interest income (-)	-	(230,348)
<b>Present value of minimum obligations</b>	-	<b>3,819,271</b>

Group paid all the financial lease obligations as of December 31, 2007 before the maturity dates.

**9. RELATED PARTY BALANCES AND TRANSACTIONS**

**9.1 DUE FROM RELATED PARTIES**

	<b>December 31, 2007</b>	December 31, 2006
Kamil Yazıcı Yönetim ve Danışma A.Ş. (4)	<b>17,455</b>	2,577
Anadolu Efes (1)	<b>3,277,093</b>	2,740,643
Efes Pazarlama Ticaret A.Ş. (Efpa) (3)	<b>989,718</b>	1,231,981
Tarbes Tarım Ürünleri ve Besicilik San.Tic.A.Ş. (Tarbes) (3)	<b>55,982</b>	58,275
Anadolu Isuzu (2)	<b>1,444,036</b>	1,282,174
Efes Holland Technical Management Consultancy (3)	-	1,713,912
ZAO Moscow Efes Brewery (Efes Moscow) (3)	<b>2,866,950</b>	1,453,761
JSC Efes Karaganda Brewery (Efes Karaganda) (3)	<b>516,612</b>	447,106
Anadolu Eğitim ve Sosyal Yardım Vakfı Sağlık Tes. İkt. İşl. (5)	<b>2,896,697</b>	560,500
OAÖ Amstar (3)	<b>572,952</b>	289,751
Efes Weifert Brewery d.o.o (Efes Weifert) (3)	<b>493,918</b>	804,082
Efes Zajecar Brewery d.o.o (Efes Zajecar) (3)	<b>356,271</b>	792,625
Krasny Vostok Group (3)	<b>879,577</b>	450,100
Efes Vitanta (3)	<b>188,461</b>	11
Coca Cola İçecek Üretim A.Ş. (3)	<b>622,127</b>	-
Coca Cola Satış ve Dağıtım A.Ş. (3)	<b>190,577</b>	693
Other	<b>1,489,296</b>	980,878
<b>Total</b>	<b>16,857,722</b>	<b>12,809,069</b>

As of December 31, 2007 and December 31, 2006, loans given to related parties, which are included under "Banking Loans" in the financial statements, are TRY 592,592 and TRY 434,738 respectively. As of December 31, 2007, TRY 2,305,695 due from related parties is included in other liabilities and blocked accounts at the financial statement of the bank (December 31, 2006: TRY 1,868,674).

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

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**9. RELATED PARTY BALANCES AND TRANSACTIONS (cont'd)**

**9.2 DUE TO RELATED PARTIES**

	<b>December 31, 2007</b>	December 31, 2006
Efpa (3)	<b>5,670,843</b>	56,142
Anadolu Isuzu (2)	<b>3,777,321</b>	133,560
Özilhan Sınai Yatırım A.Ş. (5)	<b>1,159,869</b>	-
Anelsan (3)	<b>243,691</b>	264,060
Dividends payable	<b>15,365</b>	12,134
Other	<b>127,165</b>	20,737
<b>Total</b>	<b>10,994,254</b>	486,633

As of December 31, 2007 and December 31, 2006, related party deposits, which are included under “Deposits” in the financial statements, are TRY 201,913,321 and TRY 103,675,602 respectively.

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

**9.3 TRANSACTIONS WITH RELATED PARTIES**

Significant transactions with related parties during the twelve months periods ended December 31, 2007 and December 31, 2006 are as follows:

	<b>December 31, 2007</b>	December 31, 2006
<b>Sales of goods and services, net</b>		
Anadolu Efes (1)	<b>13,299,597</b>	10,252,540
Efpa (3)	<b>12,410,870</b>	11,735,029
Tarbes (3)	<b>2,206,643</b>	2,279,572
Anadolu Isuzu (2)	<b>8,764,787</b>	8,181,855
Efes Holland Technical Management Consultancy (3)	<b>14,684</b>	1,719,955
Efes Breweries International B.V. (3)	<b>16,956,482</b>	8,740,009
Efes Sınai Yatırım Holding A.Ş. (Efes Sınai)	-	1,270,386
Anadolu Cetelem Tüketici Finansman A.Ş. (Anadolu Cetelem) (1)	<b>113,531</b>	334,988
Anadolu Eğitim ve Sosyal Yardım Vakfı Sağlık Tes. İkt. İşl. (5)	<b>696,087</b>	408,816
Coca Cola Satış ve Dağıtım A.Ş. (3)	<b>1,520,419</b>	148,199
Other	<b>2,501,596</b>	3,497,913
<b>Total</b>	<b>58,484,696</b>	48,569,262

	<b>December 31, 2007</b>	December 31, 2006
<b>Purchases of goods and other charges</b>		
Anadolu Isuzu (2)	<b>4,993,191</b>	4,015,591
Anelsan (3)	-	573,419
Efpa (3)	<b>361,431</b>	502,102
Other	<b>656,170</b>	443,988
<b>Total</b>	<b>6,010,792</b>	5,535,100

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**9. RELATED PARTY BALANCES AND TRANSACTIONS (cont'd)**

**9.3 TRANSACTIONS WITH RELATED PARTIES (cont'd)**

	<b>December 31, 2007</b>	December 31, 2006
<b>Interest and other financial income (included banking revenues and foreign exchange losses)</b>		
Anadolu Efes (1)	<b>108,144</b>	291,488
Coca Cola İçecek Üretim A.Ş. (3)	<b>66,368</b>	111,030
Anadolu Isuzu (2)	<b>88,295</b>	91,302
Anadolu Cetelem (1)	-	210,244
Other	<b>193,940</b>	113,603
<b>Total</b>	<b>456,747</b>	817,667

	<b>December 31, 2007</b>	December 31, 2006
<b>Interest and other financial expense (included banking direct cost and foreign exchange losses) paid to</b>		
Anadolu Efes (1) (*)	<b>16,404,099</b>	10,901,682
Anadolu Isuzu (2)	<b>1,733,550</b>	523,249
Efpa (3)	<b>329,027</b>	262,570
Tarbes (3)	<b>299,415</b>	79,346
Efes Pilsen Spor Kulübü (5)	<b>1,142,789</b>	723,234
Özilhan Sınai Yatırım A.Ş. (5)	<b>1,927,713</b>	971,952
Other	<b>1,010,661</b>	682,134
<b>Total</b>	<b>22,847,254</b>	14,144,167

(\*) Interest rate for TRY deposit is 15.25% and for USD deposits is 5.5%.

	<b>December 31, 2007</b>	December 31, 2006
<b>Miscellaneous sales included in other income (including dividend received)</b>		
Anadolu Efes (1)	<b>284,306</b>	455,588
Polinas	<b>38,260</b>	19,116
Coca Cola İçecek (3)	<b>7,307</b>	29,172
Efpa (3)	<b>64,053</b>	383,326
Anadolu Isuzu (2)	<b>130,254</b>	418,572
Other	<b>33,718</b>	671,435
<b>Total</b>	<b>557,898</b>	1,977,209

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**9. RELATED PARTY BALANCES AND TRANSACTIONS (cont'd)**

**9.3 TRANSACTIONS WITH RELATED PARTIES (cont'd)**

	<b>December 31, 2007</b>	December 31, 2006
<b>Interest and other financial income (included in financial income/expense and foreign exchange losses) received from</b>		
Kamil Yazıcı Yönetim ve Danışma (4)	<b>299,179</b>	409,463
Other	<b>32,194</b>	32,014
<b>Total</b>	<b>331,373</b>	441,477

(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 December 31, 2007, members of the top management received remuneration and fees amounting to TRY 25,834,920 (December 31, 2006: TRY 12,560,381).

*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.

**10. OTHER RECEIVABLES AND PAYABLES**

**10.1 OTHER RECEIVABLES**

	<b>December 31, 2007</b>	December 31, 2006
Non-Banking	<b>23,424,660</b>	23,894,986
Banking	-	-
<b>Total</b>	<b>23,424,660</b>	23,894,986

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**10. OTHER RECEIVABLES AND PAYABLES (cont'd)**

**10.1 OTHER RECEIVABLES (cont'd)**

**Non-Banking**

	<b>December 31, 2007</b>	December 31, 2006
Receivables from loans given	<b>21,766,008</b>	23,091,590
Other	<b>1,658,652</b>	803,396
<b>Total</b>	<b>23,424,660</b>	23,894,986

**11. BIOLOGICAL ASSETS**

Biological assets having a worth of TRY 5,662,820 (December 31, 2006: TRY 5,446,816) consist of cattle in the farm. Number of cattle additions is 7,230 and disposals is 7,101 for the year ended December 31, 2007.

**12. INVENTORIES**

	<b>December 31, 2007</b>	December 31, 2006
Raw materials	<b>19,442,101</b>	15,928,754
Work-in-progress	<b>6,911,740</b>	6,373,829
Finished goods	<b>15,669,384</b>	14,590,305
Merchandise	<b>44,129,303</b>	48,906,198
Supplies and others	<b>1,183,939</b>	1,732,498
Advances given (*)	<b>39,024,027</b>	42,288,362
<b>Total</b>	<b>126,360,494</b>	129,819,946

(\*) Consists of advances given by Çelik Motor, Anadolu Motor, Anadolu Elektronik, Ana Gıda and Adel in order to engage in import activities.

**13. RECEIVABLES AND DEFERRED INCOME FROM CONTINUING CONSTRUCTION CONTRACTS**

None (December 31, 2006: None).

**14. DEFERRED TAX ASSETS AND LIABILITIES**

Components of deferred tax assets and liabilities are as follows:

	<b>December 31, 2007</b>	December 31, 2006
Deferred tax assets	<b>10,598,656</b>	8,044,282
Deferred tax liabilities (-)	<b>(10,339,193)</b>	(3,447,753)
<b>Net deferred tax assets</b>	<b>259,463</b>	4,596,529

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14. DEFERRED TAX ASSETS AND LIABILITIES (cont'd)

Movements in deferred tax during the years are as follows:

	Balance January 1, 2007	Credited/(charged) to income statement	Balance December 31, 2007
Fixed assets	(3,259,282)	(5,250,522)	<b>(8,509,804)</b>
Inventory	22,097	(22,097)	-
Carry forward tax loss (**)	6,077,000	(4,238,218)	<b>1,838,782</b>
Allowance for retirement pay liability	1,501,511	298,613	<b>1,800,124</b>
Financial leases	1,736,591	(2,639,897)	<b>(903,306)</b>
Investment incentive	22,176,517	1,334,376	<b>23,510,893</b>
Other	2,850,312	4,330,637	<b>7,180,949</b>
<b>Net deferred tax (liability)/asset</b>	<b>31,104,746</b>	<b>(6,187,108)</b>	<b>24,917,638</b>
Reclassification to special reserves (Note 3)	-	462,905	-
Allowance for deferred tax (*)	(26,508,217)	1,850,042	<b>(24,658,175)</b>
<b>Total</b>	<b>4,596,529</b>	<b>(3,874,161)</b>	<b>259,463</b>

	Balance January 1, 2006	Credited/(charged) to income statement	Balance December 31, 2006
Fixed assets	(8,774,969)	5,515,687	(3,259,282)
Inventory	29,319	(7,222)	22,097
Carry forward tax loss	41,316,212	(35,239,212)	6,077,000
Allowance for retirement pay liability	3,936,441	(2,434,930)	1,501,511
Financial leases	5,620,923	(3,884,332)	1,736,591
Other	25,330,020	(303,191)	25,026,829
<b>Net deferred tax (liability)/asset</b>	<b>67,457,946</b>	<b>(36,353,200)</b>	<b>31,104,746</b>
Reclassification to special reserves (Note 3)	-	(917,063)	-
Allowance for deferred tax (*)	(51,585,461)	25,077,244	(26,508,217)
<b>Total</b>	<b>15,872,485</b>	<b>(12,193,019)</b>	<b>4,596,529</b>

(\*) As of December 31, 2007, 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 24,658,175 of deferred tax assets has not been recognized in the consolidated financial statements (As for ALease and ABank, December 31, 2006: TRY 26,508,217).



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**15. OTHER CURRENT / NON-CURRENT ASSETS AND OTHER CURRENT / NON-CURRENT  
LIABILITIES**

**15.1 OTHER CURRENT ASSETS**

	<b>December 31, 2007</b>	December 31, 2006
Non-Banking	<b>35,738,384</b>	22,422,274
Banking	<b>5,926,000</b>	6,045,638
<b>Total</b>	<b>41,664,384</b>	28,467,912

**Non-Banking**

	<b>December 31, 2007</b>	December 31, 2006
Prepaid taxes	<b>3,963,183</b>	3,277,506
Prepaid expenses	<b>24,314,452</b>	11,647,956
VAT receivable	<b>5,435,910</b>	7,047,545
Other current assets	<b>2,024,839</b>	449,267
<b>Total</b>	<b>35,738,384</b>	22,422,274

**Banking**

	<b>December 31, 2007</b>	December 31, 2006
Prepaid taxes	<b>25,000</b>	13,000
VAT of leased assets	<b>3,434,000</b>	2,134,000
Receivables from insurance policies	<b>911,000</b>	797,000
Receivables from sale of investments	-	472,000
Prepaid expenses, transitory accounts and others	<b>1,556,000</b>	2,629,638
<b>Total</b>	<b>5,926,000</b>	6,045,638

**15.2 OTHER NON-CURRENT ASSETS**

	<b>December 31, 2007</b>	December 31, 2006
Non-Banking	<b>2,157,939</b>	1,994,398
Banking	<b>33,080,000</b>	12,986,000
- Prepaid expenses	<b>6,259,000</b>	4,848,000
- Equipment to be leased	<b>4,261,000</b>	1,735,000
- Collaterals given for derivative instruments and marketable securities	<b>20,233,000</b>	4,029,000
- Other	<b>2,327,000</b>	2,374,000
<b>Total</b>	<b>35,237,939</b>	14,980,398

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**15. OTHER CURRENT / NON-CURRENT ASSETS AND OTHER CURRENT / NON-CURRENT  
LIABILITIES (cont'd)**

**15.3 OTHER CURRENT LIABILITIES**

	<b>December 31, 2007</b>	December 31, 2006
Non-Banking	<b>29,460,073</b>	27,030,232
Banking	<b>66,203,606</b>	25,250,140
<b>Total</b>	<b>95,663,679</b>	52,280,372

**Non-Banking**

	<b>December 31, 2007</b>	December 31, 2006
Taxes payable other than income tax	<b>10,256,332</b>	10,349,923
Salaries and wages payable	<b>2,040,608</b>	1,399,559
Accrued expenses	<b>14,895,655</b>	14,050,371
Deferred income	<b>601,884</b>	364,539
Other payables and liabilities	<b>1,665,594</b>	865,840
<b>Total</b>	<b>29,460,073</b>	27,030,232

The details of the accrued expenses are as follows:

<b>Accrued expenses</b>	<b>December 31, 2007</b>	December 31, 2006
Warranty provisions (*)	<b>8,048,923</b>	10,228,479
Label provisions	<b>4,380,050</b>	1,791,260
Dealer sales premium provision	<b>260,358</b>	68,261
Unused vacation provision	<b>1,569,784</b>	1,038,032
Other provisions	<b>636,540</b>	924,339
<b>Total</b>	<b>14,895,655</b>	14,050,371

**Banking**

	<b>December 31, 2007</b>	December 31, 2006
Taxes and dues payable (except income tax)	<b>8,191,000</b>	7,790,000
Collaterals given for marketable securities	<b>2,905,000</b>	1,187,000
Cheques in collection	<b>28,355,000</b>	10,246,000
Advances taken from customers	<b>5,022,368</b>	3,781,000
Assets held for resale (*)	<b>14,024,000</b>	-
Other	<b>7,706,238</b>	2,246,140
<b>Total</b>	<b>66,203,606</b>	25,250,140

(\*) Collections from banking loans.

As of December 31, 2007, other long term liability amounts to TRY 2,347 (December 31, 2006: TRY 3,133,438) is presented in the financial statements.

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16. FINANCIAL ASSETS

	December 31, 2007	December 31, 2006
Financial assets, available-for-sale	6,498,492	6,889,899
Investments	739,167,453	681,325,556
Joint ventures	76,553,652	71,393,400
<b>Total</b>	<b>822,219,597</b>	<b>759,608,855</b>

16.1 FINANCIAL ASSETS, AVAILABLE-FOR-SALE

	Ownership (%)	December 31, 2007	Ownership (%)	December 31, 2006
Polinas Plastik Sanayi 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
Coca Cola İçecek A.Ş.	18.21	31,339	18.21	31,339
Syrian Soft Drinks (*)	-	-	33.96	411,708
Other		96,876		76,575
<b>Available for sale investments – non-current</b>		<b>6,498,492</b>		<b>6,889,899</b>

(\*) Syrian Soft Drinks was established with 50% participation of AEH on June 22, 2006. AEH has sold all of its shares in Syrian Soft Drinks to Efes Invest Holland B.V. at cost on April 25, 2007. No gain/loss was recognized from this transaction.

Available for sale investments (except for Coca Cola İçecek A.Ş. ) are carried at cost, since these investments do not have a quoted market price in an active market and its fair value cannot be reliably measured by alternative valuation methods.

16.2 INVESTMENTS IN ASSOCIATES

Entity	Principle Activities	Country of business	December 31, 2007			December 31, 2006		
			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	737,868,625	36.24	145,111,775	680,539,937	36.23	102,996,380
Anadolu Cetelem(**)	Provides consumer finance services	Turkey	-	-	-	785,619	33.95	471,153
Aslancık (***)	Production of Electricity	Turkey	1,239,118	17.00	(91,227)	-	-	-
D Tes (****)	Production of Electricity	Turkey	59,710	17.00	(68,694)	-	-	-
<b>TOTAL</b>			<b>739,167,453</b>		<b>144,951,854</b>	<b>681,325,556</b>		<b>103,467,533</b>

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

(\*\*) The conditions set forth in the related share purchase agreement signed between the Company, Özilhan Sinai Yatırım A.Ş., AEH and TEB Mali Yatırımlar A.Ş., regarding the transfer of shares in Anadolu Cetelem, have been fulfilled and the necessary approvals from the Banking Regulation and Supervisory Agency and the Competition Board were received. The Company, Ozilhan Sinai Yatırım A.Ş and AEH transferred the 10,813,000,000 number of shares (50% of total capital) of Anadolu Cetelem to TEB Mali Yatırımlar A.Ş. as of June 1, 2007 (Note 32).

(\*\*\*) AEH purchased 25% shares of Aslancık in July 9, 2007. The carrying value of Aslancık is determined based its shareholders' equity amount in legal records at the date of the transaction.

(\*\*\*\*)AEH purchased 25% shares of D tes in November 1, 2007. The carrying value of D Tes is determined based its shareholders' equity amount in legal records at the date of the transaction.

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**16. FINANCIAL ASSETS (cont'd)**

**16.2 INVESTMENTS IN ASSOCIATES (cont'd)**

Summary financial statements of associates are as follows:

<b>Anadolu Efes (Thousands TRY)</b>	<b>December 31, 2007</b>	<b>December 31, 2006</b>
Total Assets	3,894,467	3,961,147
Total Liabilities	1,755,499	2,287,539
Net Assets	2,138,968	1,673,608
<b>Group's interest in net assets</b>	<b>737,869</b>	<b>680,540</b>
Revenues	3,030,359	2,594,045
Net Income	374,482	269,020
<b>Group's share in net income</b>	<b>145,112</b>	<b>102,996</b>

  

<b>Anadolu Cetelem (Thousands TRY)</b>	<b>December 31, 2007</b>	<b>December 31, 2006</b>
Total Assets	-	103,214
Total Liabilities	-	101,643
Net Assets	-	1,571
<b>Group's interest in net assets</b>	<b>-</b>	<b>786</b>
Revenues	-	25,816
Net Income	-	942
<b>Group's share in net income</b>	<b>-</b>	<b>471</b>

  

<b>Aslancık (Thousands TRY)</b>	<b>December 31, 2007</b>	<b>December 31, 2006</b>
Total Assets	5,017	-
Total Liabilities	60	-
Net Assets	4,957	-
<b>Group's interest in net assets</b>	<b>1,239</b>	<b>-</b>
Revenues	-	-
Net Income/(Loss)	(365)	-
<b>Group's share in net income/(loss)</b>	<b>(91)</b>	<b>-</b>

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**16. FINANCIAL ASSETS (cont'd)**

**16.2 INVESTMENTS IN ASSOCIATES (cont'd)**

<b>D Tes (Thousands TRY)</b>	<b>December 31, 2007</b>	<b>December 31, 2006</b>
Total Assets	<b>558</b>	-
Total Liabilities	<b>328</b>	-
Net Assets	<b>230</b>	-
<b>Group's interest in net assets</b>	<b>60</b>	-
Revenues	-	-
Net Income/(Loss)	<b>(275)</b>	-
<b>Group's share in net income/(loss)</b>	<b>(69)</b>	-

**16.3 INVESTMENTS IN JOINT VENTURE**

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

Entity	Principle activities	Country of Business	December 31, 2007			December 31, 2006		
			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	<b>76,553,652</b>	<b>37.32</b>	<b>9,595,746</b>	71,393,400	36.99	8,767,265
<b>TOTAL</b>			<b>76,553,652</b>		<b>9,595,746</b>	71,393,400		8,767,265

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

AEH, subsidiary of the Company, purchased 93,887 shares of Anadolu Isuzu in consideration of between TRY 8.35-13.20 price from ISE in January, March, May and June, 2007. As a result, Group's effective Anadolu Isuzu participation rate is increased by 0.33 points. The Group's share in goodwill arising from this acquisition based on the consolidated financials of Anadolu Isuzu is TRY 338,674. This amount is followed under the carrying value of Anadolu Isuzu.

Summary financial statements of associates are as follows:

<b>Anadolu Isuzu (Thousands TRY)</b>	<b>December 31, 2007</b>	<b>December 31, 2006</b>
Total Assets	<b>321,336</b>	290,248
Total Liabilities	<b>121,693</b>	100,887
Net Assets	<b>199,643</b>	189,361
<b>Group's interest in net assets</b>	<b>76,554</b>	71,393
Revenues	<b>473,605</b>	401,502
Net Income	<b>25,206</b>	23,532
<b>Group's share in net income</b>	<b>9,596</b>	8,767

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**17. POSITIVE/NEGATIVE GOODWILL**

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

**18. INVESTMENT PROPERTIES**

	<b>December 31, 2007</b>	December 31, 2006
January 1	<b>10,218,000</b>	4,332,000
Disposal of investment property	<b>(9,258,000)</b>	(1,128,000)
Additions to investment properties	<b>20,246,000</b>	7,055,000
Provision for impairment	-	(41,000)
<b>Total</b>	<b>21,206,000</b>	10,218,000

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 36,813,000 as of December 31, 2007 (December 31, 2006, TRY 12,635,868).

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19. PROPERTY, PLANT AND EQUIPMENT

Movements of property, plant and equipment during the year ended December 31, 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
<b>Cost</b>									
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	36,263,247	19,149,932	13,207,659	38,375,054	2,808,282	640,955	14,275,837	11,127,765	135,848,731
Disposals	(617,909)	-	(825,777)	(5,595,410)	(3,289,486)	(6,047)	(396,461)	(10,158,985)	(20,890,075)
<b>December 31, 2007</b>	<b>42,762,259</b>	<b>78,435,818</b>	<b>169,368,363</b>	<b>62,621,009</b>	<b>29,297,128</b>	<b>13,906,554</b>	<b>63,082,432</b>	<b>1,720,893</b>	<b>461,194,456</b>
<b>Accumulated depreciation</b>									
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 year	109,322	1,108,489	6,900,803	9,234,683	1,789,375	133,032	3,242,492	-	22,518,196
Disposals	-	-	(241,215)	(2,196,358)	(2,860,809)	(3,557)	(372,387)	-	(5,674,326)
<b>December 31, 2007</b>	<b>1,418,861</b>	<b>14,627,362</b>	<b>132,944,848</b>	<b>14,504,487</b>	<b>22,916,619</b>	<b>12,261,707</b>	<b>34,524,220</b>	<b>-</b>	<b>233,198,104</b>
<b>Net carrying amount</b>	<b>41,343,398</b>	<b>63,808,456</b>	<b>36,423,515</b>	<b>48,116,522</b>	<b>6,380,509</b>	<b>1,644,847</b>	<b>28,558,212</b>	<b>1,720,893</b>	<b>227,996,352</b>

**Tangible assets held under finance lease**

The carrying amount of tangible assets held under finance leases at December 31, 2007 is TRY 28,653,573. Tangible assets under financial lease are pledged against the related financial liabilities.

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19. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Movements of property, plant and equipment during the year ended December 31, 2006 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, 2006	6,956,684	52,799,440	156,288,653	15,654,994	27,664,066	13,344,299	44,902,966	582,882	318,193,984
Additions	226,647	6,550,139	8,924,535	16,450,967	3,763,103	161,163	4,310,228	5,899,289	46,286,071
Disposals	(66,410)	(63,693)	(8,226,707)	(2,264,596)	(1,648,837)	(233,816)	(10,138)	(5,730,058)	(18,244,255)
December 31, 2006	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
Accumulated depreciation									
January 1, 2006	1,256,099	12,381,837	128,684,046	5,414,933	24,394,325	12,271,266	29,426,450	-	213,828,956
Depreciation charge for the year	85,491	1,171,581	5,386,585	3,792,628	1,190,021	94,549	2,230,875	-	13,951,730
Disposals	(32,051)	(34,545)	(7,785,371)	(1,741,399)	(1,596,293)	(233,583)	(3,210)	-	(11,426,452)
December 31, 2006	1,309,539	13,518,873	126,285,260	7,466,162	23,988,053	12,132,232	31,654,115	-	216,354,234
Net carrying amount	5,807,382	45,767,013	30,701,221	22,375,203	5,790,279	1,139,414	17,548,941	752,113	129,881,566

**Tangible assets held under finance lease**

The carrying amount of tangible assets held under finance leases at December 31, 2006 is TRY 24,835,236. Tangible assets under financial lease are pledged against the related financial liabilities.



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20. INTANGIBLE ASSETS

The intangible asset movement chart as of December 31, 2007 is as follows:

Cost	Rights	Patents and licenses	Franchise	Other intangible assets	Total
January 1, 2007	40,171,296	10,677,061	1,051,246	612,102	52,511,705
Additions	1,121,669	-	-	591,933	1,713,602
Disposals	-	-	-	-	-
December 31, 2007	41,292,965	10,677,061	1,051,246	1,204,035	54,225,307
Accumulated amortization					
January 1, 2007	32,736,031	8,841,654	99,843	283,275	41,960,803
Amortization charge for the year	1,180,584	232,816	52,563	166,323	1,632,286
Disposals	-	-	-	-	-
December 31, 2007	33,916,615	9,074,470	152,406	449,598	43,593,089
Net carrying amount	7,376,350	1,602,591	898,840	754,437	10,632,218

The intangible asset movement chart as of December 31, 2006 is as follows:

Cost	Rights	Patents and licenses	Franchise	Other intangible assets	Total
January 1, 2006	38,883,027	10,677,061	1,051,246	442,134	51,053,468
Additions	1,390,109	-	-	169,968	1,560,077
Disposals	(101,840)	-	-	-	(101,840)
December 31, 2006	40,171,296	10,677,061	1,051,246	612,102	52,511,705
Accumulated amortization					
January 1, 2006	31,663,485	8,219,674	26,281	215,164	40,124,604
Amortization charge for the year	1,100,554	621,980	73,562	68,111	1,864,207
Disposals	(28,008)	-	-	-	(28,008)
December 31, 2006	32,736,031	8,841,654	99,843	283,275	41,960,803
Net carrying amount	7,435,265	1,835,407	951,403	328,827	10,550,902

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**21. ADVANCES TAKEN**

	<b>December 31, 2007</b>	December 31, 2006
Short term	<b>2,163,526</b>	2,291,152
Long term	<b>3,428,178</b>	2,319,040
<b>Total</b>	<b>5,591,704</b>	4,610,192

**22. PENSION PLANS**

None (December 31, 2006: None).

**23. PROVISIONS**

	<b>December 31, 2007</b>	December 31, 2006
<b>Short term</b>		
Income tax provision	<b>3,533,619</b>	102,699
Other	<b>7,104,513</b>	4,755,000
<b>Total short term</b>	<b>10,638,132</b>	4,857,699
<b>Long term</b>		
Provision for retirement pay	<b>11,360,648</b>	9,988,682
Other	<b>1,420,000</b>	781,000
<b>Total long term</b>	<b>12,780,648</b>	10,769,682
<b>Total</b>	<b>23,418,780</b>	15,627,381

**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 2,030.19 at December 31, 2007 and TRY 1,857.44 December 31, 2006, 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 December 31, 2007 and December 31, 2006, 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:

	<b>December 31, 2007</b>	December 31, 2006
Discount rate	<b>11%</b>	11%
Expected rates of salary/limit increases(inflation rate)	<b>5.71%</b>	5.71%

In addition, as of December 31, 2007 retirement pay liability provision was calculated as actuarial assumption considering the increase of maximum liability of TRY 2,030.19 for the related year in accordance with the inflation rate.

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**23. PROVISIONS (cont'd)**

Retirement pay liability provision movements are as follows:

<b>December 31, 2007</b>	
January 1, 2007	<b>9,988,682</b>
Interest cost	<b>1,098,755</b>
Charge for the year	<b>2,193,204</b>
Retirement pay paid	<b>(1,919,993)</b>
<b>December 31, 2007</b>	<b>11,360,648</b>
<b>December 31, 2006</b>	
January 1, 2006	13,472,300
Interest cost	1,481,998
Charge for the year	(3,415,530)
Paid	(1,550,086)
<b>December 31, 2006</b>	<b>9,988,682</b>

**24. MINORITY INTEREST**

Minority interest is separately classified in the financial statements.

**25. ISSUED CAPITAL / CAPITAL - PARTICIPATION ELIMINATION**

	<b>December 31, 2007</b>		<b>December 31, 2006</b>	
	<b>Paid-in capital</b>	<b>%</b>	<b>Paid-in capital</b>	<b>%</b>
Yazıcı Families	<b>66,304,128</b>	<b>41.44</b>	16,689,532	41.72
Kamil Yazıcı Yönetim ve Danışma A.Ş.	<b>53,599,952</b>	<b>33.50</b>	13,399,988	33.50
Publicly traded	<b>40,095,920</b>	<b>25.06</b>	9,910,480	24.78
Historical share capital	<b>160,000,000</b>	<b>100.00</b>	40,000,000	100.00
Restatement effect	-		68,908,781	
<b>Total restated share capital</b>	<b>160,000,000</b>		108,908,781	

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

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**25. ISSUED CAPITAL / CAPITAL - PARTICIPATION ELIMINATION (cont'd)**

Movement of paid in capital as at December 31, 2007 and December 31, 2006 is as follows (historical amounts in TRY):

	December 31, 2007		December 31, 2006	
	Share	Amount	Share	Amount
Beginning (January 1)	40,000,000	40,000,000	40,000,000	40,000,000
Issued shares				
-Inflation restatement of shareholders' equity	120,000,000	120,000,000	-	-
Ending	160,000,000	160,000,000	40,000,000	40,000,000

The Company's share capital has been increased by TRY 120,000,000 to TRY 160,000,000 from equity reserves (inflation accounting differences reserve) with the Board of Director's decision as of October 13, 2006.

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)	87,818,036	54.89	1
B (Registered)	31,999,964	20.00	3
C (Registered)	19,235,048	12.02	1
D (Registered)	20,946,952	13.09	1
<b>Total</b>	<b>160,000,000</b>	<b>100.00</b>	<b>6</b>

**26. CAPITAL RESERVES**

As of December 31, 2007 and December 31, 2006, 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
December 31, 2007	9,467,049	-	9,467,049
December 31, 2006	9,467,525	-	9,467,525

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**27. PROFIT RESERVES**

**Legal Reserves**

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

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

Based on the CMB Decree 7/242, dated February 25, 2005, if the amount of profit distributions calculated in accordance with the net distributable profit requirements of the CMB does not exceed the statutory net distributable profit the whole amount of distributable profit should be distributed. If it exceeds the statutory net distributable profit, the whole amount of the statutory net distributable profit should be accordance with CMB regulations or in the statutory financial statements.

Based on the CMB communiqué XI-25 section fifteen article 399, the amount included in "Prior Year Losses" account resulting from the first application of inflation accounting should be considered as a deduction during the identification of the profit to be distributed based on the inflation adjusted financial statements. Accordingly, the amount followed under "Prior Year Losses" account, may be offset against period income and retained earnings if it exists, and the remaining losses against extraordinary reserves, legal reserves and reserves resulted from inflation adjustment of equity accounts, respectively. In addition, at capital increases from internal sources, lower of CMB accounting principals applicated amount and the amount at statutory books calculated according to Turkish Commercial Code is considered.

Based on the CMB Decree 2/53 dated January 18, 2007, in accordance with Communiqué No: XI/25, for the dividend distribution over the 2006 profit, the quoted companies are required to distribute a minimum of 20% (30% for the 2005 profits) of their distributable profits over financial statements prepared in accordance with CMB Accounting Standards. This distributable may be made by either as cash or bonus shares or as a combination of both over the minimum limit of 20% depending on the decisions of the General Assemblies of the companies.

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.

Inflation adjustment to shareholders' equity can only be netted-off against prior years' losses and used as an internal source in capital increase where extraordinary reserves can be netted-off against prior years' loss and used in the distribution of bonus shares and dividends to shareholders.

<b>December 31, 2007</b>	<b>Historical amount</b>	<b>Equity restatement differences</b>	<b>Restated amount</b>
<b>Legal reserves</b>	<b>23,764,819</b>	<b>7,959,930</b>	<b>31,724,749</b>
<b>Statutory reserves</b>	<b>42,856</b>	<b>356,718</b>	<b>399,574</b>
<b>Extraordinary reserves</b>	<b>190,041,771</b>	<b>96,852,186</b>	<b>286,893,957</b>
<b>Special reserves</b>	<b>15,799,634</b>	<b>16,556</b>	<b>15,816,190</b>

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27. PROFIT RESERVES (cont'd)

Legal Reserves (cont'd)

December 31, 2006	Historical amount	Equity restatement differences	Restated amount
Legal Reserves	23,764,819	59,051,149	82,815,968
Statutory Reserves	42,856	356,718	399,574
Extraordinary Reserves	190,041,771	96,852,186	286,893,957
Special Reserves	14,893,130	16,556	14,909,686

28. ACCUMULATED PROFITS

Accumulated profits are separately classified in the financial statements.

29. FOREIGN CURRENCY POSITION

Net foreign currency position for the Group (excluding bank) as of December 31, 2007 is approximately TRY 93,524,496 (December 31, 2006: TRY 87,205,575). Net foreign currency accounts, currency units and TRY equivalents are shown below. Net foreign currency of banking group is disclosed in Note 44.6.

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

  

December 31, 2006	USD	EUR	Other	Total
Cash and cash equivalents	9,738,756	4,584,144	83,212	14,406,112
Trade receivables	3,703,897	530,615	5,145	4,239,657
Other non-current assets	203,804	11,909	-	215,713
Trade payables	(6,359,464)	(810,497)	(509,882)	(7,679,843)
Financial borrowings	(31,867,975)	(62,699,968)	-	(94,567,943)
Finance lease payables	(3,750,077)	(69,194)	-	(3,819,271)
<b>Net foreign currency position</b>	<b>(28,331,059)</b>	<b>(58,452,991)</b>	<b>(421,525)</b>	<b>(87,205,575)</b>

(\*) Amounting to TRY 44,807.420 of Financial Borrowings which are originally EUR commitments are hedged to foreign currency risk.

30. GOVERNMENT INCENTIVES AND GRANTS

None.

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**31. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES**

**Non-Banking**

Letters of guarantee given to suppliers, and custom offices are TRY 12,358,164 (December 31, 2006: TRY 7,712,287).

Collaterals given to banks for the loans of associates and other related parties are TRY 728,699 (December 31, 2006: TRY 7,044,112).

Letters of guarantee given to banks, suppliers, and custom offices by the joint venture are TRY 13,971,359 (December 31, 2006: TRY 7,540,266).

Total letter of credits amount to TRY 1,279,588 (December 31, 2006: TRY 1,194,366).

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 47,175,615, TRY 2,134,165, TRY 12,019,687 and TRY 858,310 respectively (December 31, 2006: TRY 46,498,597, TRY 1,604,621, TRY 11,525,618 and TRY 275,150).

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:

	<b>December 31, 2007</b>	December 31, 2006
Letters of guarantees		
- issued by ABank	<b>887,040,000</b>	755,310,000
Letters of credit	<b>182,388,000</b>	159,917,000
Acceptance credits	<b>22,142,000</b>	19,342,000
Other	<b>4,515,000</b>	9,567,000
<b>Total non-cash loans</b>	<b>1,096,085,000</b>	944,136,000
Other commitments (*)	<b>567,471,000</b>	400,180,000
<b>Total</b>	<b>1,663,556,000</b>	1,344,316,000

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

As of December 31, 2007 and December 31, 2006, ALease has no letters of guarantees given for funds borrowed from banks and various leasing transactions.

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**31. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)**

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

**Blocked Assets**

As of December 31, 2007, the nominal values of the TRY denominated assets held by the Group in fiduciary, agency or custodian capacities amounted to TRY 845,244,000 (December 31, 2006: TRY 231,299,000) and foreign currency denominated assets amounted to TRY 29,949,000 (December 31, 2006: TRY 41,084,000).

**Litigation**

Damages claimed in the suits filed against the Group amount to TRY 1,028,000 (December 31, 2006: TRY 119,000), as of December 31, 2007. 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.

**32. BUSINESS COMBINATIONS**

The Group has sold its total shares in Anadolu Cetelem, amounting to 50% of capital, for a cash consideration of TRY 23,962,986 on June 1, 2007 and therefore recognized a profit amounting to TRY 18,962,278, which was classified as "other income" in the consolidated income statement (Note 16.2).



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33. SEGMENTAL INFORMATION

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

Thousands TRY December 31, 2007	Financial institutions	Automotive	Writing materials and stationery	Food	Other	Unallocated	Elimination	Consolidated
Sales to third-parties	204,521	520,796	67,309	286,856	44,279	10,787	-	1,134,548
Inter-segment sales	(1,827)	30,168	1,011	844	8,262	6,277	(44,735)	-
<b>Total Sales</b>	<b>202,694</b>	<b>550,964</b>	<b>68,320</b>	<b>287,700</b>	<b>52,541</b>	<b>17,064</b>	<b>(44,735)</b>	<b>1,134,548</b>
<b>Gross Operating Income</b>	<b>202,694</b>	<b>139,309</b>	<b>34,621</b>	<b>45,178</b>	<b>8,912</b>	<b>17,064</b>	<b>(4,682)</b>	<b>443,096</b>
<b>Net Operating Income</b>	<b>91,353</b>	<b>41,889</b>	<b>18,188</b>	<b>8,323</b>	<b>2,973</b>	<b>(3,825)</b>	<b>(4,682)</b>	<b>154,219</b>
Other income (*)	28,327	31,637	2,101	8,137	1,373	193,096	-	264,671
Other expense (**)	(12,914)	(12,007)	(4,786)	(6,153)	(1,179)	(10,092)	-	(47,131)
Finance expense	(13,399)	(17,117)	(2,203)	(938)	(212)	(2,971)	-	(36,840)
Income tax expense	(4,128)	(5,701)	(1,925)	-	(468)	(764)	-	(12,986)
Minority expense	(3,475)	(5,798)	-	-	-	(70,415)	-	(79,688)
<b>Net Period Income</b>	<b>85,764</b>	<b>32,903</b>	<b>11,375</b>	<b>9,369</b>	<b>2,487</b>	<b>105,029</b>	<b>(4,682)</b>	<b>242,245</b>
Total Assets	2,827,301	330,870	50,704	129,348	38,919	1,483,901	(574,157)	4,286,886
Total Liabilities	2,426,462	190,069	12,609	31,757	10,491	57,001	-	2,728,389
Fixed asset purchases	14,830	63,132	1,060	22,501	1,665	34,374	-	137,562
Depreciation and amortization	2,936	12,304	1,557	5,775	537	1,041	-	24,150

(\*) Income recognized due to equity pick up adjustment from Anadolu Efes and Anadolu Isuzu that amounts for KTRY 154,708 recorded to other income in unallocated segment.

(\*\*) Expense recognized due to equity pick up adjustment from Aslancık and D Tes that amounts for KTRY 160 recorded to other income in unallocated segment.

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33. SEGMENTAL INFORMATION (cont'd)

Thousands TRY December 31, 2006	Financial institutions	Automotive	Writing materials and stationery	Food	Other	Unallocated	Elimination	Consolidated
Sales to third-parties	166,602	510,282	57,840	223,074	33,766	11,510	-	1,003,074
Inter-segment sales	(2,052)	40,845	4,607	963	4,699	4,044	(53,106)	-
Total Sales	164,550	551,127	62,447	224,037	38,465	15,554	(53,106)	1,003,074
Gross Operating Income	164,550	105,349	30,031	28,908	8,818	15,554	1,074	354,284
Net Operating Income	96,023	20,527	13,701	(3,389)	3,714	(1,247)	1,074	130,403
Other income (*)	6,808	21,843	989	4,087	(3,689)	143,221	-	173,259
Other expense	(21,542)	(12,110)	(1,016)	(5,817)	(787)	(4,754)	-	(46,026)
Finance expense	(17,702)	(11,643)	(2,482)	(1,929)	(111)	(9,079)	-	(42,946)
Income tax expense	(13,659)	(3,339)	(762)	-	(692)	(2,315)	-	(20,767)
Minority expense	(621)	3,152	-	-	-	(39,709)	-	(37,178)
Net Period Income	49,307	18,430	10,430	(7,048)	(1,565)	86,117	1,074	156,745
Total Assets	2,194,449	233,034	47,038	116,669	36,486	1,394,742	(568,487)	3,453,931
Total Liabilities	1,928,061	126,663	12,541	30,527	7,644	42,629	-	2,148,065
Fixed asset purchases	2,986	20,353	3,875	14,382	1,786	4,464	-	47,846
Depreciation and amortization	1,680	6,474	1,579	4,944	298	841	-	15,816

(\*) Income recognized due to equity pick up adjustment from Anadolu Efes, Anadolu Isuzu and Cetelem that amounts for KTRY 112,235 recorded to other income in unallocated segment.

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**33. 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, 2006: 36.23%). 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 December 31, 2007 and December 31, 2006 are reflected in "other income" line of the consolidated income statement as TRY 145,111,775 and TRY 102,996,380 respectively.

**34. SUBSEQUENT EVENTS**

The capital increase of ABank is registered as of March 10, 2008 (from TRY 224,264,890 to TRY 300,000,000). Also with the board of directors decision on March 10, 2008, ABank has authorized its Head Office for the increase of its capital ceiling from TRY 300,000,000 to TRY 1,000,000,000.

İstanbul Deri ve Endüstri Free Trade Zone branch of Anadolu Motor which is a subsidiary of the Company, decommissioned with the board of directors decision on February 26, 2008.

AEH, subsidiary of the Company, purchased 104,517 shares of ABank for a total of TRY 141,788 on March 17, 2008. As a result, AEH's effective ABank participation rate has increased by 0.03 points to 77.55%.

**35. DISCONTINUED OPERATIONS**

Upon disapproval of Banking Regulation and Supervision Agency, regarding the transfer 50% shares of ALease, ABank and its subsidiaries to Alpha Bank, the financial statement items stated as "held-for-sale operations" in consolidated financial statements as of December 31, 2006, are represented (Note 2).

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**36. OPERATING INCOME**

<b>GROSS OPERATING PROFIT</b>	<b>December 31, 2007</b>	<b>December 31, 2006</b>
Non-banking	<b>238,574,630</b>	187,680,795
Revenue net off cost of sales	<b>209,058,722</b>	161,442,978
Service Income (*)	<b>29,515,908</b>	26,237,817
Banking – net interest and banking service income	<b>204,520,891</b>	166,602,747
<b>Total</b>	<b>443,095,521</b>	354,283,542

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

The breakdown of depreciation and amortization of fixed assets recorded to income statement is as follow;

	<b>December 31, 2007</b>	<b>December 31, 2006</b>
Depreciation of tangibles and amortization of intangibles	<b>8,388,930</b>	5,649,397
Cost of sales	<b>574,420,929</b>	559,055,187
Payroll expenses	<b>46,653,521</b>	38,034,879
Service expenses	<b>9,804,203</b>	1,641,580
Rent expenses	<b>17,855,126</b>	15,054,956
Other expenses	<b>34,329,439</b>	29,354,137
<b>Total</b>	<b>691,452,148</b>	648,790,136

**37. OPERATING EXPENSES**

	<b>December 31, 2007</b>	<b>December 31, 2006</b>
Non-banking	<b>177,539,553</b>	155,220,884
Banking	<b>111,337,280</b>	68,660,287
<b>Total</b>	<b>288,876,833</b>	223,881,171

**Non-Banking**

	<b>December 31, 2007</b>	<b>December 31, 2006</b>
General administrative expenses	<b>90,090,590</b>	69,676,257
Selling and marketing expenses	<b>86,512,197</b>	85,330,033
Research and development expenses	<b>936,766</b>	214,594
<b>Total</b>	<b>177,539,553</b>	155,220,884

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**37. OPERATING EXPENSES (cont'd)**

**Non-Banking (cont'd)**

<b>General administrative expenses</b>	<b>December 31, 2007</b>	<b>December 31, 2006</b>
Depreciation and amortization charges	<b>11,946,803</b>	7,680,897
Payroll expenses	<b>47,184,347</b>	40,127,374
Provision for employee termination benefits	<b>2,275,345</b>	(302,511)
Consultancy and services rendered	<b>7,055,782</b>	5,937,503
Rent expenses	<b>2,390,821</b>	1,444,436
Taxes and duties	<b>8,452,158</b>	5,362,456
Communication expenses	<b>1,611,719</b>	1,458,345
Maintenance and repair expenses	<b>1,003,443</b>	954,411
Transportation expenses	<b>907,725</b>	702,519
Insurance expenses	<b>1,201,787</b>	1,149,963
Utility expenses	<b>1,132,090</b>	693,147
Other expenses	<b>4,928,570</b>	4,467,717
<b>Total</b>	<b>90,090,590</b>	69,676,257

<b>Selling and marketing expenses</b>	<b>December 31, 2007</b>	<b>December 31, 2006</b>
Depreciation and amortization charges	<b>850,749</b>	712,643
Payroll expenses	<b>10,594,510</b>	9,023,516
Marketing expenses	<b>37,052,567</b>	30,643,409
Advertisement expenses	<b>19,429,100</b>	20,055,927
Transportation expenses	<b>6,147,563</b>	3,143,071
Contribution to dealers' selling expenses	<b>4,244,316</b>	3,975,664
Exportation expenses	<b>2,118,299</b>	2,212,974
Services rendered	<b>3,026,873</b>	1,687,093
Warranty provisions expense	-	10,208,566
Other expenses	<b>3,048,220</b>	3,667,170
<b>Total</b>	<b>86,512,197</b>	85,330,033

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**37. OPERATING EXPENSES (cont'd)**

**Banking**

	<b>December 31, 2007</b>	December 31, 2006
Payroll expenses	<b>53,776,000</b>	38,489,302
Depreciation and amortization charges	<b>2,964,000</b>	1,773,000
Provision for employee termination benefits	<b>899,000</b>	(2,119,000)
Taxes (except income tax)	<b>2,512,000</b>	2,078,000
TMSF premium	<b>1,302,000</b>	1,051,000
Rent expense	<b>5,783,458</b>	3,467,846
Consultancy expenses	<b>2,644,129</b>	1,789,104
Provision for loan losses	<b>24,851,000</b>	12,350,000
Other expenses	<b>1,009,693</b>	2,261,035
	<b>95,741,280</b>	61,140,287
Foreign currency (gains)/losses, net	<b>15,596,000</b>	7,520,000
<b>Total</b>	<b>111,337,280</b>	68,660,287

**38. OTHER OPERATING INCOME/EXPENSE AND GAIN/LOSS**

**38.1 OTHER OPERATING INCOME AND GAIN**

	<b>December 31, 2007</b>	December 31, 2006
Income from associates (Note 16.2, 16.3)	<b>154,707,521</b>	112,234,798
Foreign exchange gain	<b>45,594,106</b>	19,255,076
Dividend income	<b>921</b>	1,295,122
Gain on sale of investment in associate (Note 32)	<b>18,962,278</b>	-
Interest income	<b>10,774,441</b>	14,016,739
Gain on sale of property, plant and equipment	<b>3,659,164</b>	676,153
Reversal of provision for loan and other losses	<b>4,138,000</b>	9,779,908
Transportation income	<b>1,737,860</b>	1,735,389
Insurance damage income	<b>1,705,451</b>	1,318,252
After sales service income	<b>5,570,662</b>	4,560,609
Commission income	<b>2,780,404</b>	1,932,471
Distributor contribution share	<b>2,724,431</b>	2,299,423
Income from sales of marketable securities	<b>615,144</b>	221,796
Other	<b>11,700,622</b>	3,933,762
<b>Total</b>	<b>264,671,005</b>	173,259,498

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**38. OTHER OPERATING INCOME/EXPENSE AND GAIN/LOSS (cont'd)**

**38.2 OTHER OPERATING EXPENSE AND LOSS**

	<b>December 31, 2007</b>	December 31, 2006
Foreign exchange loss	<b>26,461,492</b>	17,890,212
Losses from capital market transactions	<b>3,223,000</b>	12,775,000
Losses on sale of property, plant and equipment	<b>2,305,029</b>	2,384,894
Donation	<b>1,140,970</b>	1,683,000
Discount interest expense	<b>201,222</b>	257,998
Loss from associates (Not 16.2)	<b>159,921</b>	-
Other	<b>13,639,288</b>	11,034,965
<b>Total</b>	<b>47,130,922</b>	46,026,069

**39. FINANCE EXPENSES**

	<b>December 31, 2007</b>	December 31, 2006
Interest expenses	<b>29,003,115</b>	20,407,319
Foreign exchange loss	<b>3,984,135</b>	20,609,022
Other	<b>3,852,606</b>	1,929,220
<b>Total</b>	<b>36,839,856</b>	42,945,561

**40. MONETARY GAIN/LOSS**

The CMB has ceased the application of inflation accounting as of January 1, 2005. Therefore there is no monetary gain or loss recognized in the consolidated income statement for the year ended December 31, 2007 and December 31, 2006.

**41. TAXATION**

	<b>December 31, 2007</b>	December 31, 2006
Current tax expense	<b>9,111,744</b>	8,574,272
Effect of the change of tax rate	-	5,841,799
Deferred tax expense	<b>3,874,161</b>	6,351,220
<b>Total</b>	<b>12,985,905</b>	20,767,291

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 (2006 - 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% (2006 – 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.

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**41. TAXATION (cont'd)**

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.

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:

	<b>December 31, 2007</b>	December 31, 2006
<b>Consolidated profit before tax</b>	<b>255,230,874</b>	177,512,702
Tax calculated at the parent company tax rate of 20%	<b>51,046,174</b>	35,502,540
Add non deductible expenses	<b>13,010,822</b>	6,921,606
Non-taxable income	<b>(8,506,851)</b>	(1,942,820)
Utilization of tax loss carryforward	<b>(18,286,423)</b>	(13,278,930)
Donations	<b>(36,393)</b>	(345,000)
Consolidation effect	<b>24,760</b>	(16,459,478)
Permanent differences between CMB and statutory results	<b>(24,266,184)</b>	10,369,373
<b>Tax charge</b>	<b>12,985,905</b>	20,767,291

**42. EARNING PER SHARE**

	<b>December 31, 2007</b>	December 31, 2006
Net profit	<b>242,244,969</b>	156,745,411
Weighted average number of shares	<b>160,000,000</b>	160,000,000
<b>Earnings per share</b>	<b>1.51</b>	0.98

As explained in detail in Note 25, the Company’s share capital has been increased by TRY 120,000,000 to TRY 160,000,000 from equity reserves. Therefore, increased number of shares has been taken into consideration in earnings per share calculation for the current period and prior period presented.



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**43. CASH FLOW STATEMENT**

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

**44. OTHER ISSUES**

**44.1 RESERVE DEPOSITS AT CENTRAL BANK**

	<b>December 31, 2007</b>	December 31, 2006
Reserve Deposits at Central Bank		
- New Turkish Lira	-	1,289,000
- Foreign Currency	<b>105,431,000</b>	59,999,000
<b>Total</b>	<b>105,431,000</b>	61,288,000

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 December 31, 2007 and December 31, 2006, reserve deposit rates applicable for the TRY and foreign currency deposits are 11.00% and 6.00% respectively.

As of December 31, 2007, the interest rates applied for TRY and foreign currency reserve deposits are 11.81% and 1.95% (December 31, 2006: 13.12% and 2.52%) respectively.

**44.2 BANKING LOANS**

	<b>December 31, 2007</b>	December 31, 2006
Corporate loans (*)	<b>839,576,000</b>	652,520,000
Small business loans	<b>1,008,843,000</b>	675,668,000
Consumer loans	<b>11,676,000</b>	20,424,000
<b>Total performing loans</b>	<b>1,860,095,000</b>	1,348,612,000
Non performing loans	<b>65,871,000</b>	38,049,714
Specific reserve for impairment	<b>(50,268,000)</b>	(29,779,000)
Portfolio reserve for impairment	<b>(15,518,000)</b>	(12,108,000)
<b>Total</b>	<b>1,860,180,000</b>	1,344,774,714

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44. OTHER ISSUES (cont'd)

44.2 BANKING LOANS (cont'd)

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

	(Thousands TRY)						
	December 31, 2006				Effective interest rate		
	Amount		Foreign currency indexed	Total	TRY	Foreign currency	Foreign currency indexed
TRY	Foreign currency						
Corporate loans (*)	348,250	140,448	163,822	652,520	23.6%	7.7%	7.9%
Small business loans	401,280	123,098	151,290	675,668	25.6%	7.7%	8.3%
Consumer loans	17,884	-	2,540	20,424	24.9%	-	-
<b>Total performing loans</b>	<b>767,414</b>	<b>263,546</b>	<b>317,652</b>	<b>1,348,612</b>			

(\*) Corporate loans include restructured loans which amount to TRY 5,587,000 (December 31, 2006: TRY 6,474,000).

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

	December 31, 2007	December 31, 2006
Reserve at beginning of year	41,887,000	31,387,000
Provision for possible loan losses	36,751,000	22,748,000
Collections	(12,443,000)	(11,743,000)
Loans written off and sold during the year	(409,000)	(505,000)
<b>Reserve at the end of the year</b>	<b>65,786,000</b>	<b>41,887,000</b>

ABank classified separately loans that have been restructured through medium to long-term agreements signed by related borrowers. As of December 31, 2007 interest accrued on the restructured loans amounted to TRY 1,618,000 (December 31, 2006: TRY 2,412,000).

Provision for doubtful loans includes TRY 15,518,000 (December 31, 2006: TRY 9,461,000) provided on a portfolio basis as of December 31, 2007.

As of December 31, 2007, loans and advances on which interest is not being accrued or where interest is suspended amounted to TRY 65,871,000 (December 31, 2006: TRY 38,050,000).

The TRY 1,557,847,666 amount of 'Banking Loans' covers (December 31, 2006: TRY 1,154,726,791) current loans and TRY 302,332,334 amount covers (December 31, 2006: TRY 190,047,923) non-current loans.

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**44. OTHER ISSUES (cont'd)**

**44.2 BANKING LOANS (cont'd)**

As at December 31 2007 and December 31, 2006, the ageing analysis of banking loans is as follows;

<b>December 31, 2007 (Thousands TRY)</b>	<b>Neither past due nor impaired</b>	<b>Past due or individually impaired</b>	<b>Total</b>
<b>Banking Loans</b>	<b>1,860,095</b>	<b>65,871</b>	<b>1,925,966</b>
Corporate loans	839,576	16,122	855,698
Small business loans	1,008,843	48,316	1,057,159
Consumer loans	11,676	1,433	13,109

	<b>Historical Default Rate %</b>	<b>Total TRY</b>
High (A, B)	1.07	1,431,228
Standard (C)	2.22	1,382,716
Sub Standard (D)	7.75	145,135
Impaired (E)	-	65,871

<b>December 31, 2007 (Thousands TRY)</b>	<b>Neither past due nor impaired</b>	<b>Past due or individually impaired</b>	<b>Total</b>
<b>Banking Loans</b>	<b>1,348,612</b>	<b>38,050</b>	<b>1,386,662</b>
Corporate loans	652,520		
Small business loans	675,668		
Consumer loans	20,424		

**44.3 DEPOSITS**

**Deposits from other banks**

	<b>December 31, 2007</b>				<b>December 31, 2006</b>			
	<b>Amount</b>		<b>Effective interest rate</b>		<b>Amount</b>		<b>Effective interest rate</b>	
	<b>TRY</b>	<b>Foreign currency</b>	<b>TRY</b>	<b>Foreign currency</b>	<b>TRY</b>	<b>Foreign currency</b>	<b>TRY</b>	<b>Foreign Currency</b>
<b>Demand</b>	<b>44,000</b>	<b>787,000</b>	-	-	50,000	33,000	-	-
<b>Time</b>	<b>6,196,000</b>	-	<b>16.98%</b>	-	<b>6,041,000</b>	-	<b>18.54%</b>	-
<b>Total</b>	<b>6,240,000</b>	<b>787,000</b>			<b>6,091,000</b>	<b>33,000</b>		

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## 44. OTHER ISSUES (cont'd)

## 44.3 DEPOSITS (cont'd)

## Customer deposits

	December 31, 2007				December 31, 2006			
	Amount		Effective interest rate		Amount		Effective interest rate	
	TRY	Foreign currency	TRY	Foreign currency	TRY	Foreign currency	TRY	Foreign Currency
<b>Saving</b>								
Demand	9,538,000	15,722,000	-	-	8,716,000	22,174,000	-	-
Time	375,606,000	487,917,000	17.96%	5.63%	366,335,000	288,334,000	20.64%	5.20%
<b>Total</b>	<b>385,144,000</b>	<b>503,639,000</b>			<b>375,051,000</b>	<b>310,508,000</b>		
<b>Commercial and other</b>								
Demand	73,891,874	61,865,097	-	-	31,366,578	55,370,136	-	-
Time	259,542,591	382,161,863	16.43%	5.75%	168,727,822	132,010,666	18.89%	4.56%
<b>Total</b>	<b>333,434,465</b>	<b>444,026,960</b>			<b>200,094,400</b>	<b>187,380,802</b>		
<b>Total</b>	<b>718,578,465</b>	<b>947,665,960</b>			<b>575,145,400</b>	<b>497,888,802</b>		

## Other money market deposits

	December 31, 2007				December 31, 2006			
	Amount		Effective interest rate		Amount		Effective interest rate	
	TRY	Foreign currency	TRY	Foreign currency	TRY	Foreign Currency	TRY	Foreign Currency
<b>Obligations under repurchase agreements:</b>								
-Due to customers	10,211,000	-	14.29%	-	9,281,000	-	16.73%	-
-Due to banks	-	-	-	-	964,000	-	16.65%	-
	<b>10,211,000</b>				<b>10,245,000</b>			
<b>Inter-bank deposits</b>	<b>11,000,000</b>		<b>16.95%</b>		<b>13,438,000</b>		<b>18.03%</b>	
<b>Other money market deposits</b>								
	-	-	-	-	-	-	-	-
<b>Total</b>	<b>21,211,000</b>				<b>23,683,000</b>			

The TRY 1,694,419,425 amount of 'Deposits' covers current loans (December 31, 2006: TRY 1,102,824,202) and TRY 63,000 (December 31: TRY 17,000) amount covers non-current loans.

## 44.4 FUNDS BORROWED

	December 31, 2007				December 31, 2006			
	Amount		Effective interest rate		Amount		Effective interest rate	
	TRY	Foreign currency	TRY	Foreign currency	TRY	Foreign currency	TRY	Foreign currency
<b>Short-term</b>	<b>42,100,355</b>	<b>212,543,287</b>			<b>46,421,747</b>	<b>414,304,254</b>		
Fixed interest	42,100,355	141,322,106	15.05%-23.80%	5.00%-6.69%	46,421,747	208,775,496	13.72%-23.05%	4.82%-7.30%
Floating interest	-	71,221,181	-	5.59%-7.70%	-	205,528,758	-	4.93%-7.37%
<b>Medium-long term</b>	<b>2,624,092</b>	<b>294,823,510</b>			<b>2,186,321</b>	<b>271,281,678</b>		
Fixed interest	2,624,092	7,408,000	19.70%	5.94%	2,186,321	5,694,000	23.80%	6.51%
Floating interest	-	287,415,510	-	5.70%-7.70%	-	265,587,678	-	5.15%-7.91%
<b>Total</b>	<b>44,724,447</b>	<b>507,366,797</b>			<b>48,608,068</b>	<b>685,585,932</b>		
<b>Total funds borrowed</b>	<b>552,091,244</b>				<b>734,194,000</b>			

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**44. OTHER ISSUES (cont'd)**

**44.4 FUNDS BORROWED (cont'd)**

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

	December 31, 2007		December 31, 2006	
	Fixed rate	Floating rate	Fixed rate	Floating rate
2007	-	-	1,383,000	-
2008	4,630,000	167,963,000	6,497,321	209,842,326
2009	5,402,092	48,782,607	-	6,423,122
2010	-	11,379,514	-	6,423,122
2011	-	8,760,324	-	3,597,408
2012	-	50,530,065	-	38,732,700
Later	-	-	-	569,000
<b>Total</b>	<b>10,032,092</b>	<b>287,415,510</b>	<b>7,880,321</b>	<b>265,587,678</b>

Letters of guarantee denominated in foreign currency, TRY equivalent of which amounts to TRY 1,795,235 (December 31, 2006: TRY 3,802,000) were given to the lending institutions as collateral against the loans obtained.

TRY amount of 254,643,642 'Funds Borrowed' covers (December 31, 2006: TRY 460,726,001) current deposits and TRY 297,447,602 amount covers (December 31, 2006: TRY 273,467,999) non-current deposits.

**44.5 DERIVATIVES**

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

The table below shows the 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.

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44. OTHER ISSUES (cont'd)

44.5 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)	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	-	-
Interest Swap Purchase	251	-	23,294	11,647	11,647	-	-	-	-
Interest Swap Sale	-	4,412	26,380	13,240	13,140	-	-	-	-
<b>Total</b>	<b>5,807</b>	<b>36,770</b>	<b>1,365,977</b>	<b>524,834</b>	<b>544,328</b>	<b>172,422</b>	<b>124,393</b>	<b>-</b>	<b>-</b>

(Thousands TRY)	December 31, 2006								
	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	2,420	36	72,585	17,245	28,190	17,356	9,794	-	-
Forward sale contract	-	180	67,900	16,486	26,293	16,035	9,086	-	-
Currency swap purchase	268	409	626,950	499,541	49,688	28,262	49,459	-	-
Currency swap sale	-	9,807	643,345	499,651	53,108	30,448	60,138	-	-
Futures purchase	-	551	18,220	-	18,220	-	-	-	-
Futures sale	-	-	18,771	-	18,771	-	-	-	-
Option purchase	301	720	162,093	84,762	61,571	13,521	2,239	-	-
Option sale	699	356	162,594	85,245	61,584	13,526	2,239	-	-
Sswap purchase	149	-	28,262	-	-	-	-	28,262	-
Swap sale	2,883	-	26,380	-	-	-	-	26,380	-
<b>Total</b>	<b>6,720</b>	<b>12,059</b>	<b>1,827,100</b>	<b>1,202,930</b>	<b>317,425</b>	<b>119,148</b>	<b>132,955</b>	<b>54,642</b>	<b>-</b>

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**44. OTHER ISSUES (cont'd)**

**44.6 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, the 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.

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**44. OTHER ISSUES (cont'd)**

**44.6 FINANCIAL INSTRUMENTS (cont'd)**

**Credit Risk (cont'd)**

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

(Thousands TRY)	December 31, 2007		December 31, 2006	
	Cash	Non-cash	Cash	Non-cash
Automotive	58,632	51,578	55,971	61,202
Chemical	39,156	25,592	35,991	27,733
Construction	219,412	253,424	185,037	160,816
Electrics and electronics	30,386	27,621	12,001	10,032
Finance	48,402	74,686	66,011	90,820
Food and beverage	149,452	73,457	116,330	123,124
Forest products and agriculture	34,117	12,668	22,318	10,518
Iron and steel, non-metal	70,205	42,406	65,745	55,537
Machinery	57,365	31,965	48,510	24,409
Mining	37,447	13,708	19,365	6,867
Paper	15,428	6,185	8,708	6,353
Petroleum	8,058	3,704	4,571	4,573
Production	158,462	63,418	65,785	35,505
Textile	189,383	38,389	169,657	37,926
Tourism	68,589	5,702	31,867	7,942
Trade	455,480	242,330	264,744	195,811
Transportation	76,588	28,021	56,903	24,709
Others	143,533	101,231	119,098	60,259
Corporate loans	1,860,095	1,096,085	1,348,612	944,136
Loans in arrears	65,871	-	38,050	-
Provision for possible losses	(65,786)	-	(41,887)	-
		-		-
<b>Total</b>	<b>1,860,180</b>	<b>1,096,085</b>	<b>1,344,775</b>	<b>944,136</b>

**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.



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44. OTHER ISSUES (cont'd)

44.6 FINANCIAL INSTRUMENTS (cont'd)

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.

The concentrations of assets, liabilities and off balance sheet items of ABank and ALease are as follows:

Thousands TRY	New Turkish Lira	US Dollars	EUR	Japanese Yen	Others	Total
<b>As at December 31, 2007</b>						
<b>Assets</b>						
Cash and balances with the Central Bank	45,614	49,004	21,528	-	296	116,442
Deposits with banks and other financial institutions	111,462	139,328	20,302	-	881	271,973
Other money market placements	14,476	-	-	-	-	14,476
Reserve deposits at the Central Bank	-	105,431	-	-	-	105,431
Trading securities	58,095	754	1,023	-	-	59,872
Investment securities	60,762	23,806	50	-	-	84,618
Originated loans and advances	1,036,894	386,955	439,130	-	-	1,862,979
Minimum lease payments receivable	43,093	59,005	118,763	-	-	220,861
Derivative financial instruments	5,807	-	-	-	-	5,807
Investments	17	-	-	-	-	17
Assets held for resale	21,206	-	-	-	-	21,206
Tangible assets	15,495	-	-	-	-	15,495
Intangible assets	1,918	-	-	-	-	1,918
Deferred tax assets	10,024	-	-	-	-	10,024
Other assets	54,764	15,284	6,778	-	-	76,826
<b>Total assets</b>	<b>1,479,627</b>	<b>779,567</b>	<b>607,574</b>	<b>-</b>	<b>1,177</b>	<b>2,867,945</b>
<b>Liabilities</b>						
Deposits from other banks	6,240	199	572	-	16	7,027
Customers' deposits	724,599	702,445	266,471	-	2,324	1,695,839
Other money market deposits	21,211	-	-	-	-	21,211
Funds borrowed	44,724	328,176	179,191	-	-	552,091
Derivative financial instruments	36,770	-	-	-	-	36,770
Other liabilities and provisions	209,792	14,104	13,126	-	9,693	246,715
<b>Total liabilities</b>	<b>1,043,336</b>	<b>1,044,924</b>	<b>459,360</b>	<b>-</b>	<b>12,033</b>	<b>2,559,653</b>
<b>Net on-balance sheet position</b>	<b>436,291</b>	<b>(265,357)</b>	<b>148,214</b>	<b>-</b>	<b>(10,856)</b>	<b>308,292</b>
<b>Off-balance sheet position</b>						
Net nominal amount of derivatives	(277,929)	296,140	(152,581)	-	10,842	(123,528)
Non- cash loans	598,685	313,957	178,070	-	5,373	1,096,085
<b>As at December 31, 2006</b>						
Total assets	1,078,408	716,758	411,712	-	1,144	2,208,022
Total liabilities	736,064	977,792	259,536	-	8,990	1,982,382
<b>Net on balance sheet position</b>	<b>342,344</b>	<b>(261,034)</b>	<b>152,176</b>	<b>-</b>	<b>(7,846)</b>	<b>225,640</b>
<b>Off-balance sheet position, net nominal amount</b>	<b>334,503</b>	<b>594,638</b>	<b>5,004</b>	<b>-</b>	<b>30,814</b>	<b>964,959</b>

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**44. OTHER ISSUES (cont'd)**

**44.6 FINANCIAL INSTRUMENTS (cont'd)**

**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 December 31, 2007 ABank's capital adequacy ratio calculated on consolidated basis based on statutory financial statements is 15.25% (December 31, 2006: 13.05%).

**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.

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**44. OTHER ISSUES (cont'd)**

**44.6 FINANCIAL INSTRUMENTS (cont'd)**

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

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, 2007	Average exchange buying rate in the period	Exchange buying rate at December 31, 2007
TRY /USD	Turkey	1.4056	1.3015	1.1647
TRY /EUR	Turkey	1.8515	1.7781	1.7102
		Exchange selling rate at January 1, 2007	Average exchange selling rate in the period	Exchange selling rate at December 31, 2007
TRY /USD	Turkey	1.4124	1.3078	1.1703
TRY /EUR	Turkey	1.8604	1.7868	1.7184

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, US Dollar, GBP, JPY, CA Dollar, 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.

As at December 31, 2007, if exchange rate of foreign currency had increased/decreased by 10% against TRY with all other variables held constant, income before tax and minority interest for the year would have been TRY 15,001,998 (December 31, 2006: TRY 17,666,512) lower/higher, as a result of the foreign exchange loss/gain arising from the net monetary foreign currency position.

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.

As at December 31, 2007, if interest rate on the Group's borrowings would have been 1% higher/lower with all other variables held constant, income before tax will be TRY 84,562 (December 31, 2006: 40,768) lower/higher as a result of the higher/lower interest expense on floating rate borrowings.

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44. OTHER ISSUES (cont'd)

44.6 FINANCIAL INSTRUMENTS (cont'd)

Financial risk management objectives and policies (cont'd)

b) Interest Rate Risk (cont'd)

**Banking**

Thousands TRY	Up to 1 month	1 to 3 months	3 to 12 months	Over 1 year	No interest	Total
<b>December 31, 2007</b>						
<b>Assets:</b>						
Cash and balances with the Central Bank	18,730	-	-	-	97,712	116,442
Deposits with banks and other financial institutions	264,420	-	-	-	7,553	271,973
Other money market placements	14,476	-	-	-	-	14,476
Reserve deposits at the Central Bank	105,431	-	-	-	-	105,431
Trading securities	19,993	7,844	2,222	7,411	22,402	59,872
Investment securities	459	34,326	-	49,663	170	84,618
Originated loans and advances	1,314,168	71,476	166,433	296,715	14,187	1,862,979
Lease payments receivable	18,921	15,784	64,520	113,939	7,697	220,861
Derivative financial instruments	1,908	1,459	2,440	-	-	5,807
Associates	-	-	-	-	17	17
Tangible assets held for resale	-	-	-	-	21,206	21,206
Tangible assets	-	-	-	-	15,495	15,495
Intangible assets	-	-	-	-	1,918	1,918
Deferred tax asset	-	-	-	-	10,024	10,024
Other assets	660	83	162	176	75,745	76,826
	<b>1,759,166</b>	<b>130,972</b>	<b>235,777</b>	<b>467,904</b>	<b>274,126</b>	<b>2,867,945</b>
<b>Total Assets</b>						
<b>Liabilities</b>						
Deposits from other banks	1,004	-	5,192	-	831	7,027
Customers' deposits	1,170,490	311,006	50,880	63	163,400	1,695,839
Other money market deposits	21,211	-	-	-	-	21,211
Funds borrowed	86,001	40,906	270,967	154,217	-	552,091
Derivative financial instruments	13,396	11,902	11,472	-	-	36,770
Other liabilities and provisions	999	1,838	-	150	243,728	246,715
Income taxes payable	-	-	-	-	-	-
	<b>1,293,101</b>	<b>365,652</b>	<b>338,511</b>	<b>154,430</b>	<b>407,959</b>	<b>2,559,653</b>
<b>Total Liabilities</b>						
<b>Total interest sensitivity gap</b>						
	<b>466,065</b>	<b>(234,680)</b>	<b>(102,734)</b>	<b>313,474</b>	<b>(133,833)</b>	<b>308,292</b>
<b>December 31, 2006</b>						
On balance sheet interest sensitivity gap	444,656	(48,738)	(355,478)	265,390	(80,190)	225,640
Off balance sheet interest sensitivity gap	-	-	-	-	-	-

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44. OTHER ISSUES (cont'd)

44.6 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.

The table below summarizes the monetary accounts in the balance sheet according to their liquidity as of (in thousands of TRY) December 31, 2007 and December 31, 2006:

Thousands TRY December 31, 2007	1 to 3 months	3 to 12 months	Over 1 year	Total
Cash and Cash Equivalents	452,101	643	-	452,744
Marketable Securities	11,122	22,669	121,599	155,390
Reserve Deposits at Central Bank	105,431	-	-	105,431
Banking Loans	932,551	625,297	302,332	1,860,180
Trade Receivables	92,382	19,180	-	111,562
Lease Receivables	39,138	65,491	113,938	218,567
Derivative Financial Instruments – Assets	5,807	-	-	5,807
Due From Related Parties	13,101	3,757	-	16,858
Financial Liabilities and Installments	(74,804)	(84,448)	(32,061)	(191,313)
Trade Payables	(54,641)	(170)	-	(54,811)
Deposits	(1,638,347)	(56,072)	(63)	(1,694,482)
Funds Borrowed	(63,406)	(191,238)	(297,448)	(552,092)
Due to Related Parties	(10,994)	-	-	(10,994)
Derivative Financial Instruments – Liabilities	(25,299)	(11,471)	-	(36,770)
<b>NET POSITION</b>	<b>(215,858)</b>	<b>393,638</b>	<b>208,297</b>	<b>386,077</b>

  

Thousands TRY December 31, 2006	1 to 3 months	3 to 12 months	Over 1 year	Total
Cash and Cash Equivalents	494,709	-	-	494,709
Marketable Securities	23,006	7,943	105,191	136,140
Reserve Deposits at Central Bank	61,288	-	-	61,288
Banking Loans	754,007	400,720	190,048	1,344,775
Trade Receivables	57,102	1,771	36	58,909
Lease Receivables	34,597	55,817	91,908	182,322
Derivative Financial Instruments – Assets	2,937	752	3,031	6,720
Due From Related Parties	10,471	2,338	-	12,809
Financial Liabilities and Installments	(18,019)	(86,191)	(22,912)	(127,122)
Trade Payables	(48,792)	-	-	(48,792)
Lease Obligations	(791)	(2,248)	(780)	(3,819)
Deposits	(1,098,834)	(3,990)	(17)	(1,102,841)
Funds Borrowed	(69,707)	(391,018)	(273,468)	(734,193)
Due to Related Parties	(487)	-	-	(487)
Derivative Financial Instruments – Liabilities	(4,900)	(7,159)	-	(12,059)
<b>NET POSITION</b>	<b>196,587</b>	<b>(21,265)</b>	<b>93,037</b>	<b>268,359</b>

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**44. OTHER ISSUES (cont'd)**

**44.6 FINANCIAL INSTRUMENTS (cont'd)**

**Fair Values**

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

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

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

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

**Banking**

	December 31, 2007		December 31, 2006	
	Carring Value	Fair Value	Carring Value	Fair Value
<b>Financial Assets – Thousands TRY</b>				
Cash and Cash Equivalents	289,746	289,746	322,512	315,731
Held to Maturity	25,796	26,560	25,312	24,611
Banking Loans	1,860,180	1,836,129	1,344,775	1,348,681
Lease Receivables	218,568	224,808	182,322	183,941
<b>Total</b>	<b>2,394,290</b>	<b>2,377,243</b>	1,874,921	1,872,964
<b>Financial Liabilities– Thousands TRY</b>				
Customer's Deposit	1,666,244	1,589,444	1,073,034	985,893
Funds Borrowed	552,091	538,252	734,194	721,445
<b>Total</b>	<b>2,218,335</b>	<b>2,127,696</b>	1,807,228	1,707,338