

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH)

**YAZICILAR HOLDİNG
ANONİM ŐİRKETİ**

**Consolidated Financial Statements
As of December 31, 2008**

Yazıcılar Holding Anonim Şirketi

Consolidated Financial Statements as of December 31, 2008

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(Convenience Translation of Financial Statements Originally Issued in Turkish)

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2008

(Currency – Thousands TRY unless otherwise indicated)

	Notes	Audited December 31, 2008	Audited December 31, 2007
ASSETS			
Current Assets		3.605.513	2.585.783
Cash and Cash Equivalents	6	925.410	452.744
Investments in Securities	7	22.593	33.790
Reserve Deposits at Central Bank	41.1	96.913	105.431
Banking Loans (net)	41.2	1.943.650	1.557.848
Trade Receivables (net)	10.1	128.321	111.562
Lease Receivables (net)	12.1	148.814	104.629
Derivative Financial Instruments – Assets	41.5	25.105	5.807
Due From Related Parties (net)	37.1	10.262	16.858
Other Receivables (net)	11.1	44.453	23.490
Biological Assets (net)	14	6.209	5.664
Inventories (net)	13	183.762	126.157
Receivables from Construction Contracts in Progress (net)	15	-	-
Other Current Assets	26.1	70.021	41.803
Non-Current Assets		2.207.182	1.701.103
Investments in Securities	7	287.396	128.097
Banking Loans (net)	41.2	434.076	302.332
Trade Receivables (net)	10.1	-	-
Lease Receivables (net)	12.1	127.811	113.938
Derivative Financial Instruments – Assets	41.5	3.807	-
Due from Related Parties (net)	37.1	6.107	-
Other Receivables (net)	11.2	9.491	21.571
Investments Valued Through Equity Pick up Method	16	941.021	815.721
Goodwill (net)	20	56.595	35.344
Investment Property (net)	17	9.265	21.206
Property, Plant and Equipment (net)	18	257.239	227.996
Intangible Assets (net)	19	43.863	10.632
Deferred Tax Assets	35.1	10.278	10.599
Other Non-Current Assets	26.2	20.233	13.667
TOTAL ASSETS		5.812.695	4.286.886

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2008

(Currency – Thousands TRY unless otherwise indicated)

	Notes	Audited December 31, 2008	Audited December 31, 2007
LIABILITIES			
Current Liabilities			
Short-Term Borrowings (net)	8	3.812.012	2.373.686
Current Portion of Long-Term Borrowings (net)	8	311.571	125.280
Lease Obligations (net)	12.2	58.268	33.971
Other Financial Liabilities (net)	9	-	-
Trade Payables (net)	10.2	-	-
Deposits	41.3	80.027	56.019
Funds Borrowed	41.4	2.524.432	1.694.419
Blocked Accounts		671.243	254.644
Due to Related Parties (net)		29.605	52.912
Other Payables	37.2	734	10.994
Deferred Income from Construction Contracts in progress (net)	11.3	33.950	24.458
Provisions	15	-	-
Tax Provision	22	14.605	13.556
Derivative Financial Instruments – Liabilities	35.3	437	3.534
Provisions for the Employee Benefits	41.5	27.385	36.770
Other Current Liabilities (net)	24	8.646	8.656
	26.3	51.109	58.473
Non-Current Liabilities			
Long-Term Borrowings (net)		197.011	354.703
Lease Obligations (net)	8	22.927	32.061
Other Financial Liabilities (net)	12.2	-	-
Trade Payables (net)	9	-	-
Deposits	10.2	-	-
Funds Borrowed	41.3	7.164	63
Blocked Accounts	41.4	142.080	297.448
Due to Related Parties (net)		-	-
Provisions	37.2	-	-
Derivative Financial Instruments – Liabilities	22	-	-
Provisions for the Employee Benefits	41.5	-	-
Deferred Tax Liability	24	12.975	11.361
Other Liabilities (net)	35.1	11.865	10.339
	26.3	-	3.431
EQUITY			
		1.803.672	1.558.497
Equity of the Parent			
Capital		1.411.224	1.230.168
Capital Participation Elimination	27	160.000	160.000
Share Premium	27	-	-
Value Increase Funds	27	9.474	9.467
Restricted Reserves Allocated from Net Profit	27	4.940	15.800
Currency Translation Differences	27	12.110	8.780
Net Income		7.368	(56.470)
Accumulated Profits		159.833	242.245
	27	1.057.499	850.346
Minority Interest			
		392.448	328.329
TOTAL LIABILITIES AND EQUITY		5.812.695	4.286.886

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED ON DECEMBER 31, 2008

(Currency – Thousands TRY unless otherwise indicated)

	Notes	Audited 01.01.2008 – 12.31.2008	Audited 01.01.2007 – 12.31.2007
CONTINUING OPERATIONS			
Revenue (net)	28	1.142.930	902.073
Cost of Sales (-)	28	(879.306)	(691.452)
Service Income (net)	28	36.094	29.516
Gross Profit from Trading Operations		299.718	240.137
Interest and Other Income	28	580.649	382.675
Interest and Other Expense (-)	28	(255.275)	(178.154)
Gross Profit from Financial Sector		325.374	204.521
GROSS PROFIT		625.092	444.658
Marketing, Selling and Distribution Expenses (-)	29	(117.537)	(83.788)
General Administrative Expenses (-)	29	(260.716)	(201.428)
Research and Development Expenses (-)	29	(432)	(937)
Other Operating Income	31.1	29.491	48.455
Other Operating Expense (-)	31.2	(22.966)	(17.038)
OPERATING INCOME		252.932	189.922
Gain/(Loss) from Associates	16	119.316	154.548
Non-Operating Financial Income	32	74.152	57.222
Non-Operating Financial Expense (-)	33	(214.912)	(66.773)
INCOME BEFORE TAX FROM CONTINUING OPERATIONS		231.488	334.919
Continuing Operations Tax Income / (Expense)		(19.783)	(12.986)
- Current Period Tax Expense (-)	35.2	(17.090)	(9.112)
- Deferred Tax Income/(Expense)	35.2	(2.693)	(3.874)
NET INCOME		211.705	321.933
Distribution of Net Income		211.705	321.933
- Minority Interests		51.872	79.688
- Equity Holders of the Parent		159.833	242.245
Earnings per share (full TRY)	36	1,00	1,51

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(Convenience Translation of Financial Statements Originally Issued in Turkish)

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED ON DECEMBER 31, 2008

(Currency – Thousands TRY unless otherwise indicated)

	Historical Issued Capital	Share Premium	Value Increase Funds	Restricted Reserves Allocated from Net Profit	Currency Translation Differences	Net Income	Accumulated Profits	Equity of the Parent	Minority Interest	Total Equity
As of December 31, 2006	40.000	9.468	14.893	6.909	(13.950)	156.745	837.433	1.051.498	254.368	1.305.866
Transfer of net income to the accumulated profit	-	-	-	1.871	-	(156.745)	154.874	-	-	-
Capital increase of minority shareholders	-	-	-	-	-	-	-	-	1.012	1.012
Capital increase	120.000	-	-	-	-	-	(120.000)	-	-	-
Dividends paid	-	-	-	-	-	-	(21.000)	(21.000)	(1.900)	(22.900)
Decrease in share premium	-	(1)	-	-	-	-	-	(1)	1	-
Securities value increase funds	-	-	907	-	-	-	-	907	156	1.063
A participation's intra-group portion of gain from sales of its subsidiary to associate	-	-	-	-	-	-	(961)	(961)	(1.983)	(2.944)
Currency translation differences	-	-	-	-	(42.520)	-	-	(42.520)	(3.013)	(45.533)
Net income	-	-	-	-	-	242.245	-	242.245	79.688	321.933
As of December 31, 2007	160.000	9.467	15.800	8.780	(56.470)	242.245	850.346	1.230.168	328.329	1.558.497
Transfer of net income to the accumulated profit	-	-	-	3.330	-	(242.245)	238.915	-	-	-
Capital increase of minority shareholders	-	-	-	-	-	-	-	-	9.981	9.981
Dividends paid	-	-	-	-	-	-	(32.000)	(32.000)	(1.822)	(33.822)
Increase in share premium	-	7	-	-	-	-	-	7	5	12
Securities value decrease funds	-	-	(10.860)	-	-	-	-	(10.860)	465	(10.395)
A participation's intra-group portion of gain from sales of its subsidiary to associate	-	-	-	-	-	-	238	238	(996)	(758)
Currency translation differences	-	-	-	-	63.838	-	-	63.838	4.614	68.452
Net income	-	-	-	-	-	159.833	-	159.833	51.872	211.705
As of December 31, 2008	160.000	9.474	4.940	12.110	7.368	159.833	1.057.499	1.411.224	392.448	1.803.672

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED ON DECEMBER 31, 2008

(Currency – Thousands TRY unless otherwise indicated)

	Notes	Audited December 31, 2008	Audited December 31, 2007
Cash flow from operating activities			
Income before tax from continuing operations		231.488	334.919
Adjustments for:			
Loss/(gain) from disposal of tangible and intangible assets		(6.325)	(1.354)
Loss/(gain) from disposal of investment properties		(197)	(1.432)
Depreciation and amortization	17, 18, 19	29.245	24.181
Provision for possible loan losses and impairment in receivables		47.713	43.201
Warranty provision	22	(2.313)	(2.179)
Provision for label	22	3.049	2.589
Provision for vacation pay liability	24	1.218	532
Provision for employee termination benefits	24	4.419	3.292
Provision for seniority pay liability	24	224	-
Other provisions		(945)	(97)
Gain from disposal of financial assets		-	(18.962)
Provision for inventories	13	2.403	-
Foreign exchange loss/(gain)		67.678	(10.386)
Interest expenses		76.275	62.106
Equity income from investment in associate and joint ventures		(119.316)	(154.548)
Other non-cash income		(2.910)	(7.299)
Operating profit before changes in operating assets and liabilities		331.706	274.563
Net (increase)/decrease in investments in securities		(149.763)	(18.715)
Net (increase)/decrease in reserve deposits at Central Bank	41.1	8.518	(44.143)
Net (increase)/decrease in banking loans		(558.971)	(551.748)
Net increase in trade and other receivables and due from related parties		(80.276)	(97.018)
Net (decrease)/increase in derivative financial instruments – assets	41.5	(23.105)	913
Net (increase)/decrease in inventories	3, 13, 14	(56.428)	3.243
Net changes in other assets		(43.667)	(32.984)
Net (decrease)/increase in trade and other payables and due to related parties		12.445	56.915
Net increase/(decrease) in banking customer deposits		837.114	591.641
Net increase in blocked accounts		(23.307)	13.260
Net (decrease)/increase in derivative financial instruments – liabilities	41.5	(9.385)	24.711
Retirement pay liability paid	24	(2.952)	(1.920)
Taxes paid		(20.187)	(5.681)
Net cash provided by operating activities		221.742	213.037
Cash flows provided by/(used in) investing activities			
Purchase of property, plant and equipment, and intangible asset	18, 19	(78.741)	(137.562)
Purchase of Komili brand	3	(58.376)	-
Proceeds from sale of property, plant and equipment, and intangible asset		40.823	27.288
Purchase of investments and participation in capital increase		(1.868)	(1.230)
Proceeds from sale of investments		-	(25.544)
Capital increase of subsidiaries from minority shareholders		-	44.506
Purchase of investment property	17	(2.340)	(20.277)
Net cash (used in) / provided by investing activities		(100.502)	(112.819)
Cash flows from financing activities			
Dividends from equity participations		53.998	46.482
Dividends paid (-)		(32.000)	(21.000)
Capital increase of minority shareholders		9.981	-
Addition to borrowings from banks and other institutions		907.979	613.970
Repayments of borrowings and interest from banks and other institutions (-)		(589.245)	(787.470)
Net cash (used in) / provided by financing activities		350.713	(148.018)
Currency translation on cash and cash transaction			
		713	5.835
Net (decrease) /increase in cash and cash equivalents		472.666	(41.965)
Cash and cash equivalent at the beginning of the period	6	452.744	494.709
Total cash and cash equivalent at the end of the period		925.410	452.744
Interest income		19.455	10.774
Dividend income		1	1

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2008
(Currency – Thousands 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 (ISE) 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 10, 2009, and are approved by the General Manager and the Finance Manager on behalf of Board of Directors. 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 5.795 (December 31, 2007: 5.066).

List of Shareholders

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

	December 31, 2008		December 31, 2007	
	Paid-in Capital	%	Paid-in Capital	%
Yazıcı Families	65.280	40,80	66.304	41,44
Kamil Yazıcı Yönetim ve Danışma A.Ş.	53.600	33,50	53.600	33,50
Publicly traded (*)	41.120	25,70	40.096	25,06
Historical share capital	160.000	100,00	160.000	100,00

(*) The TRY 2.906 amount of the publicly traded portion (1,816%) is owned by Kamil Yazıcı Yönetim ve Danışma A.Ş.

(Convenience Translation of Financial Statements Originally Issued in Turkish)

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2008 (cont'd)

(Currency – Thousands 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, 2008 and December 31, 2007 are as follows:

	Place of Incorporation	Principal Activities	Effective Shareholding and Voting Rights %	
			December 31, 2008	December 31, 2007
Anadolu Endüstri Holding A.Ş. (AEH)	Turkey	Holding company	68,00	68,00
Alternatifbank A.Ş. (ABank) (1)	Turkey	Banking services	61,75	61,62
Alternatif Yatırım A.Ş. (A Yatırım)	Turkey	Brokerage company	61,64	61,62
Alternatif Finansal Kiralama A.Ş. (ALease)	Turkey	Leasing company	64,94	64,94
Alternatif Yatırım Ortaklığı A.Ş. (AYO) (1) (3)	Turkey	Investment company	31,36	30,34
Alternatif Portföy Yönetimi A.Ş. (Alternatif Portföy) (6)	Turkey	Portfolio management	61,64	-
Çelik Motor Ticaret A.Ş. (Çelik Motor)	Turkey	Import, distribution and marketing of Lada, Geely and Kia motor vehicles and operating lease	68,00	68,00
Anadolu Motor Üretim ve Pazarlama A.Ş. (Anadolu Motor)	Turkey	Production of industrial engines	67,93	67,93
Anadolu Otomotiv Dış Ticaret ve Sanayi A.Ş.	Turkey	Import of Lada, Geely and Kia motor vehicles	67,38	67,38
Anadolu Elektronik Aletler Pazarlama ve Ticaret A.Ş. (Anadolu Elektronik) (4)	Turkey	Distribution of Samsung-branded consumer durables in Turkey	34,65	34,65
Adel Kalemcilik Ticaret ve Sanayi A.Ş. (Adel) (1) (2)	Turkey	Production of writing instruments under Adel, Johann Faber and Faber Castell brand names	38,68	38,68
Ülkü Kırtasiye Ticaret ve Sanayi A.Ş. (Ülkü) (2)	Turkey	Distribution of the products of Adel, and other imported stationery products	49,76	49,76
Ana Gıda Otomotiv ve İhtiyaç Maddeleri Sanayi ve Ticaret A.Ş. (Ana Gıda)	Turkey	Production and marketing of olive oil under Kırlangıç, Komili and Madra Brands, sunflower and corn oil, and automotive trading	68,00	68,00
Efes Turizm İşletmeleri A.Ş. (Efesur)	Turkey	Arrangement of travelling and organization facilities of the Group	51,60	51,60
Anadolu Bilişim Hizmetleri A.Ş. (ABH)	Turkey	IT, internet and e-commerce services	65,53	65,04
Oyex Handels GmbH (Oyex)	Germany	Trading of various materials used in the Group	67,32	67,32
Anadolu Endüstri Holding und Co. KG (AEH und Co.)	Germany	Provides necessary market research of products abroad	67,32	67,32
Anadolu Restoran İşletmeleri Limited Şirketi (McDonald's)	Turkey	Restaurant chain management, ranch management	68,00	68,00
Hamburger Restoran İşletmeleri A.Ş. (Hamburger)	Turkey	Restaurant chain management	68,00	68,00
Anadolu Varlık Yönetim A.Ş. (Anadolu Varlık)	Turkey	Asset management	67,99	67,99
Anadolu Taşıt Ticaret A.Ş. (Anadolu Taşıt)	Turkey	Industrial and commercial operations in automotive sector	68,00	68,00
Anadolu Araçlar Ticaret A.Ş. (Anadolu Araçlar)	Turkey	Industrial and commercial operations in automotive sector	68,00	68,00
Anadolu Termik Santralleri A.Ş. (Anadolu Termik)	Turkey	Production of electricity	68,00	68,00
AES Toptan Elektrik Tic. A.Ş. (AES Elektrik) (5)	Turkey	Whole sale and retail sale of electricity and/or its capacity	68,00	-
AEH Sigorta Acenteliği A.Ş. (AEH Sigorta) (5)	Turkey	Insurance agency	68,00	-

- (1) Shares of ABank, Adel and AYO are currently traded on the ISE.
- (2) 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.
- (3) Decrease is due to the change in ABank's effective consolidation rate of AYO.
- (4) Anadolu Motor and AEH have 50,00% and 1,00% shareholding at Anadolu Elektronik respectively. As a result, Anadolu Elektronik is controlled by Yazıcılar.
- (5) AEH has 99,99% shareholding at AES Elektrik established in November 27, 2008 and at AEH Sigorta established in November 11, 2008. The indirect shareholding rate of Yazıcılar in both companies is 68,00%.
- (6) A Yatırım has 99,99% shareholding rate at Alternatif Portföy established in August 13, 2008. The indirect shareholding rate of Yazıcılar is 61,64%. As of March 11, 2009 liquidation decision of Alternatif Portföy has been registered on the Trade Registry Gazete and struck off the register.

Associate

The associate included in consolidation by equity pick-up method and its shareholding percentages at December 31, 2008 and December 31, 2007 are as follows:

	Place of incorporation	Principal activities	Effective shareholding and voting rights %	
			December 31, 2008	December 31, 2007

(Convenience Translation of Financial Statements Originally Issued in Turkish)

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2008 (cont'd)

(Currency – Thousands TRY unless otherwise indicated)

Anadolu Efes Biracılık ve Malt San. A.Ş. (Anadolu Efes) Turkey Production of beer 36.24 36.24

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

Investments in Joint Ventures

The investments in joint ventures included in consolidation by equity pick-up method and their shareholding percentages at December 31, 2008 and December 31, 2007 are as follows:

	Place of incorporation	Principal activities	Effective shareholding and voting rights %	
			December 31, 2008	December 31, 2007
Anadolu Isuzu Otomotiv San. ve Tic. A.Ş. (Anadolu Isuzu)	Turkey	Manufacturing of Isuzu brand commercial vehicles	37,48	37,32
Aslancık Üretim ve Tic. Ltd. Şti. (Aslancık)	Turkey	Electricity production	17,00	17,00
D Tes Elektrik Enerjisi Toptan Satış A.Ş. (D Tes)	Turkey	Electricity wholesale	17,00	17,00

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

Basis of Preparation of Financial Statements

The Company and its subsidiaries incorporated in Turkey maintains its books of account and prepares its statutory financial statements in Turkish Lira (TRY) in accordance with Turkish Commercial Code and Banking Legislation, Tax Legislation and the Uniform Chart of Accounts issued by the Ministry of Finance.

The subsidiaries incorporated outside of Turkey maintain their books of account and prepare their statutory financial statements in accordance with the regulations of the countries in which they operate. The consolidated financial statements have been prepared from the statutory financial statements of the Company's subsidiaries' in accordance with CMB Accounting Standards with certain adjustments and reclassifications for the purpose of fair presentation. Adjustment entries are mainly; application of consolidation accounting, booking of business combinations, calculation of deferred tax, calculations of severance payments and other provisions. Excluding financial assets of carrying value and assets or liabilities from business combinations, financial statements are prepared in accordance with cost basis accounting.

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

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

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

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

Functional and Reporting Currency

The functional and presentation currency of the Company in Turkey is TRY. Effective from January 1, 2005 concurrent with the removal of six zero digits, the new currency unit of Turkey was introduced as New Turkish Lira (New TRY). The Government resolved to remove the “New” phrase in the local currency unit effective from January 1, 2009. Accordingly the Company’s functional and presentation currency as of December 31, 2008 is TRY and comparative figures for the prior year(s) have also been presented in TRY, using the conversion rate of New TRY 1= TRY 1.

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, 2008 and December 31, 2007 are derived by indexing the additions occurred until December 31, 2004. The additions after December 31, 2004 are carried with their nominal amounts.

Classifications Made in Consolidated Financial Statements for the Year 2007

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

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

- a) Amount of TRY 332 portion of ‘Other current assets’ account has been classified into ‘Other receivables’ account. Amount of TRY 267 in ‘other receivables’ account has been classified into ‘Other current assets’ account.
- b) Advances given amount of TRY 204 in ‘Inventories’ account has been classified into ‘Other current assets’ account.
- c) Available for sale investments non current amount of TRY 6.498 has been classified into ‘Financial Investments’ account.
- d) Deposits and collaterals given amount of TRY 1.378 in ‘Other non-current assets’ account has been classified into ‘Other receivables’ account.
- e) Short term ‘Advances taken’ amount of TRY 2.163 has been classified into short term ‘Other liabilities’ account; long term ‘Advances taken’ amount of TRY 3.428 has been classified into long term ‘Other liabilities’ account.
- f) Tax provision amount of TRY 3.534 which is shown in ‘Provisions’ account, is also shown in ‘Tax provision’ account in financial statements.
- g) Wages and salaries payable amount of TRY 2.041 in ‘Other current liabilities’ account has been classified into ‘Other payables’ account.
- h) Vacation pay liability amount of TRY 1.420 in non-current ‘Provisions’ account has been classified into current ‘Provisions for the employee benefits’ account.
- i) Vacation pay liability amount of TRY 1.570 in ‘Other liabilities’ account has been classified into current ‘Provisions for the employee benefits’ account.
- j) TRY 1.029 amounted portion of TRY 1.066 amount of other line in ‘Other liabilities’ account has been classified into deposits and collaterals taken, and TRY 36 portion of other line has been classified into ‘Other liabilities’ account.
- k) TRY 483 liability amount of other line in ‘Other current liabilities’ account has been classified into ‘Trade payables’ account.
- l) Taxes payable amount of TRY 10.256 (non-banking) in ‘Other current liabilities’ account has been presented in taxes and duties payable (banking) in an amount of TRY 8.191 and in collaterals given for securities (banking) in an amount of TRY 2.905 in ‘Other liabilities’ account.

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

Classifications Made in Consolidated Financial Statements for the Year 2007 (cont'd)

- m) Provision for warranty amount of TRY 8.049, provision for labels amount of TRY 4.380, provision for lawsuit amount of TRY 414 in 'Other current liabilities' account has been classified into 'Provisions' account.
- n) TRY 726 amount of other provision in 'Provisions' account has been classified into 'Trade payables' account.
- o) Premium pay liability amount of TRY 5.666 in 'Provisions' account has been classified into 'Provisions for the employee benefits' account.
- p) Employee termination benefit amount of TRY 11.360 in 'Provisions' account, has been classified into 'Provisions for the employee benefits' account.
- q) Inflation restatement differences on equity amount of TRY 105.185 has been classified into 'Accumulated profit'.
- r) Amounts shown in 'Legal, statutory, special and extraordinary reserves' TRY 8.780 has been classified into 'Restricted reserves allocated from net profit', TRY 15.800 into 'Value increase funds' and the rest profit reserves TRY 205.069 into 'Accumulated profit' accounts respectively.
- s) Foreign currency translation gain amount of TRY 45.594, interest income amount of TRY 10.774, gain from sale of financial assets amount of TRY 615, and other income amount of TRY 239 which were shown in 'Other income' account, has been classified into 'Non-operating financial income' account.
- t) Foreign currency translation loss amount of TRY 26.461, discount expense amount of TRY 201, loss from capital market transactions amount of TRY 3.223 and other expense amount of TRY 47 which were shown in 'Other expense' account has been classified into 'Non-operating financial expense' account.
- u) Income from associates and joint ventures amount of TRY 154.708 in 'Other income' account and expense from associates and joint ventures amount of TRY 160 have been classified into 'Portion of gain/loss from investments valued through equity pick-up method' account.
- v) In order to be consistent with the current year presentation, distributor contribution income amount of TRY 2.724 in 'Other operating income' account has been classified into 'Marketing, Selling and Distribution Expenses' account.
- w) In order to be consistent with the current year presentation, gain from sale of vehicles in operational leasing amount of TRY 1.562 has been classified into 'Sales' account.

Functional and Local Currencies of Foreign Subsidiaries

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

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

	December 31, 2008	December 31, 2007
	Local Currency	Functional Currency
AEH und Co.	EUR	EUR
Oyex	EUR	EUR

Foreign subsidiaries are established as foreign corporate entities.

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

Changes in Accounting Policies

New standards and interpretations

The accounting policies that considered during the preparation of the consolidated financial statements as of December 31, 2008 are applied consistently with the consolidated financial statements as of December 31, 2007, except the new standards and IFRIC interpretations summarized below. These standards and interpretations have no effect on the financial position or performance of the Group, only the presentation of additional explanations are required.

The application of new and revised International Financial Reporting Standards

The new standards which are effective as of January 1, 2008 and changes and interpretations of current standards are as follows:

IFRIC 11, “IFRS 2 - Group and Treasury Share Transactions” (Effective for fiscal periods beginning on or after March 1, 2007).

This interpretation provides guidance on share-based payment involving an entity’s own equity instruments in which the entity chooses or is required to buy its own equity instruments to settle the share-based payment obligation; and Company’s granting rights to its equity instruments to employees of its subsidiary. This interpretation also includes subsidiary’s granting rights to equity instruments of its parent to its employees. IFRIC11 is not applicable interpretation for the Group.

IFRIC 12, “Service Concession Arrangements” (Effective for fiscal periods beginning on or after January 1, 2008).

The interpretation outlines an approach to account for contractual arrangements arising from entities providing public services (“Service Privilege”). It provides for the operator not to account for the infrastructure as property, plant and equipment, but recognize a financial asset and / or an intangible asset. UFRYK 12 is not applicable interpretation for the Group.

IFRIC 14, “IAS 19- The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction” (Effective for fiscal periods beginning on or after January 1, 2008).

IFRIC 14, IAS 19 addresses the interaction between a minimum funding requirement and the limit placed by IAS 19 Employee Benefits on the measurement of the defined benefit asset or liability. Furthermore, this interpretation clarifies the effect of minimum funding requirement on ‘test of asset ceiling’ and standardizes the applications in use. UFRYK 14 has no effect on the financials of the Group.

IAS 39 “Financial Instruments Recognition and Measurement” and IFRS 7 “Financial Instruments” Disclosures - Reclassification of Financial Assets (Revised) (Effective for fiscal periods beginning on or after July 1, 2008)

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

The amendment to IAS 39 issued on 31 October 2008 permits entities to reclassify their financial assets (except for derivative financial instruments and financial instruments designated on initial recognition as at fair value through profit or loss) as assets available for sale or assets held-to-maturity under certain conditions. This amendment also permits entities to reclassify financial assets available for sale and financial assets designated on initial recognition as at fair value through profit or loss as loan or receivable where the financial asset meets the definition of a loan or receivable and the entity has the intent and ability to hold it for the foreseeable future. The amendment is effective beginning from 1 July 2008 and reclassifications made before this date are not permitted. These changes has no effect on the Group's financial position and performance.

The standards which are published but are not effective and are not early adopted by the Group as of the date of authorization of the consolidated financial statements, and the changes and interpretations to the current standards are as follows :

IAS 23, “(Revised) Borrowing Costs” (Effective for fiscal periods beginning on or after January 1, 2009).

The change is the removal of the option of immediately recognised as an expense borrowing costs that related to assets that take a substantial period of time to get ready for use or sale. An entity is, therefore, required to capitalize borrowing costs as part of the cost of such assets. In conformity with transition to the standard, the Group will adopt the changes in the future periods. If any, the standard applies to borrowing costs relating to qualifying assets for which the commencement date for capitalization is on or after January 1, 2009. There will be no amendment on the borrowing costs which are expensed until the mentioned date. Group predicts that related changes will not effect the financial statements.

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

IFRS 8 replaces IAS 14 “Segment Reporting” and adopts a management approach to segment reporting. The information reported would be that which management uses internally for evaluating the performance of operating segments and allocating resources to those segments. This information may be different from that reported in the balance sheet and income statement and entities will need to provide explanations and reconciliations of the differences. The Group is currently assessing the effect of the interpretation on the consolidated financial statements.

IFRIC 13, “Customer Loyalty Programmes”(Effective for fiscal periods beginning on or after July 1, 2008).

The interpretation requires loyalty award credits granted to customers in connection with a sales transaction to be accounted for as a separate component of the sales transaction. The consideration received in the sales transactions would, therefore, be allocated between the loyalty award credits and the other components of sale. The amount allocated to the loyalty award credits is determined by reference to their fair value and is deferred until the awards are redeemed or the liability is otherwise extinguished. Since the Group does not have such an implementation, IFRIC 13 will not have any effect on the consolidated financial statements of the Group.

IAS 1, “Presentation of Financial Statements” (Revised) (Effective for fiscal periods beginning or after January 1, 2009).

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

IAS 1 has been revised to enhance the usefulness of information in the financial statements. The main changes from the previous version are; an entity must present all non-owner changes in equity in a separate line and present a statement of financial position as at the beginning of the earliest comparative period in a complete set of financial statements when the entity applies an accounting policy retrospectively or makes a retrospective restatement. In addition, a statement of comprehensive income that combines all items of income and expense recognised in profit or loss together with “other comprehensive income” is introduced. Group will apply the related changes about the consolidated financial statements, with respect to the changes made in mandatory reporting format of CMB.

IFRS 2, “Share Based Payments (Revised) - Qualifying and Cancellation” (Effective for fiscal periods beginning on or after January 1, 2009).

Standard clarifies two issues: Definition of ‘Vesting Conditions’ and the concept of ‘Non-vesting Conditions’ for the arrangements other than performance and service conditions. This standard also states that, if neither the Group nor the counterparty has the choice as to whether to meet a non-vesting condition, a failure to meet this non-vesting condition does not have any accounting effect, similar to the treatment of market conditions. It is expected that IFRS 2 will not have any effect on the financial statements of the Group.

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements: (Both revisions will be effective for financial years beginning on or after 1 January 2009).

The amendments to IFRS 1 allows an entity to determine the ‘cost’ of investments in subsidiaries, jointly controlled entities or associates in its opening IFRS financial statements in accordance with IAS 27 or using a deemed cost. The amendment requires all dividends from a subsidiary, jointly controlled entity or associate to be recognized in the income statement in the separate financial statement. This interpretation must be applied prospectively. The new requirements will not have any effect on the Group’s financial statements and will only effect the parent company’s solo financial statements.

IFRIC 15 - “Agreements for the Construction of Real Estate”, (issued on 3 July 2008 and is effective for annual periods beginning on or after 1 January 2009)

Addresses the divergence in construction of real estate accounting treatment whether under the scope of IAS 11 and IAS 18 or not and clarifies when and how revenue and related expenses from the sale of a real estate unit should be recognized if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. This interpretation is not valid for the Group.

IFRIC 16 - “Hedges of a Net Investment in a Foreign Operation”, (effective for annual periods beginning on or after 1 October 2008)

Issued on 3 July 2008 and must be applied prospectively. UFYRK 16 üç clarifies three main issues: Presentation currency used in the preparation of financial statements is not a rationale for the hedge accounting application. Therefore, the parent company can qualify the foreign exchange differences arises from the currency used in the financial statements and used in foreign operations as hedging from financial risk. Hedging instruments can be held by an entity or entities in the group. It is expected that this interpretation will not have any effect on the financial statements of the Group.

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

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IAS 39 Financial Instruments: Recognition and Measurement- Eligible Hedged items (Effective for fiscal periods beginning on or after January 1, 2009)

It determines how hedging accounting principles will be applied in financial hedging instruments in inflation issues. Since the Group has not hedging accounting, the amendment has not any effect in financial statements.

IFRS 3, Business Combinations and IAS 27 Consolidated and Separate Financial Statements (revised) (effective for annual periods beginning on or after July 1, 2009).

Revised IFRS 3 and revised IAS 27 are published by IASC at January 10, 2008. Revised IFRS 3 (IFRS 3R) requires various changes for the accounting of business combinations, booking of goodwill and reporting of the financial results of the period related to the mergers. The related changes require that the costs associated to the purchase to be expensed and on the contingent cases considered at the purchase, to consider the fair value changes incurred at the subsequent period in the income statement other than adjusting in the goodwill. Revised IAS 27 (IAS 27R) requires that the changes in the shareholding of the subsidiaries should be treated as change in equity movement. As a result, the related change in equity movement would have no impact on the goodwill or the profit or loss. Besides, this standard provides changes in accounting of the standard subsidiary losses and the accounting of the loss on the control in the subsidiaries. This standard will be applied prospectively.

Amendments to IAS 32 and IAS 1: “Puttable Financial Instruments and Obligations Arising on Liquidation” (Effective for fiscal periods beginning of after January 1, 2009).

The change in IAS 32 considers that some puttable financial instruments and financial instruments that impose on the issuer an obligation to deliver a pro-rata share of net assets of the entity only on liquidation are equity. The change in IAS 1 recommends that the puttable financial instruments should be described and explained in detail. It is expected that this interpretation will not have any effect on the financial statements of the Group.

IFRIC 17 “Distributions of Non-cash Assets to Owners” (effective for annual periods beginning on or after 1 July 2009 and must be applied prospectively)

The interpretation applies to all non-reciprocal distributions of non-cash assets, including those giving the shareholders a choice of receiving non-cash assets or cash. The Group is currently assessing the effect of the interpretation on the consolidated financial statements.

IFRIC 18 “Transfers of Assets from Customers” (effective for annual periods beginning on or after 1 July 2009)

The standard provides guidance on how to account for items of property, plant and equipment or cash for the acquisition or construction of such items received from customers. The Group is currently assessing the effect of the interpretation on the consolidated financial statements.

“Amendments to IFRIC 9 and IFRS 39 Embedded Derivatives” (effective for annual periods beginning on or after June 30, 2009)

According to these amendments, entities must assess whether to separate an embedded derivative from a host contract in the case where the entity reclassifies a hybrid financial asset out of the fair value through profit or loss category. The amendments to IFRIC 9 require an assessment to be made either when the entity first became party to the contract or when a change in the terms of the contract significantly modifies expected cash flows. The Group expects that this interpretation will have no impact on the Group’s consolidated financial statements.

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

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“Amendments to IFRS 7 ‘Financial Instruments: Disclosures” - (effective for annual periods beginning on or after January 1, 2009)

The amended IFRS 7 requires fair value measurements to be disclosed by the source of inputs, using the following three-level hierarchy.

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly
- Level 3: Inputs for the asset or liability that are not based on observable market data.

The Group is currently assessing the effect of the interpretation on the consolidated financial statements.

Improvements to IFRSs

In May 2008, the International Accounting Standard Board issued its first omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each Standard and despite some differences generally will be effective for the periods after January 1, 2009. The Group has not early adopted the following amendments and does not expect these amendments to impact the consolidated financial statements of the Group significantly, except IAS 1, IAS 28, IAS 36 and IAS 10.

IAS 1 “Presentation of Financial Statements”: assets and liabilities classified as held for trading are not automatically classified as current in the balance sheet.

IAS 16, “Property, Plant and Equipment” : replace the term “net selling price” with “fair value less costs to sell”.

IAS 23, “Borrowing Costs”: the definition of borrowing costs is revised to consolidate the two types of items that are considered components of “borrowing costs” into one - the interest expense calculated using the effective interest rate method calculated in accordance with IAS 39.

IAS 28 “Investment in associates”: If an associate is accounted for at fair value in accordance with IAS 39, only the requirement of IAS 28 to disclose the nature and extent of any significant restrictions on the ability of the associate to transfer funds to the entity in the form of cash or repayment of loans applies.

In terms of impairment analysis, an investment in associate is assessed as a single cash generating unit. As a result, there is no need to make impairment analysis for the goodwill in the investment separately.

IAS 31, “Interest in Joint Ventures”: if a joint venture is accounted for at fair value, in accordance with IAS 39, only the requirements of IAS 31 to disclose the commitments of the venturer and the joint venture, as well as summary financial information about the assets, liabilities, income and expense will apply.

IAS 36 “Impairment of Assets”: When discounted cash flows are used to estimate “fair value less cost to sell” additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate “value in use”.

IAS 38, “Intangible Assets”: expenditure on advertising and promotional activities is recognized as an expense when the Group either has the right to access the goods or has received the service.

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

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IFRS 7, “Financial Instruments” Disclosures: Removal of the reference to ‘total interest income’ as a component of finance costs.

IAS 8, “Accounting Policies, Change in Accounting Estimates and Errors”: clarification that only implementation guidance that is an integral part of an IFRS is mandatory when selecting accounting policies.

IAS 10 “Events after the Reporting Period”: Clarification that dividends declared after the end of the reporting period is not an obligation.

IAS 16, “Property, Plant and Equipment”: items of property, plant and equipment held for rental that are routinely sold in the ordinary course of business after rental, are transferred to inventory when rental ceases and they are held for sale.

IAS 18, “Revenue”: replacement of the term ‘direct costs’ with ‘transaction costs’ as defined in IAS 39.

IAS 19, “Employee Benefits”, revised the definition of ‘past service costs’: return on plan assets and short term and other long-term employee benefits. Amendment to plans that result in a reduction in benefits related to future services are accounted for as curtailment. Deleted the reference to the recognition of contingent liabilities to ensure consistency with IAS 37.

IAS 20, “Accounting for Government Grants and Disclosures of Government Assistance”: loans granted in the future with no or low interest rates will not be exempt from the requirement to impute interest. The difference between the amount received and the discounted amount is accounted for as government grant. Also, revised various terms used to be consistent with other IFRS.

IAS 27, “Consolidated and Separate Financial Statement”: when a parent entity accounts for a subsidiary at fair value in accordance with IAS 39 in its separate financial statements, this treatment continues when the subsidiary is subsequently classified as held for sale.

IAS 29, “Financial Reporting in Hyperinflationary Economies”: revised the reference to the exception to measure assets and liabilities at historical costs, such that it notes property, plant and equipment as being example, rather than implying that it is a definitive list. Also, revised various terms used to be consistent with other IFRS.

IAS 34, “Interim Financial Reporting”: earnings per share is disclosed in interim financial reports if an entity is within the scope of IAS 33.

IAS 39 “Financial Instruments: Recognition and Measurement”: Changes in the position of derivative instruments do not constitute a reclassification and consequently, financial instruments may be reclassified into or out of the classification of at fair value through profit or loss. The IAS 39 reference to the need to designate hedging instruments at the segment level has been removed from IAS 39. On cessation of fair value hedge accounting, the use of a revised effective interest rate is needed.

IAS 40 “Investment Property”: Property under construction or development for future use is classified as investment property. If the fair value cannot be calculated reliably, the continuing construction is carried at cost, until the fair value can be calculated or the construction is completed. Also, revised of the conditions for a voluntary change in accounting policy to be consistent with IAS 8 and clarified that the carrying amount of investment property held under lease is the valuation obtained increased by any recognized liability.

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

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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IAS 41 “Agriculture”: The reference to the requirement to use the pre-tax market discount rate to determine fair value has been removed. The inability to consider “additional biological transformation” when calculating fair value using discounted cash flows has been removed. The term “point-of-sale costs” has been replaced with the term “costs to sell”.

“IFRS 5 Non-current Assets Held for Sale and Discontinued Operations”: when a subsidiary is held for sale, all of its assets and liabilities will be classified as held for sale under IFRS 5, even when the entity retains a non-controlling interest in the subsidiary after the sale.

Basis of Consolidation

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

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

The consolidated financial statements of the Group include Yazıcılar Holding A.Ş. and subsidiaries under its control. This control is normally evidenced when the Group owns, either directly or indirectly, more than 50% of the voting rights of a company’s share capital and is able to govern the financial and operating policies of an enterprise so as to benefit from its activities.

Minority interests in the net assets of the subsidiaries included in consolidation, appears as a separate item in Group’s equity. Minority interest consists of minority’s amount that already exists as of the first acquisition date and the amounts take place during the changes in the parent company’s equity related to minority interest after the first acquisition date. Losses exaggerating the shares belonging to minority interest are distributed to the shares of the Group, unless there is a mandatory obligation to compensate the recognized losses and an opportunity to make additional investments to cover the stated losses of the minority interest. 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.

Investments 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.

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

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The investments valued through equity pick up method 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 consolidated income statement reflects the Group's share of the results of operations of the associates. The effect of the amounts that has not reflected to the profit or loss of the associate on the equity of the associate, may require an adjustment on the book value of the associate. Group's share in these changes is directly being recorded in Group's equity.

Unrealized profits from the inter-company transactions are eliminated with the Group's total shareholding ratio in the associate, while unrealized losses are eliminated only if the transferred asset does not indicate impairment.

Investments in Joint Ventures

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

Offsetting

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

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.

Provision for doubtful receivables

Allowance for doubtful receivables reflect the future loss that the Group anticipates to incur from the trade receivables as of the balance sheet date which are subject to collection risk considering the current economical conditions. During the impairment test for the receivables, the debtors, other than the key accounts and related parties, are assessed with their prior year performances, their credit risk in the current market, their performance after the balance sheet date up to the issuing date of the financial statements; and also the renegotiation conditions with these debtors are considered. The provision for doubtful receivables are followed in the Note 10.1.

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

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Provision for inventories

During the assessment of the provision for inventory the following are considered; analyzing the inventories physically and historically, considering the employment and usefulness of the inventories respecting to the technical personnel view. Sales prices listed, average discount rates given for sale and expected cost incurred to sell are used to determine the net realizable value of the inventories. As a result of this, the inventories with the net realizable values below the costs are written down in the Note 13.

Impairment of intangible assets with indefinite useful life and goodwill

According to the determined accounting policies, the Group performs impairment test for intangible assets with indefinite useful life and goodwill annually or when circumstances indicate that the carrying value may be impaired. As of December 31, 2008, impairment test for the intangible assets with indefinite useful life and goodwill is generated by comparing its carrying amount with the recoverable amount. The recoverable amount is determined taking the value in use calculation as basis.

Employee termination benefit

Discount rates are determined using actuarial valuations which involve making assumptions about future salary increases and employee turnover rates. The details related with the defined benefit plans are stated in Note 24.

Warranty provision

Group has determined the warranty provision by considering the realized warranty expense per vehicle in previous years for each vehicle model and the warranty period left per each vehicle.

Summary of Significant Accounting Policies

2.1 Revenue Recognition

Non-Banking

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

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

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

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

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Summary of Significant Accounting Policies (cont'd)

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

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

Banking

Interest income and expense are recognized in the income statement in fair value for all interest bearing instruments on an accrual basis using the effective interest method (a method of calculating the amortized cost of a financial asset or a financial liability to reach net present value).

According to the related regulations, the interest accrual and discount of doubtful credits and other receivables are not considered and included in interest income till they are collected.

Fees and commissions are generally recognized on an accrual basis when the service has been provided. Commission and fees arising from cash and non-cash loans re recognized as revenue in the related period by discounting using the effective interest method.

Commission and fees arising from negotiating or participating in the negotiation of a transaction for a third party are recognized on completion of the underlying transaction. Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognized as an adjustment to the effective interest rate of the loan.

2.2 Inventories

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

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

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

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

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Summary of Significant Accounting Policies (cont'd)

2.3 Tangible Assets

Property, plant and equipment that are acquired before January 1, 2005 are carried with their restated cost as of December 31, 2004; and property, plant and equipment that are acquired after January 1, 2005 are carried with their cost after subtracting accumulated depreciation and impairment. Property, plant and equipment are depreciated principally on a straight-line basis. Land is not depreciated as it is deemed to have an indefinite life. The depreciation periods for property, plant and equipment, which approximate the useful lives of such assets, are as follows:

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

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

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

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

2.4 Intangible Assets

(i) Goodwill and amortization

Goodwill represents the excess of the cost of the acquisition over the fair value of identifiable net assets of a subsidiary, associate or joint venture at the date of acquisition. 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 and/or after 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.

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Summary of Significant Accounting Policies (cont'd)

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

(ii) Other intangible assets

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

Useful lives of intangible assets are determined with or without a time-bound.

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.

Intangibles with useful life without a time-bound (Komili and Kırlangıç brands), are not subject to amortization. However, they are put through annual impairment test. Evaluation of useful life without a time-bound is being done in every year. If the circumstances supporting the time indicated have been abated, conversion to useful life with a time-bound will be done prospectively.

2.5 Impairment of Assets

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

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.

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Summary of Significant Accounting Policies (cont'd)

2.6 Borrowing Costs

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

2.7 Financial Instruments

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

Cash and Cash Equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise cash at bank and in hand, deposits at the Central Bank of Turkey, 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.

Accounting as of Transaction and Delivery Dates

All acquisitions and sales of financial assets are recorded in the transaction date, as of the date Group commits to perform the transaction. Regular acquisitions or sales are generally transactions which the delivery dates of assets are determined due to the legislations or arrangements in the market.

Investments in 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.

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Summary of Significant Accounting Policies (cont'd)

Held-to-Maturity Securities

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

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

Interest earned whilst holding held-to-maturity securities is included in interest income.

Available-for-Sale Securities

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

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

For investments that are actively traded in organized financial markets, fair value is determined by reference to ISE 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.

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

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Summary of Significant Accounting Policies (cont'd)

Loans and Advances to Customers

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

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

Borrowings and Customer Deposits

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

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

Derivative Financial Instruments

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

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

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

2.8 Foreign Currency Transactions

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

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Summary of Significant Accounting Policies (cont'd)

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.

2.9 Earnings per Share

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

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

2.10 Subsequent Events

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

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

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Summary of Significant Accounting Policies (cont'd)

2.11 Provisions, Contingent Liabilities, Contingent Assets

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

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

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

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

2.12 Changes in Accounting Policies, Accounting Estimates and Errors

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

2.13 Leases

The Group as a Lessee

Finance Lease

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

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Summary of Significant Accounting Policies (cont'd)

Operating Lease

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

The Group as a Lessor

Finance Lease

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

Operating Lease

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

2.14 Related Parties

Parties are considered related to the Group if;

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

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

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

Summary of Significant Accounting Policies (cont'd)

2.15 Segmental Information

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

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

2.16 Government Incentives

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

2.17 Investment Properties

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

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

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

2.18 Taxation and Deferred Tax

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

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

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

Summary of Significant Accounting Policies (cont'd)

Current Tax

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

Deferred Tax

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

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

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

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

2.19 Employee Termination Benefits

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.

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

Summary of Significant Accounting Policies (cont'd)

Defined Contribution Plan

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

2.20 Statement of Cash Flows

In statement of cash flow, cash flows are classified according to operating, investment and finance activities. Cash and cash equivalents are indicated with the sum of interest accruals and acquisition costs.

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

2.21 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.

The Group reviews its individually significant loans and advances in each balance sheet date to assess whether an impairment loss should be recorded in the income statement. In particular, judgement of management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, the Group makes judgements about the borrower's financial situation and the net realizable value of the collateral. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

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.

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

Summary of Significant Accounting Policies (cont'd)

2.22 Biological Assets

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

3. BUSINESS COMBINATIONS

Transactions related to year 2008

On October 31, 2008, the Company purchased Komili brand name, stocks, supplier contracts, domain name, intellectual property and business information (Komili brand) from a company in Turkey. Komili brand is a well known and reputable brand for olive oil in Turkey.

The fair value of the identifiable assets and liabilities of Komili brand as at the date of acquisition and the corresponding carrying amounts immediately before the acquisition were:

	Previous carrying value	Fair value recognized on acquisition
Inventories	4.125	4.125
Intangibles – net (Not 19)	-	33.000
Total net assets acquired	4.125	37.125
Goodwill arising on acquisition (Note 20)		21.251
Net cash out flow		58.376

The goodwill of TRY 21.251 comprises the value of expected synergies arising from the acquisition of the Komili brand and the high reputation of the Komili.

Transactions related to year 2007

The group has sold its total shares in its associate Anadolu Cetelem which was 50% in ratio, amounting to TRY 23.963 on June 1, 2007. The gain on sale of these shares which amounting to TRY 18.962 has been classified in 'other operating income' in the consolidated income statement of the period it has realized (Not 31.1).

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4. JOINT VENTURES

Joint Ventures

Entity	Principle activities	Country of business	December, 2008			December 31, 2007		
			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 and selling of Isuzu brand commercial vehicles	Turkey	71.609	37,48	(180)	76.553	37,32	9.596
Aslancık	Production of electricity	Turkey	2.642	17,00	(172)	1.239	17,00	(91)
D Tes	Wholesale of electricity	Turkey	22	17,00	(38)	60	17,00	(69)
			74.273		(390)	77.852		9.436

(*) Shares of Anadolu Isuzu are traded on the ISE.

Summary financial statements of the Group's joint venture Anadolu Isuzu are as follows:

Anadolu Isuzu	December 31, 2008	December 31, 2007
Total assets	359.415	313.015
Total liabilities	173.939	113.372
Net assets	185.476	199.643
Group's interest in net assets	71.609	76.553
Revenues	496.764	473.605
Net income/(loss) of the period	(468)	25.206
Group's share in net income of the joint venture	(180)	9.596

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5. SEGMENTAL INFORMATION

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

December 31, 2008	Financial institutions	Automotive	Writing materials and stationery	Food	Other	Unallocated	Elimination	Consolidated
Sales to third-parties	580.649	604.730	78.214	409.956	70.403	15.721	-	1.759.673
Inter-segment sales	1.112	3.368	991	231	8.541	9.075	(23.318)	-
Total Sales	581.761	608.098	79.205	410.187	78.944	24.796	(23.318)	1.759.673
GROSS PROFIT	319.022	172.009	41.276	67.551	9.871	24.796	(9.433)	625.092
Marketing, selling, and distribution expenses (-)	-	(70.332)	(11.304)	(33.901)	(2.000)	-	-	(117.537)
General administrative expenses (-)	(143.835)	(55.533)	(6.958)	(19.788)	(4.887)	(29.715)	-	(260.716)
Research and development expenses (-)	-	(432)	-	-	-	-	-	(432)
Other operating income	5.617	12.706	2.264	5.008	981	2.915	-	29.491
Other operating expense (-)	(6.996)	(2.655)	(942)	(5.251)	(3.611)	(3.511)	-	(22.966)
OPERATING INCOME	173.808	55.763	24.336	13.619	354	(5.515)	(9.433)	252.932
Gain/Loss from the investments valued through equity pick-up method (*)	-	-	-	-	-	119.316	-	119.316
Non-operating financial income	25.311	32.706	250	6.149	2.794	6.942	-	74.152
Non-operating financial expense (-)	(109.876)	(62.845)	(3.988)	(16.838)	(1.630)	(19.735)	-	(214.912)
INCOME BEFORE TAX FROM CONTINUING OPERATIONS	89.243	25.624	20.598	2.930	1.518	101.008	(9.433)	231.488
Continuing Operations Tax Income/(Expense)	(15.945)	(5.784)	(2.791)	4.566	(753)	924	-	(19.783)
- Income tax (-)	(8.115)	(4.446)	(3.273)	-	(700)	(556)	-	(17.090)
- Deferred tax income / (expense)	(7.830)	(1.338)	482	4.566	(53)	1.480	-	(2.693)
NET INCOME	73.298	19.840	17.807	7.496	765	101.932	(9.433)	211.705
Distribution of Net Income								
- Minority interest	(4.311)	6.773	-	-	-	49.410	-	51.872
- Equity holders of the parent	77.609	13.067	17.807	7.496	765	52.522	(9.433)	159.833
Total Assets	4.037.044	430.473	48.997	239.162	61.843	1.534.542	(539.366)	5.812.695
Total Liabilities	3.473.849	291.493	10.111	102.383	10.756	120.431	-	4.009.023
Fixed asset purchases	10.883	31.560	844	63.867	3.023	1.564	-	111.741
Investment property purchases	2.340	-	-	-	-	-	-	2.340
Depreciation and amortization	5.070	15.006	1.473	6.029	692	975	-	29.245

(*) Income recognized due to equity pick up adjustment from Anadolu Efes that amounts for TRY 119.706 and expense from Anadolu Isuzu, Aslancık and D Tes that amounts for TRY 390 recorded to gain/loss from the investments valued through equity pick-up method in 'unallocated' segment.

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5. SEGMENTAL INFORMATION (cont'd)

December 31, 2007	Financial institutions	Automotive	Writing materials and stationery	Food	Other	Unallocated	Elimination	Consolidated
Sales to third-parties	382.676	522.358	67.309	286.856	44.279	10.786	-	1.314.264
Inter-segment sales	1.054	30.168	1.011	844	8.262	6.277	(47.616)	-
Total Sales	383.730	552.526	68.320	287.700	52.541	17.063	(47.616)	1.314.264
GROSS PROFIT	202.694	140.871	34.621	45.178	8.913	17.063	(4.682)	444.658
Marketing, selling, and distribution expenses (-)	-	(52.203)	(9.562)	(21.036)	(987)	-	-	(83.788)
General administrative expenses (-)	(111.341)	(42.044)	(6.842)	(15.819)	(4.495)	(20.887)	-	(201.428)
Research and development expenses (-)	-	(450)	(29)	-	(458)	-	-	(937)
Other operating income	3.987	14.677	940	4.934	604	23.313	-	48.455
Other operating expense (-)	(4.748)	(1.901)	(1.162)	(3.737)	(250)	(5.240)	-	(17.038)
OPERATING INCOME	90.592	58.950	17.966	9.520	3.327	14.249	(4.682)	189.922
Gain/Loss from the investments valued through equity pick-up method (*)	-	-	-	-	-	154.548	-	154.548
Non-operating financial income	24.342	12.674	1.161	3.203	768	15.074	-	57.222
Non-operating financial expense (-)	(21.567)	(27.223)	(5.826)	(3.354)	(1.141)	(7.662)	-	(66.773)
INCOME BEFORE TAX FROM CONTINUING OPERATIONS	93.367	44.401	13.301	9.369	2.954	176.209	(4.682)	334.919
Continuing Operations Tax Income/(Expense)	(4.128)	(5.701)	(1.926)	-	(467)	(764)	-	(12.986)
- Income tax (-)	(6.134)	(297)	(2.051)	-	(419)	(211)	-	(9.112)
- Deferred tax income / (expense)	2.006	(5.404)	125	-	(48)	(553)	-	(3.874)
NET INCOME	89.239	38.700	11.375	9.369	2.487	175.445	(4.682)	321.933
Distribution of Net Income								
- Minority interest	3.475	5.797	-	-	-	70.416	-	79.688
- Equity holders of the parent	85.764	32.903	11.375	9.369	2.487	105.029	(4.682)	242.245
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	1.666	34.373	-	137.562
Investment property purchases	20.277	-	-	-	-	-	-	20.277
Depreciation and amortization	2.967	12.304	1.557	5.775	537	1.041	-	24.181

(*) Income recognized due to equity pick up adjustment from Anadolu Efes and Anadolu Isuzu that amounts for TRY 154.708 and expense from Aslancık and D Tes that amounts for TRY 160 recorded to gain/loss from the investments valued through equity pick-up method in 'unallocated' segment.

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5. SEGMENTAL INFORMATION (cont'd)

Geographical Segments

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

Investment in associates and joint ventures: Group's effective participation rate for Anadolu Efes is 36,24% (December 31, 2007: 36,24%). The operations of Anadolu Efes and its subsidiaries consist of production, distribution and marketing of beer under a number of trademarks and bottling of soft drinks under Coca Cola trademark principally in Turkey, East Europe and Middle Asia. The result of these operations, as of December 31, 2008 and December 31, 2007 are reflected in "gain/loss from the investments valued through equity pick-up method" line of the consolidated income statement as TRY 119.706 and TRY 145.112 respectively.

6. CASH AND CASH EQUIVALENTS

	December 31, 2008	December 31, 2007
Non-Banking	42.504	49.852
Banking	882.906	402.892
Cash and cash equivalents in the consolidated cash flow statement	925.410	452.744

Non-Banking

The details of cash and cash equivalents are as follows:

	December 31, 2008	December 31, 2007
Cash on hand	946	871
Cash in banks	40.278	48.134
Other	1.280	847
	42.504	49.852

	December 31, 2008			December 31, 2007		
	Amount	Maturity	Interest rate	Amount	Maturity	Interest rate
Cash in banks						
Demand	4.169	-	-	8.065	-	-
-EUR	2.406	-	-	394	-	-
-USD	2	-	-	609	-	-
-TRY	1.761	-	-	6.977	-	-
-Other	-	-	-	85	-	-
Time	36.109			40.069		
-EUR	27.191	2 - 180 days	1,65% - 9,50%	3.602	4 days	4,65%
-USD	811	2 days	1,00% - 2,00%	3.393	4 - 64 days	5,55% - 6,14%
-TRY	8.107	2 - 33 days	14,50% - 23,00%	33.074	3 - 39 days	15,75% - 19,25%
	40.278			48.134		

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6. CASH AND CASH EQUIVALENTS (cont'd)

Banking

	December 31, 2008	December 31, 2007
Cash on hand	27.430	24.228
Balances with the Central Bank	87.245	71.956
Cash and balances with the Central Bank	114.675	96.184
Deposits with banks and other financial institutions	367.442	289.746
Reverse repurchase agreements	12.831	14.476
Interbank placements	387.958	-
Cheques given to collection	-	2.486
Other money market placements	400.789	16.962
	882.906	402.892

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

	December 31, 2008				December 31, 2007			
	Amount		Effective interest rate		Amount		Effective interest rate	
	TRY	Foreign currency	TRY	Foreign currency	TRY	Foreign currency	TRY	Foreign currency
Balances with the Central Bank	38.692	48.553	-	%0,15	32.310	39.646	-	-
Deposits with banks and other financial institutions	5.279	362.163	15,75%-18,00%	%1,22	111.517	178.229	16,04%	3,75%
Reverse repurchase agreements	12.831	-	14,99%	-	14.476	-	17,06%	-
Interbank placements	350.144	37.814	15,00%	%1,00	-	-	-	-
	406.946	448.530			158.303	217.875		

7. INVESTMENTS IN SECURITIES

	December 31, 2008	December 31, 2007
Non-Banking	13.554	17.568
Banking	296.435	144.319
Total	309.989	161.887

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7. INVESTMENTS IN SECURITIES (cont'd)

Non-Banking

	December 31, 2008		December 31, 2007	
	Amount	Final Rate %	Amount	Final Rate %
Investment funds	7.054	-	11.071	-
Financial assets available for sale	6.500		6.497	
- Polinas Plastik ve Ticaret A.Ş. (Polinas)	6.276	10,57	6.276	10,57
- Doğu Yatırım Holding A.Ş. (Doğu Yatırım)	95	0,48	95	0,48
- Other	129		126	
	13.554		17.568	

Banking

	December 31, 2008		December 31, 2007	
	Amount	Final Rate %	Amount	Final Rate %
Trading securities	31.768		56.478	
Investment securities	252.116		78.446	
Securities given as collateral under repurchase agreement	12.551		9.395	
	296.435		144.319	

Trading Securities

	December 31, 2008		December 31, 2007	
	Amount	Effective interest rate %	Amount	Effective interest rate %
Trading securities at fair value				
Debt instruments – TRY				
Turkish government bonds	13.715	16,93%	32.502	13,85%
Turkish treasury bills	88	16,06%	50	15,24%
Debt instruments – FX				
Eurobonds	4.942	7,74%	1.524	9,05%
Total	18.745		34.076	
Others				
Equity securities – listed in ISE	13.023	-	22.402	-
	13.023		22.402	
Total trading securities	31.768		56.478	

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7. INVESTMENTS IN SECURITIES (cont'd)

Banking (cont'd)

Investment Securities

	December 31, 2008		December 31, 2007	
	Amount	Effective interest rate (%)	Amount	Effective interest rate (%)
Available-for-sale securities at fair value-TRY				
Turkish government bonds	35.489	21,74%	28.795	19,69%
Available-for-sale securities at fair value-FX				
Eurobonds	30.948	6,00%	23.855	5,99%
Total available-for-sale securities at fair value	66.437		52.650	
Held to maturity securities				
Debt Instruments-TRY				
Turkish government bonds	185.679	24,39%	25.796	18,54%
Total held to maturity securities	185.679		25.796	
Total investment securities	252.116		78.446	

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

	December 31, 2008	December 31, 2007
Trading securities	662	3.394
Available for sale securities	8.297	6.001
Held to maturity securities	3.592	-
Carrying value of securities given as collateral under repurchase agreement	12.551	9.395
Related repurchase liability	11.729	10.211

According to amendment to IAS 39 Financial Instruments: Recognition and Measurement which is issued by IASB ("International Accounting Standards Board") at October 2008, marketable securities held for trading with a fair value of TRY 6.875 and available for sale investments with a fair value of TRY 32.251 are reclassified and recognized as held to maturity investments as at September 30, 2008. The fair value of these investments at the reclassification date which amounts to TRY 39.126 is recognized in held to maturity investments as the cost value at the reclassification date.

As of September 30, 2008, available for sale investments in held to maturity investments, TRY 86 had been recognized in unrealized gains/(losses) on available for sale investments account under equity in relation to such securities.

Unless the reclassifications have been done above, unrealized gains/(losses) on available for sale investments account under equity would be TRY 16 less and interest income on profit and loss would be TRY 13 more.

As of December 31, 2008, the carrying value of government securities kept in the Central Bank of Turkey and in ISE Clearing and Custody Incorporation for legal requirements and as a guarantee for stock exchange and money market operations are TRY 188.414 and the cost of it is TRY 178.114 (December 31, 2007: TRY 13.027 and TRY 12.955).

As of December 31, 2008, current investments in securities amounts to TRY 22.593 (December 31, 2007: TRY 33.790) and non-current investments in securities amounts to TRY 287.396 (December 31, 2007: TRY 128.097).

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8. FINANCIAL BORROWINGS

	December 31, 2008	December 31, 2007
Bank borrowings	311.571	125.280
Current portion of long term borrowings	58.268	33.971
Short term borrowings	369.839	159.251
Bank borrowings	22.927	32.061
Long term borrowings	22.927	32.061
Total borrowings	392.766	191.312

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8. FINANCIAL BORROWINGS (cont'd)

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

Short term	December 31, 2008			December 31, 2007		
	Amount	Fixed interest rate	Floating interest rate	Amount	Fixed interest rate	Floating interest rate
Borrowing in Turkish Lira	254.469	15,0% - 27,6%	-	90.534	15,0% - 17,4%	-
Borrowing in foreign currency (EUR)	68.573	4,9% - 10,5%	Euribor + 0,9% - 5,0%	53.460	4,1% - 5,3%	Euribor + 0,9%
Borrowing in foreign currency (USD)	46.797	4,6% - 5,3%	Libor + 0,1% - 1,8%	15.257	4,7% - 8,5%	-
	369.839			159.251		
<hr/>						
Long term						
Borrowing in foreign currency (EUR)	13.171	5,3%	Euribor + 0,9% - 1,3%	17.288	4,9% - 5,3%	Euribor + 0,9%
Borrowing in foreign currency (USD)	9.756	-	Libor + 0,1% - 0,5%	14.773	-	Libor + 0,1% - 0,9%
	22.927			32.061		
<hr/>						
	392.766			191.312		

Repayments schedules of long-term borrowings are as follows :

	December 31, 2008	December 31, 2007
2009	-	18.902
2010	13.922	10.040
2011	9.005	3.119
	22.927	32.061

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9. OTHER FINANCIAL LIABILITIES

None (December 31, 2007: none)

10. TRADE RECEIVABLES AND TRADE PAYABLES

10.1 Trade Receivables

	December 31, 2008	December 31, 2007
Trade receivables, net	129.165	86.883
Notes receivable and post-dated cheques, net	3.768	26.916
Less: Provision for doubtful trade receivables	(4.612)	(2.237)
	128.321	111.562

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

Movement of provision for doubtful trade receivables is as follows:

	December 31, 2008	December 31, 2007
Balance at January 1,	2.237	1.892
Provisions	2.705	441
Reversal of provision (Collections)	(330)	(96)
Balance at the end of the period	4.612	2.237

As of December 31, 2008 and December 31, 2007 the aging of trade receivables table is as follows:

	Total	Nor past due or impaired trade receivables	Past due but not impaired trade receivables			
			1 - 30 day	1 - 3 month	3 - 12 month	1 - 5 year
2008	128.321	110.026	4.006	12.304	1.236	749
2007	111.562	110.992	386	119	65	-

The amount of collaterals taken for the past due but not impaired trade receivables is TRY 9.127 (December 31, 2007 : None).

The sum of forward minimum collections of Çelik Motor, a subsidiary, for the noncancellable lease transactions for all periods following the balance sheet date:

	December 31, 2008	December 31, 2007
(i) Less than one year	6.246	20.096
(ii) Between one year and five years	53.773	14.832
(iii) More than five years	-	-
	60.019	34.928

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

10.2 Trade Payables

	December 31, 2008	December 31, 2007
Non-Banking	78.997	52.292
Banking	1.030	3.727
	80.027	56.019

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

11. OTHER RECEIVABLES AND PAYABLES

11.1 Other Short Term Receivables

	December 31, 2008	December 31, 2007
<u>Non-Banking</u>	44.453	23.490
-Receivables from credits (*)	43.719	21.766
-Other	734	1.724
<u>Banking</u>	-	-
	44.453	23.490

(*) The amount TRY 43.194 consists of the credits in AEH and ABank that are transferred to a subsidiary, Anadolu Varlık. The amount of provision for the said receivable at the end of period is TRY 7.750 (December 31, 2007: TRY 4.986).

11.2 Other Long Term Receivables

	December 31, 2008	December 31, 2007
Non-Banking	1.822	1.338
Banking		
-Collaterals given for derivatives and financial assets	7.669	20.233
	9.491	21.571

11.3 Other Short Term Payables

	December 31, 2008	December 31, 2007
Non-Banking	14.720	13.362
Banking	19.230	11.096
	33.950	24.458

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11. OTHER RECEIVABLES AND PAYABLES (cont'd)

11.3 Other Short Term Payables (cont'd)

Non-Banking

	December 31, 2008	December 31, 2007
Taxes payable	11.460	10.256
Due to personnel	1.706	2.041
Deposits and collaterals taken	1.529	1.029
Other	25	36
	14.720	13.362

Banking

	December 31, 2008	December 31, 2007
Taxes payable	13.824	8.191
Collaterals given for financial assets	5.406	2.905
	19.230	11.096

12. LEASE RECEIVABLES AND OBLIGATIONS

12.1 Lease Contracts Receivable

Gross investments in finance leases receivables are as follows:

	December 31, 2008	December 31, 2007
Not later than one year	179.158	128.063
Later than one year and not later than five years	147.453	128.570
Minimum financial lease receivables, gross	326.611	256.633
Less: Unearned interest income	(44.539)	(35.857)
Net investment in finance leases	282.072	220.776
Less: Reserve for doubtful financial lease receivables	(5.447)	(2.209)
Minimum financial lease receivables, net	276.625	218.567

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12. LEASE RECEIVABLES AND OBLIGATIONS (cont'd)

12.1 Lease Contracts Receivable (cont'd)

Maturities of net investment in finance leases:

	December 31, 2008	December 31, 2007
Not later than one year	148.814	104.629
Later than one year and not later than five years	127.811	113.938
	276.625	218.567

	December 31, 2008		December 31, 2007	
	Amount	Interest rate	Amount	Interest rate
EUR	148.939	%5,97 - %19,22	116.684	%5,97 - %22,99
USD	75.787	%7,36 - %18,70	61.082	%7,96 - %19,03
TRY	51.899	%15,24 - %35,36	40.801	%16,62 - %36,85
	276.625		218.567	

As of December 31, 2008, collaterals obtained by the Group from certain lease customers in relation to minimum lease payments receivables amount to TRY 110.862, USD 48.434.536 and EUR 54.603.131 (December 31, 2007: TRY 63.497, USD 37.694.234, EUR 39.390.657). These collaterals consist of mortgages, checks, letter of guarantees and liens on manufacturing equipments.

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

	December 31, 2008	December 31, 2007
Balance at January 1	2.209	2.027
Provision	3.583	1.715
Collections (-)	(345)	(693)
Write off (-)	-	(840)
Balance at the end of the period	5.447	2.209

12.2 Finance Lease Liabilities

None (December 31, 2007 : None).

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13. INVENTORIES

	December 31, 2008	December 31, 2007
Raw materials	31.601	19.442
Work-in-progress	6.931	6.912
Finished goods	19.416	15.669
Merchandise	104.593	44.129
Goods in transit	23.476	38.820
Others	148	1.185
Provision for inventories (-)	(2.403)	-
	183.762	126.157

The movement of provision for inventories is as follows:

	December 31, 2008	December 31, 2007
Balance at January 1	-	-
Provision	2.403	-
Balance at the end of the period	2.403	-

Provision for inventories amount has been recorded in cost of sales account.

14. BIOLOGICAL ASSETS

Biological assets having a worth of TRY 6.209 (December 31, 2007: TRY 5.664) consist of cattle in the farm. Number of cattle additions is 6.993 unit and disposals is 6.785 unit for the period ended as of December, 2008 (December 31, 2007: Additions 7.230 unit , disposal 7.101 unit).

15. RECEIVABLES AND DEFERRED INCOME FROM CONSTRUCTION IN PROGRESS

None (December 31, 2007 : None)

16. INVESTMENTS VALUED THROUGH EQUITY PICK UP METHOD

	December 31, 2008	December 31, 2007
Investment	866.748	737.869
Joint ventures (Not 4)	74.273	77.852
	941.021	815.721

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

16.1 Investment in Associate

Entity	Principle Activities	Country of business	December 31, 2008			December 31, 2007		
			Carrying value	Ownership interest rate %	Group's share of income/ (loss)	Carrying value	Ownership interest rate %	Group's share of income/(loss)
Anadolu Efes (*)	Production of beer	Turkey	866.748	36,24	119.706	737.869	36,24	145.112
			866.748		119.706	737.869		145.112

(*) Shares of Anadolu Efes are currently traded on the ISE.

Summary financial statements of associates are as follows:

Anadolu Efes	December 31, 2008	December 31, 2007
Total assets	5.123.529	3.894.467
Total liabilities	2.607.878	1.755.499
Net assets	2.515.651	2.138.968
Group's interest in net assets	866.748	737.869
Revenues	3.668.917	3.030.359
Net income/(loss) of the period	309.678	374.482
Group's share in net income of the associate	119.706	145.112

16.2 Investments in Joint Ventures

Entity	Principle activities	Country of business	December 31, 2008			December 31, 2007		
			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 and selling of Isuz brand commercial vehicles	Turkey	71.609	37,48	(180)	76.553	37,32	9.596
Aslançık	Production of electricity	Turkey	2.642	17,00	(172)	1.239	17,00	(91)
D Tes	Wholesale of electricity	Turkey	22	17,00	(38)	60	17,00	(69)
			74.273		(390)	77.852		9.436

(*) Shares of Anadolu Isuzu are traded on the ISE.

17. INVESTMENT PROPERTIES

	December 31, 2008	December 31, 2007
Balance at January 1	21.206	10.218
Disposal	2.340	20.277
Additions	(14.160)	(9.258)
Depreciation	(121)	(31)
Balance at the end of the period	9.265	21.206

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 13.264 as of December 31, 2008 (December 31, 2007, TRY 36.813).

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18. PROPERTY, PLANT AND EQUIPMENT (P,P&E)

Movements of property, plant and equipment during the year ending on December 31, 2008 are as follows:

	Land and land improvements	Buildings	Machinery and equipment	Motor vehicles	Furniture and fixtures	Other tangible assets	Leasehold improvements	Construction in progress	Total
Cost									
January 1, 2008	42.762	78.436	169.368	62.621	29.297	13.907	63.082	1.721	461.194
Additions	476	1.779	11.434	26.443	6.766	543	12.604	16.586	76.631
Disposals	(126)	(3.141)	(2.138)	(8.925)	(1.305)	-	-	(12.772)	(28.407)
December 31, 2008	43.112	77.074	178.664	80.139	34.758	14.450	75.686	5.535	509.418
Accumulated depreciation									
January 1, 2008	1.419	14.627	132.945	14.505	22.916	12.262	34.524	-	233.198
Depreciation charge for the period	212	1.078	7.933	10.848	2.408	191	4.575	-	27.245
Disposals	-	(88)	(1.834)	(5.060)	(1.282)	-	-	-	(8.264)
December 31, 2008	1.631	15.617	139.044	20.293	24.042	12.453	39.099	-	252.179
Net carrying amount	41.481	61.457	39.620	59.846	10.716	1.997	36.587	5.535	257.239

Property, Plant and Equipment held under finance lease

The carrying amount of P,P&E held under finance leases at December 31, 2008 is TRY 26.725. According to the finance lease law, P,P&E under finance lease are owned by the finance lease company during the lease term. Hence, these P,P&E are regarded as collaterals by the finance lease company.

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18. PROPERTY, PLANT AND EQUIPMENT (P,P&E) (cont'd)

Movements of property, plant and equipment during the year period ending on 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
Cost									
January 1, 2007	7.117	59.286	156.986	29.841	29.778	13.273	49.203	752	346.236
Additions	36.263	19.150	13.208	38.375	2.808	641	14.276	11.128	135.849
Disposals	(618)	-	(826)	(5.595)	(3.289)	(7)	(397)	(10.159)	(20.891)
December 31, 2007	42.762	78.436	169.368	62.621	29.297	13.907	63.082	1.721	461.194
Accumulated depreciation									
January 1, 2007	1.310	13.519	126.285	7.466	23.988	12.132	31.654	-	216.354
Depreciation charge for the period	109	1.108	6.901	9.235	1.789	134	3.242	-	22.518
Disposals	-	-	(241)	(2.196)	(2.861)	(4)	(372)	-	(5.674)
December 31, 2007	1.419	14.627	132.945	14.505	22.916	12.262	34.524	-	233.198
Net carrying amount	41.343	63.809	36.423	48.116	6.381	1.645	28.558	1.721	227.996

Property, plant and equipment held under finance lease

The carrying amount of P,P&E held under finance leases at December 31, 2007 is TRY 28.654. According to the finance lease law, P,P&E under finance lease are owned by the finance lease company during the lease term. Hence, these P,P&E are regarded as collaterals by the finance lease company.

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19. INTANGIBLE ASSETS

Movements of intangible assets during the year ending on December 31, 2008 are as follows:

	Rights	Patents and licenses	Franchise	Other intangible assets	Total
Cost					
January 1, 2008	41.293	10.677	1.051	1.204	54.225
Additions	1.933	-	-	177	2.110
Additions through joint ventures (Not 3)	33.000	-	-	-	33.000
December 31, 2008	76.226	10.667	1.051	1.381	89.335
Accumulated amortization					
January 1, 2008	33.917	9.075	152	449	43.593
Amortization charge for the period	1.374	232	226	47	1.879
December 31, 2008	35.291	9.307	378	496	45.472
Net carrying amount	40.935	1.370	673	885	43.863

Movements of intangible assets during the year ending on December 31, 2007 are as follows:

	Rights	Patents and licenses	Franchise	Other intangible assets	Total
Cost					
January 1, 2007	40.172	10.677	1.051	612	52.512
Additions	1.121	-	-	592	1.713
December 31, 2007	41.293	10.677	1.051	1.204	54.225
Accumulated amortization					
January 1, 2007	32.736	8.842	100	283	41.961
Amortization charge for the period	1.181	233	52	166	1.632
December 31, 2007	33.917	9.075	152	449	43.593
Net carrying amount	7.376	1.602	899	755	10.632

20. 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.

	December 31, 2008	December 31, 2007
Non-Banking (*)	21.251	-
Banking	35.344	35.344
	56.595	35.344

(*) Detailed explanation is given in the Note 3: Business Combinations.

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20. GOODWILL (cont'd)

The recoverable value calculation is made according to the estimated free cash flow before tax based on the financial budget that covers 7 years' period. In the calculations of free cash flow for the time periods corresponding 7 years ahead, 3% is used which appears as the estimated growth rate. Estimated free cash flow before tax are discounted with the determined discount rate, 15%. Estimates subject to variables such as working capital requirements and investments are implemented due to the Group's estimates and prior periods' realizations.

21. GOVERNMENT INCENTIVES AND GRANTS

None (December 31,2007: None).

22. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

The provisions as of December 31, 2008 and December 31, 2007 are as follows:

	December 31, 2008	December 31, 2007
Non-Banking	13.840	12.843
Banking	765	713
	14.605	13.556

Non-Banking

	December 31, 2008	December 31, 2007
Warranty provisions	5.736	8.049
Label provisions	7.429	4.380
Litigation provisions	675	414
	13.840	12.843

Banking

	December 31, 2008	December 31, 2007
Litigation provisions	469	481
Others	296	232
Total	765	713

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

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23. COMMITMENTS

Non-Banking

Letters of guarantee given to suppliers, Energy Market Regulatory Authority and custom offices are TRY 27.924 (December 31, 2007: TRY 12.358).

Collaterals given to banks for the loans of associates and other related parties are TRY 945 (December 31, 2007: TRY 728).

Letters of guarantee given to banks, suppliers, and custom offices by the joint venture are TRY 13.145 (December 31, 2007: TRY 13.971).

Total letter of credits amount to TRY 3.317 (December 31, 2007: TRY 1.280).

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 73.670, TRY 3.848, TRY 14.846 and TRY 858 respectively (December 31, 2007: TRY 47.175, TRY 2.134, TRY 12.019 and TRY 858).

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 Çelik Motor 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:

	December 31, 2008	December 31, 2007
Letters of guarantees		
Issued by ABank	992.241	887.040
Letters of credit	214.078	182.388
Acceptance credits	16.924	22.142
Other	21.069	4.515
Total contingent liabilities	1.244.312	1.096.085
Other commitments (*)	500.169	567.471
	1.744.481	1.663.556

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

As of December 31, 2008, ALease has no letters of guarantees given for funds borrowed from banks and various leasing transactions (December 31, 2007: None).

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23. COMMITMENTS (cont'd)

Banking (cont'd)

The maturity analysis of contingent liabilities and commitments is as follows;

December 31, 2008	Up to 1 month	1-3 month	3-12 month	1-5 years	More than 5 year	Total
Contingent liabilities	1.323	18.409	156.657	75.682	992.241	1.244.312
Other commitments	42.399	-	3.000	2.581	452.189	500.169
	43.722	18.409	159.657	78.263	1.444.430	1.744.481
December 31, 2007	Up to 1 month	1-3 month	3-12 month	1-5 years	More than 5 year	Total
Contingent liabilities	53.027	153.215	411.996	83.520	394.327	1.096.085
Other commitments	124.737	-	3.100	-	439.634	567.471
	177.764	153.215	415.096	83.520	833.961	1.663.556

Blocked Assets

As of December 31, 2008, the nominal values of the TRY denominated assets held by ABank in fiduciary, agency or custodian capacities amounted to TRY 920.671 (December 31, 2007: TRY 845.244) and foreign currency denominated assets amounted to TRY 35.047 (December 31, 2007: TRY 29.949).

Litigation

Damages claimed in the suits filed against ABank amount to TRY 1.163 (December 31, 2007: TRY 1.028), as of December 31, 2008. These mainly include matters relating to personal claims of customers and former employees of ABank. Although the outcome of these matters can not always be ascertained with precision, the Management, based on professional advice and also considering ABank's insurance coverage, has booked TRY 469 amount of litigation provision (December 31, 2007: TRY 481).

Other

The Group manages six open-ended investment funds which were established under the regulations of the CMB of Turkey. 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.

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24. PROVISIONS FOR THE EMPLOYEE BENEFITS

	December 31, 2008	December 31, 2007
Short term	8.646	8.656
Premium provisions	4.361	5.666
Vacation pay liability	4.208	2.990
Seniority pay liability	77	-
Long term	12.975	11.361
Employee termination benefits	12.828	11.361
Seniority pay liability	147	-
	21.621	20.017

Provision for Employee Termination Benefit

In accordance with the existing labour legislation, the Group 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 2,1732 at December 31, 2008 and TRY 2,032 December 31, 2007, respectively) per year of employment at the rate of pay applicable at the date of retirement or termination.

For the companies established in Turkey, as of December 31, 2008 and December 31, 2007, the consolidated 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:

	December 31, 2008	December 31, 2007
Discount rate	12%	11%
Expected rates of salary/limit increases (inflation rate)	5,4%	5%

In addition, as of December 31, 2008 retirement pay liability provision was calculated as actuarial assumption considering the increase of maximum liability of TRY 2,1732 for the related year in accordance with the inflation rate.

Retirement pay liability provision movements are as follows:

	December 31, 2008	December 31, 2007
Balance at January 1	11.361	9.989
Interest cost	1.363	1.099
Charge for the period (net)	3.056	2.193
Paid (-)	(2.952)	(1.920)
Balance at the end of the period	12.828	11.361

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25. PENSION PLANS

None (December 31, 2007 : None).

26. OTHER ASSETS AND LIABILITIES

26.1 Other Current Assets

	December 31, 2008	December 31, 2007
Non-Banking	54.685	35.877
Banking	15.336	5.926
	70.021	41.803

Non-Banking

	December 31, 2008	December 31, 2007
Prepaid taxes	28.529	24.314
VAT receivable	20.571	5.436
Prepaid tax	3.470	3.963
Other current assets	2.115	2.164
	54.685	35.877

Banking

	December 31, 2008	December 31, 2007
VAT receivable	12.556	3.434
Receivables from insurance policies	1.455	911
Prepaid tax	58	25
Prepaid expenses, transitory accounts and others	1.267	1.556
	15.336	5.926

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26. OTHER ASSETS AND LIABILITIES (cont'd)

26.2 Other Non-Current Assets

	December 31, 2008	December 31, 2007
<i>Non-Banking</i>	9.831	820
VAT receivable	9.148	-
Other	683	820
<i>Banking</i>	10.402	12.847
- Prepaid expenses	3.696	6.259
- Equipment to be leased	-	4.261
- Other	6.706	2.327
	20.233	13.667

26.3 Other Current Liabilities

	December 31, 2008	December 31, 2007
Non-Banking	6.783	3.366
Banking	44.326	55.107
	51.109	58.473

Non-Banking

	December 31, 2008	December 31, 2007
Advances taken	6.716	2.164
Deferred income	20	602
Other payables	47	600
	6.783	3.366

Banking

	December 31, 2008	December 31, 2007
Cheques in collection	13.436	28.355
Assets held for resale (*)	11.915	14.024
Advances taken from customers	1.953	5.022
Other	17.022	7.706
	44.326	55.107

(*) Collections from banking loans.

As of December 31, 2008, there has been no other long term liability amount presented in the consolidated financial statements (December 31, 2007: TRY 3.431).

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27. EQUITY

Issued Capital / Capital - Participation Elimination

	December 31, 2008		December 31, 2007	
	Paid-in capital	%	Paid-in capital	%
Yazıcı Families	65.280	40,80	66.304	41,44
Kamil Yazıcı Yönetim ve Danışma A.Ş.	53.600	33,50	53.600	33,50
Publicly traded (*)	41.120	25,70	40.096	25,06
Historical share capital	160.000	100,00	160.000	100,00
Restatement effect	-		-	
Total restated share capital	160.000		160.000	

(*) The TRY 2.906 amount of the publicly traded portion (1,816%) is owned by Kamil Yazıcı Yönetim ve Danışma A.Ş.

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

	December 31, 2008		December 31, 2007	
	Share	Amount	Share	Amount
Balance at January 1	160.000	160.000	40.000	40.000
-Inflation restatement of shareholders' equity	-	-	120.000	120.000
Balance at the end of the period	160.000	160.000	160.000	160.000

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

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

Class	Number of shares	% of capital	Number of members on Board
A (Bearer)	87.818	54,89	1
B (Registered)	32.000	20,00	3
C (Registered)	19.235	12,02	1
D (Registered)	20.947	13,09	1
	160.000	100,00	6

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27. EQUITY (cont'd)

Restricted Reserves Allocated from Net Profit, Value Increase Funds

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

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

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

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

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

In accordance with the CMB decision number 1/6 dated January 9, 2009, it was resolved that the distribution of the income from operations in 2008 of publicly traded companies would be applied as 20% which is the minimum dividend distribution rate as disclosed in Communiqué IV- 27 article No:5. In accordance with the Communiqué No. IV-27. Corresponding distribution could be made by means of cash, non-cash or bonus share according to resolution taken in annual general meetings

It was also announced in the CMB decision number 1/6 that without considering the fact that a profit distribution has been declared in the general assemblies of the subsidiaries, joint ventures and associates, which are consolidated into the parent company's financial statements, the net income from these companies that are consolidated into the financial statements of the parent company can be considered when calculating the distributable amount, as long as the statutory reserves of these entities are sufficient for a such profit distribution. After completing these requirements, the parent company may distribute profit by considering the net income included in the consolidated financial statements prepared in accordance with Communiqué No. XI-29 of CMB.

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27. EQUITY (cont'd)

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

Inflation adjustment to shareholders' equity can be netted-off against prior years' losses and used as an internal source for 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. However, inflation adjustment to shareholders' equity is subject to corporate tax in case of cash dividend distribution.

As of December 31, 2008, the total amount of the distributable profit from the net income of the Company is amounting to TRY 125.988 consisting of net distributable profit of the period TRY 36.631 and other resources subject to profit distribution of TRY 89.357.

	December 31, 2008	December 31, 2007
Value increase funds	4.940	15.800

	December 31, 2008	December 31, 2007
Restricted reserves allocated from net profit	12.110	8.780

Accumulated Profits

As of December 31, 2008 and December 31, 2007 the summary of equity reserves, extraordinary reserves, other profit reserves, equity restatement differences, and accumulated profits are as follows:

	December 31, 2008	December 31, 2007
Equity reserves	1.166	1.166
Extraordinary reserves	109.465	78.200
Other profit reserves	2.558	2.558
Equity restatement differences	160.382	160.382
Accumulated profits	783.928	608.040
	1.057.499	850.346

Minority Interest

Minority interests are separately classified in the consolidated financial statements.

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28. CONTINUING OPERATIONS

GROSS PROFIT	December 31, 2008	December 31, 2007
Non-Banking	299.718	240.137
Revenue net off cost of sales	263.624	210.621
Service Income (*)	36.094	29.516
Banking – Gross profit from financial sector operations	325.374	204.521
	625.092	444.658

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

The details of cost sales realized in years 2008 and 2007 are as follows:

	December 31, 2008	December 31, 2007
Cost of inventories and merchandises	736.854	574.421
Payroll expenses	53.291	46.654
Rent expense	21.483	17.855
Depreciation and amortization expense	8.286	8.389
Other expenses	59.392	44.133
	879.306	691.452

29. OPERATING EXPENSES

	December 31, 2008	December 31, 2007
Non-Banking	234.850	174.816
Banking	143.835	111.337
	378.685	286.153

Non-Banking

	December 31, 2008	December 31, 2007
Marketing, selling and distribution expenses	117.537	83.788
General administrative expenses	116.881	90.091
Research and development expenses	432	937
	234.850	174.816

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29. OPERATING EXPENSES (cont'd)

	December 31, 2008	December 31, 2007
Marketing, selling and distribution expenses		
Local sales and marketing expenses	65.166	34.328
Payroll expenses	12.348	10.595
Transportation expenses	11.803	6.148
Advertisement expenses	10.927	19.429
Contribution to dealers' selling expenses	9.019	4.244
Exportation expenses	2.796	2.118
Depreciation and amortisation expenses	946	850
Other expenses	4.532	6.076
	117.537	83.788

	December 31, 2008	December 31, 2007
General administrative expenses		
Payroll expenses	64.670	47.184
Depreciation and amortisation expenses	14.932	11.947
Taxes and duties	10.704	8.452
Consultancy and services rendered expenses	5.735	7.056
Rent expense	3.210	2.391
Communication expenses	1.984	1.612
Maintenance and repair expenses	1.763	1.003
Provision for employee termination benefits (net)	1.538	2.275
Transportation expenses	1.402	908
Insurance expenses	1.010	1.202
Utility expenses	1.254	1.132
Other expenses	8.679	4.929
	116.881	90.091

Banking

	December 31, 2008	December 31, 2007
Payroll expenses	65.255	53.776
Provision for loan losses	42.184	24.851
Rent expenses	8.775	5.783
Depreciation and amortisation expenses	5.068	2.964
Taxes (except income tax)	3.026	2.512
Consultancy expenses	1.500	2.644
TMSF Premium	1.481	1.302
Provision for employee termination benefits	1.051	899
Other expenses	9.362	1.010
	137.702	95.741
Bank's foreign currency losses, net	6.133	15.596
	143.835	111.337

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30. EXPENSES BY NATURE

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

	December 31, 2008	December 31, 2007
Depreciation and amortization expenses		
Cost of sales	8.286	8.389
Marketing, selling and distribution expenses	946	850
General administrative expenses	20.000	14.911
Research and development expenses	13	31
	29.245	24.181

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

	December 31, 2008	December 31, 2007
Payroll expenses		
Cost of sales	53.291	46.654
Marketing, selling and distribution expenses	12.348	10.595
General administrative expenses	129.925	100.960
Research and development expenses	239	657
	195.803	158.866

31. OTHER OPERATING INCOME/EXPENSE

31.1 Other Operating Income

	December 31, 2008	December 31, 2007
Reversal of provision for loan and other losses	4.561	4.138
Income from agreements-financial leasing	3.418	2.159
After sales service income	3.096	5.571
Insurance damage income	2.958	1.705
Gain on sale of property, plant and equipment	2.162	2.097
Default income	1.428	1.393
Transportation income	1.558	1.738
Return of labels	988	-
R&D support income	839	-
Commission income	445	2.780
Gain on sale of share in associates (*)	-	18.962
Other income	8.038	7.912
	29.491	48.455

(*) The conditions set forth in the related share purchase agreement signed between the Company, Özilhan Sınai 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, Özilhan Sınai 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.

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31. OTHER OPERATING INCOME/EXPENSE (cont'd)

31.2 Other Operating Expense

	December 31, 2008	December 31, 2007
Provision for doubtful receivables (*)	5.592	441
Financial leasing-provision for receivables	3.238	1.022
Financial leasing-agreement expenses	2.877	1.991
Donation	1.861	1.141
Losses on sale of property, plant and equipment	750	2.305
Other expense	8.648	10.138
	22.966	17.038

(*) The amount TRY 2.877 in the provision for doubtful receivables is consisting of provisions for credit receivables in 11.1 Other Receivables.

32. FINANCIAL INCOME

	December 31, 2008	December 31, 2007
Foreign exchange gain	65.536	45.594
Interest income	8.186	10.774
Gain on sale of financial assets	121	615
Other	309	239
	74.152	57.222

33. FINANCIAL EXPENSE

	December 31, 2008	December 31, 2007
Foreign exchange loss	133.914	30.445
Interest expense	44.948	29.003
Loss from capital market transactions	26.977	3.223
Other	9.073	4.102
	214.912	66.773

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

None (December 31, 2007: None).

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35. TAX ASSETS AND LIABILITIES

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

The corporation tax rate for the fiscal year is 20% in Turkey (2007 - 20%). Corporate tax returns are required to be filed until the fifteenth of the fourth month following the balance sheet date and paid in one installment until the end of the related month. The tax legislation provides for a provisional tax of 20% (2007 – 20%) to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the fiscal year.

According to the Turkish Tax Law, corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

With the new law enacted, effective from January 1, 2006, Turkish government ceased to offer “Investment Incentives” for capital investments. Investment allowances provides a deduction from the corporate tax base of 40% of the purchase price of purchases of the brand-new fixed assets having economic useful life and directly related with the production of goods and services. According to the transitional provisions on the protection of acquired rights, expenditures on incomplete investments after December 31, 2005 and investment allowances which have been qualified in prior years but not used because of loss can be used as investment allowance until December 31, 2008. Unused investment allowances when vested between these years, can not be used once again. However, corporate tax rate will be 30% instead of 20% in the years in which investment allowance can be exercised.

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

35.1 Deferred Tax Assets and Liabilities

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

	December 31, 2008	December 31, 2007
Deferred tax asset	10.278	10.599
Deferred tax liability (-)	(11.865)	(10.339)
Total deferred tax asset / (liability), net	(1.587)	260

The movement of net deferred tax liability as of the year ending on December 31, 2008 is as follows:

	Balance January 1, 2008	Recorded to income statement	Balance December 31, 2008
Fixed assets	(8.510)	(9.054)	(17.564)
Carry forward tax loss	1.839	8.022	9.861
Employee termination benefit	1.800	765	2.565
Financial leases	(903)	(259)	(1.162)
Investment incentive	23.511	(23.511)	-
Other	7.181	(2.468)	4.713
Net deferred tax (liability)/asset	24.918	(26.505)	(1.587)
Reclassification to value increase funds	-	(846)	-
Allowance for deferred tax	(24.658)	24.658	-
	260	(2.693)	(1.587)

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35. TAX ASSETS AND LIABILITIES (cont'd)

35.1 Deferred Tax Assets and Liabilities (cont'd)

The movement of net deferred tax asset as of the year ending on December 31, 2007 is as follows:

	Balance January 1, 2007	Recorded to income statement	Balance December 31, 2007
Fixed assets	(3.259)	(5.251)	(8.510)
Inventory	22	(22)	-
Carry forward tax loss	6.077	(4.238)	1.839
Employee termination benefit	1.501	299	1.800
Financial leases	1.737	(2.640)	(903)
Investment incentive	22.177	1.334	23.511
Other	2.850	4.331	7.181
Net deferred tax (liability)/asset	31.105	(6.187)	24.918
Reclassification to value increase funds	-	463	-
Allowance for deferred tax	(26.508)	1.850	(24.658)
	4.597	(3.874)	260

35.2 Tax Expense

	December 31, 2008	December 31, 2007
Income tax expense	17.090	9.112
Deferred tax expense	2.693	3.874
	19.783	12.986

	December 31, 2008	December 31, 2007
Profit before tax from continuing operations	231.488	334.919
Minority interest (-)	(51.872)	(79.688)
Profit before tax	179.616	255.231
Tax ratio used by the parent company %20 (2007: %20)	35.923	51.046
Add non deductible expenses	19.482	13.011
Non-taxable income (-)	(23.016)	(8.507)
Utilization of tax loss carryforward (-)	(7.532)	(18.287)
Donation and other deductables (-)	(1.675)	(36)
Consolidation effect (-)	(13.433)	25
Permanent differences between CMB and statutory results	10.034	(24.266)
	19.783	12.986

35.3 Tax Provision

	December 31, 2008	December 31, 2007
Balance at January 1	3.534	103
Income tax expense	17.090	9.112
Prepaid tax (-)	(20.187)	(5.681)
Balance at the end of the period	437	3.534

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36. EARNING PER SHARE

	December 31, 2008	December 31, 2007
Net profit (full TRY)	159.833.000	242.245.000
Weighted average number of shares	160.000.000	160.000.000
Earning per share (full TRY)	1,00	1,51

37. RELATED PARTY BALANCES

37.1 Due from Related Parties

	December 31, 2008	December 31, 2007
Anadolu Eğitim ve Sosyal Yardım Vakfı Sağlık Tes. İkt. İşl. (5)	7.110	2.897
Anadolu Efes (1)	1.734	3.277
Anadolu Isuzu (2)	1.589	1.444
Efes Pazarlama Ticaret A.Ş. (Efpa) (3)	1.366	990
OAÖ Amstar (3)	1.133	573
Coca-Cola Satış ve Dağıtım A.Ş. (3)	794	191
Tarbes Tarım Ürünleri ve Besicilik San.Tic.A.Ş. (Tarbes) (3)	665	56
Krasny Vostok Group (3)	646	879
ZAO Moscow Efes Brewery (Efes Moscow) (3)	521	2.867
JSC Efes Karaganda Brewery (Efes Karaganda) (3)	291	517
Coca-Cola İçecek A.Ş. (3)	186	622
Kamil Yazıcı Yönetim ve Danışma A.Ş. (4)	-	17
Efes Zajecar Brewery d.o.o. (Efes Zajecar) (3)	-	356
Efes Weifert Brewery d.o.o. (Efes Weifert) (3)	-	494
Other	334	1.678
	16.369	16.858

As of December 31, 2008, the loan amount given to related parties is TRY 573, which is included under “Banking Loans” in the consolidated financial statements (December 31, 2007: TRY 593). As of December 31, 2008, TRY 1.636 due from related parties is included in other liabilities and blocked accounts at the financial statement of the bank (December 31, 2007: TRY 2.306).

As of December 31, 2008 the short term portion of the due from related parties is TRY 10.262 (December 31, 2007: TRY 16.858) and the long term portion is TRY 6.107 (December 31, 2007: None).

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

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

37.2 Due To Related Parties

	December 31, 2008	December 31, 2007
Anelsan Anadolu Elektronik Sanayii ve Ticaret A.Ş. (3)	263	244
Anadolu Isuzu (2)	257	3.777
Efpa (3)	79	5.671
Kamil Yazıcı Yönetim ve Danışma A.Ş. (4)	75	-
Dividends will be paid to shareholders	18	15
Özilhan Sınai Yatırım A.Ş. (5)	-	1.160
Other	42	127
	734	10.994

There is no long term amount of due to related parties as of December 31, 2008 (December 31, 2007: None).

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

37.3 Related Party Transactions

Significant transactions with related parties during the year ended as of December 31, 2008 and December 31, 2007 are as follows:

	December 31, 2008	December 31, 2007
Sales of goods and services, net		
Anadolu Efes (1)	19.210	13.300
Efpa (3)	19.128	12.411
Anadolu Isuzu (2)	13.208	8.765
Coca-Cola Satış ve Dağıtım A.Ş. (3)	4.265	1.520
Tarbes (3)	3.256	2.207
Efes Breweries International N.V. (3)	1.978	16.956
Anadolu Eğitim ve Sosyal Yardım Vakfı Sağlık Tes. İkt. İşl.	950	696
Other	2.619	2.630
	64.614	58.485
	December 31, 2008	December 31, 2007
Purchases of goods and other charges		
Anadolu Isuzu (2)	4.576	4.993
Efpa (3)	183	362
Other	2.067	656
	6.826	6.011

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

37.3 Related Party Transactions (cont'd)

	December 31, 2008	December 31, 2007
Interest and other financial income (banking)		
Anadolu Eğitim ve Sosyal Yardım Vakfı Sağlık Tes. İkt. İşl. (5)	438	144
Anadolu Isuzu (2)	147	88
Anadolu Efes (1)	104	108
Coca-Cola İçecek A.Ş. (3)	103	66
Other	134	51
	926	457

	December 31, 2008	December 31, 2007
Interest and other financial expense (banking)		
Anadolu Efes (1) (*)	16.742	16.404
Anadolu Isuzu (2)	5.428	1.734
Özilhan Sınai Yatırım A.Ş. (5)	3.010	1.927
Efes Pilsen Spor Kulübü (5)	2.228	1.143
Coca-Cola İçecek A.Ş. (3)	1.624	282
Aslancık Üretim ve Tic. Ltd. (2)	783	-
Efpa (3)	339	329
Anadolu Eğitim ve Sosyal Yardım Vakfı Sağlık Tes. İkt. İşl. (5)	157	155
Tarbes (3)	438	299
Other	1.160	574
	31.909	22.847

(*) Interest rate range for TRY deposits are 14,50% and 23,50%, for USD deposits is 6,50%

	December 31, 2008	December 31, 2007
Various sales included in other income (includes dividends taken)		
Anadolu Efes (1)	146	284
Anadolu Isuzu (2)	91	130
Polinas (5)	55	38
Efpa (3)	22	64
Coca-Cola İçecek A.Ş. (3)	7	7
Other	22	34
	343	557

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

37.3 Related Party Transactions (cont'd)

	December 31, 2008	December 31, 2007
Other financial expenses and interest paid (Non-Banking)		
Anadolu Efes (1)	1.487	-
Kamil Yazıcı Yönetim ve Danışma A.Ş. (4)	435	51
Anelsan Anadolu Elektronik Sanayii ve Ticaret AŞ. (3)	40	29
	1.962	80
	December 31, 2008	December 31, 2007
Interest and other financial income (Non-Banking)		
Kamil Yazıcı Yönetim ve Danışma A.Ş. (4)	4	299
Other	10	32
	14	331

- (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

Group has defined the key management personel as follows; the managers directly reporting to the general manager and board of directors, in ABank the board of directors, general manager and the assistant general manager, and the board of directors and general managers in the rest of the subsidiaries.

The details of benefits provided to the key management personnel during the years ending on December 31, 2008 and December 31, 2007 are as follows:

	December 31, 2008	December 31, 2007
Short term benefits provided to key management personnel	21.736	16.327
Post-employment benefits	237	-
Total gain	21.973	16.327
Social Security Organization employer share	390	351

Other

The Company and its subsidiaries with the exception of Mc Donald's, Hamburger, 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.

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

37.3 Related Party Transactions (cont'd)

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

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

Financial risk management objectives and policies (cont'd)

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.

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

Financial risk management objectives and policies (cont'd)

Banking (cont'd)

Credit Risk

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

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

	December 31, 2008		December 31, 2007	
	Cash	Non-cash	Cash	Non-cash
Automotive	67.589	65.282	58.632	51.578
Chemical	57.600	25.343	39.156	25.592
Construction	258.194	247.008	219.412	253.424
Electrics and electronics	37.461	31.244	30.386	27.621
Finance	47.709	79.903	48.402	74.686
Food and beverage	162.363	86.561	149.452	73.457
Forest products and agriculture	51.003	12.450	34.117	12.668
Iron and steel, non-metal	115.818	101.426	70.205	42.406
Machinery	68.877	31.543	57.365	31.965
Mining	61.247	11.771	37.447	13.708
Paper	21.007	13.861	15.428	6.185
Petroleum	12.681	5.267	8.058	3.704
Production	189.277	53.036	158.462	63.418
Textile	205.760	39.018	189.383	38.389
Tourism	96.730	13.237	68.589	5.702
Trade	558.151	292.951	455.480	242.330
Transportation	124.339	42.612	76.588	28.021
Others	186.687	91.799	143.533	101.231
	2.322.493	1.244.312	1.860.095	1.096.085
Loans in arrears	128.893	-	65.871	-
Provision for doubtful receivables	(73.660)	-	(65.786)	-
	2.377.726	1.244.312	1.860.180	1.096.085

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

Financial risk management objectives and policies (cont'd)

Banking (cont'd)

Credit Risk (cont'd)

December 31, 2008	Corporate loans	Small business loans	Consumer loans	Other	Total
Neither past due nor impaired	817.630	1.301.777	12.838	4.025	2.136.270
Past due not impaired	62.368	123.661	194	-	186.223
Individually impaired	44.724	83.801	368	-	128.893
Total credits	924.722	1.509.239	13.400	4.025	2.451.386
Less: Allowance for impaired loans					
Individually impaired (-)	(15.878)	(33.008)	(369)	-	(49.255)
Collectively impaired (-)	(11.738)	(12.556)	(111)	-	(24.405)
Total provision	(27.616)	(45.564)	(480)	-	(73.660)
	897.106	1.463.675	12.920	4.025	2.377.726
December 31, 2007	Corporate loans	Small business loans	Consumer loans	Other	Total
Neither past due nor impaired	839.308	1.006.844	11.676	-	1.857.828
Past due not impaired	268	1.999	-	-	2.267
Individually impaired	16.122	48.316	1.433	-	65.871
Total credits	855.698	1.057.159	13.109	-	1.925.966
Less: Allowance for impaired loans					
Individually impaired (-)	(15.500)	(33.335)	(1.433)	-	(50.268)
Collectively impaired (-)	(7.292)	(8.226)	-	-	(15.518)
Total provision	(22.792)	(41.561)	(1.433)	-	(65.786)
	832.906	1.015.598	11.676	-	1.860.180

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

Financial risk management objectives and policies (cont'd)

Banking (cont'd)

Credit Risk (cont'd)

The reconciliation of the provision for individually impaired loans and other receivables is as follows:

December 31, 2008	Corporate loans	Small business loans	Consumer loans	Other	Total
January 1, 2008	15.500	33.335	1.433	-	50.268
Charge for the year	12.683	19.799	48	-	32.530
Collections	(12.305)	(19.474)	(1.097)	-	(32.876)
Amounts written off	-	(652)	(15)	-	(667)
Balance at the end of the period	15.878	33.008	369	-	49.255

December 31, 2008	Corporate loans	Small business loans	Consumer loans	Other	Total
January 1, 2007	5.739	22.530	1.510	-	29.779
Charge for the year	10.095	13.702	38	-	23.835
Collections	(331)	(2.510)	(96)	-	(2.937)
Amounts written off	(3)	(387)	(19)	-	(409)
Balance at the end of the period	15.500	33.335	1.433	-	50.268

The maximum credit exposure of balance sheet items are as follows:

	December 31, 2008	December 31, 2007
Central Bank	184.158	177.387
Due from banks	363.436	271.973
Other money market placements	400.789	14.476
Trading securities	32.430	59.872
Financial lease receivables	276.625	218.567
Derivative financial instruments	28.912	5.807
Loans and advances to customers	2.377.726	1.860.180
Available for sale securities	74.734	58.651
Held to maturity securities	189.271	25.796
Other assets	2.298	17.515
	3.930.379	2.710.224
Contingent liabilities	1.244.312	1.096.085
Commitments	500.169	567.471
	1.744.481	1.663.556
Total credit exposure	5.674.860	4.373.780

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

Financial risk management objectives and policies (cont'd)

Banking (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 details of ABank's and ALease's assets, liabilities and off- balance-sheet items in foreign currency is as follows:

	TRY	USD	EUR	Japanese Yen	Other	Total
December 31, 2008						
Assets						
Cash and balances with the Central Bank	48.810	56.452	8.923	-	490	114.675
Deposits with banks and other financial institutions	5.275	214.236	146.847	696	388	367.442
Other money market placements	362.975	37.814	-	-	-	400.789
Reserve deposits at the Central Bank	-	96.913	-	-	-	96.913
Trading securities	27.488	4.781	160	-	1	32.430
Investment securities	233.226	30.949	-	-	-	264.175
Originated loans and advances	1.267.441	618.504	493.678	-	387	2.380.010
Minimum lease payments receivable	51.898	78.131	153.573	-	-	283.602
Derivative financial instruments	27.802	1.110	-	-	-	28.912
Investments	17	-	-	-	-	17
Assets held for resale	9.269	8	23	-	-	9.300
Tangible assets	20.990	-	-	-	-	20.990
Intangible assets	2.395	-	-	-	-	2.395
Deferred tax assets	2.194	-	-	-	-	2.194
Other assets	51.451	224	2.112	-	-	53.787
Total Assets	2.111.231	1.139.122	805.316	696	1.266	4.057.631
Liabilities						
Deposits from other banks	1.121	1	122	-	-	1.244
Customers' deposits	1.461.522	731.875	429.977	684	1.170	2.625.228
Other money market deposits	17.332	-	-	-	-	17.332
Funds borrowed	68.111	513.400	231.425	-	387	813.323
Derivative financial instruments	27.199	186	-	-	-	27.385
Other liabilities and provisions	99.782	17.814	6.418	-	612	124.626
Total Liabilities	1.675.067	1.263.276	667.942	684	2.169	3.609.138
Net on-balance sheet position	436.164	(124.154)	137.374	12	(903)	448.493
Off-balance sheet position						
Net nominal amount of derivatives	11.705	150.742	(138.791)	-	944	24.600
Non- cash loans	629.041	433.842	176.107	2.116	3.206	1.244.312
December 31, 2007						
Total Assets	1.479.627	779.567	607.574	-	1.177	2.867.945
Total Liabilities	1.043.336	1.044.924	459.360	-	12.033	2.559.653
Net on-balance sheet position	436.291	(265.357)	148.214	-	(10.856)	308.292
Off-balance sheet position, net nominal amount	598.685	313.957	178.070	-	5.373	1.096.085

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

Financial risk management objectives and policies (cont'd)

Banking (cont'd)

Currency Risk (cont'd)

Currency risk sensitivity

The table below shows the Group's (Banking) sensitivity to the 10% change in the USD and EUR exchange rates. The positive amount shows the increase / decrease in profit /loss as a result of the 10% value increase /decrease of USD and EUR against TRY.

	Change in exchange rate %	Effect on profit / loss	
		December 31, 2008	December 31, 2007
USD	+/-10%	+/- 1.653	+/- 2.429
EUR	+/-10%	+/- 2.340	+/- 969

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.

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

Financial risk management objectives and policies (cont'd)

Banking (cont'd)

Interest Rate Risk (cont'd)

The table below indicates the interest risk of Bank's assets and liabilities based on the remaining maturities from balance sheet date till the date of revaluation.

TRY	Up to 1 month	1-3 months	3-12 months	Over 1 year	No interest	Total
December 31, 2008						
Assets						
Cash and balances with the Central Bank	86.017	-	-	-	28.658	114.675
Deposits with banks and other financial institutions	234.028	-	-	-	133.414	367.442
Other money market placements	400.789	-	-	-	-	400.789
Reserve deposits at the Central Bank	96.913	-	-	-	-	96.913
Trading securities	38	521	2.575	16.271	13.025	32.430
Investment securities	14.023	148.758	-	101.224	170	264.175
Originated loans and advances	1.609.791	109.720	176.973	415.564	67.962	2.380.010
Minimum lease payments receivable	37.853	18.760	75.587	135.431	15.971	283.602
Derivative financial instruments	10.913	6.306	11.692	1	-	28.912
Investments	-	-	-	-	17	17
Assets held for resale	35	-	-	-	9.265	9.300
Tangible assets	-	-	-	-	20.990	20.990
Intangible assets	-	-	-	-	2.395	2.395
Deferred tax assets	-	-	-	-	2.194	2.194
Other assets	14.561	25	231	245	38.725	53.787
Total	2.504.961	284.090	267.058	668.736	332.786	4.057.631
Liabilities						
Deposits from other banks	-	-	1.110	-	134	1.244
Customers' deposits	1.807.681	668.136	7.482	7.164	134.765	2.625.228
Other money market deposits	17.332	-	-	-	-	17.332
Funds borrowed	159.153	339.279	311.678	3.213	-	813.323
Derivative financial instruments	7.568	14.974	4.843	-	-	27.385
Other liabilities and provisions	116	-	-	-	124.510	124.626
Total Liabilities	1.991.850	1.022.389	325.113	10.377	259.409	3.609.138
Total interest sensitivity gap	513.111	(738.299)	(58.055)	658.359	73.377	448.493
December 31, 2007						
On balance sheet interest sensitivity gap	466.065	(234.680)	(102.734)	313.474	(133.833)	308.292
Off balance sheet interest sensitivity gap	-	-	-	-	-	-

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

Financial risk management objectives and policies (cont'd)

Banking (cont'd)

Interest Rate Risk (cont'd)

Interest rate sensitivity

If interest rates had been changed by 50 basis point in TRY and FC and all other variables were held constant;

Net profit of the Group would decrease / increase by TRY (1.826) / 1.867 (In year 2007 decrease / increase by TRY (568) / 576).

Equity of the Group would decrease/increase by TRY (294) / 294 (In year 2007 decrease/increase by TRY (41) / 42 thousand) mainly as a result of the changes in the fair value of available-for-sale fixed rate instruments.

Liquidity Risk

Liquidity risk refers to the possibility of an institution being unable to access necessary funds due to declining fund-raising capacity. The Group closely monitors its overall liquidity level.

The Group uses domestic and foreign markets for its liquidity needs. Low level of liquidity needs enables an easy way of loan borrowing from the corresponding markets (CBRT, ISE, Interbank money market, Settlement and Custody Bank and other markets). The Group has a lower ratio of the deposits compared to other banks with similar-sized balance sheets; this indicates that larger loans can be obtained from the markets when needed. The potential cash resources are: money market debts which can be obtained from the domestic banks and repurchase transactions in foreign markets with Eurobonds in the portfolio.

The Group's fund resources consist mainly of deposits. The investments portfolio consists mainly of the held to maturity investments.

According BRSA regulations the liquidity ratios during the year was as follows;

	Cuurent year %		Prior year %
December 31, 2008	183,88%	December 31, 2007	217,33%
Average during the period	161,42%	Average during the period	190,30%
Highest	211,68%	Highest	244,46%
Lowest	129,21%	Lowest	165,06%

(*) The minimum legal limit set by BRSA regulations for the liquidity ratio stated above is 100 %

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

Financial risk management objectives and policies (cont'd)

Banking (cont'd)

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, 2008 ABank's capital adequacy ratio calculated on consolidated basis based on statutory financial statements is 14,21% (December 31, 2007: 14,91%).

Non-Banking

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

Financial risk management objectives and policies (cont'd)

Non-Banking (cont'd)

Credit Risk

December 31, 2008	Receivables				
	Trade Receivables		Other Receivables		Deposits in banks
	Related Party	Other Party	Related Party	Other Party	
Maximum credit risk exposure as of reporting date (A+B+C+D+E)	9.503	128.321	-	46.275	40.278
- Maximum risk secured by guarantee	-	35.275	-	43.194	-
A. Net book value of financial assets neither overdue nor impaired	9.503	110.026	-	2.556	40.278
B. Net book value of financial assets of which conditions are negotiated, otherwise considered as impaired or overdue	-	-	-	-	-
C. Net book value of assets overdue but not impaired	-	17.540	-	525	-
- Under guarantee	-	9.127	-	-	-
D. Net book value of impaired assets	-	755	-	43.194	-
- Overdue (gross book value)	-	5.367	-	50.944	-
- Impairment (-)	-	(4.612)	-	(7.750)	-
- Net value under guarantee	-	755	-	43.194	-
- Not overdue (gross book value)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Net value under guarantee	-	-	-	-	-
E. Off- balance sheet items having credit risk	-	-	-	-	-

December 31, 2007	Receivables				
	Trade Receivables		Other Receivables		Deposits in banks
	Related Party	Other Party	Related Party	Other Party	
Maximum credit risk exposure as of reporting date (A+B+C+D+E)	14.565	111.562	-	24.828	48.134
- Maximum risk secured by guarantee	-	42.913	-	21.215	-
A. Net book value of financial assets neither overdue nor impaired	14.565	110.992	-	3.062	48.134
B. Net book value of financial assets of which conditions are negotiated, otherwise considered as impaired or overdue	-	-	-	-	-
C. Net book value of assets overdue but not impaired	-	377	-	551	-
- Under guarantee	-	-	-	-	-
D. Net book value of impaired assets	-	193	-	21.215	-
- Overdue (gross book value)	-	2.430	-	26.201	-
- Impairment (-)	-	(2.237)	-	(4.986)	-
- Net value under guarantee	-	193	-	21.215	-
- Not overdue (gross book value)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Net value under guarantee	-	-	-	-	-
E. Off- balance sheet items having credit risk	-	-	-	-	-

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

Financial risk management objectives and policies (cont'd)

Non-Banking (cont'd)

Credit Risk (cont'd)

December 31, 2008	Receivables					
	Trade receivables			Other receivables		
	Related party	Other party	Related party	Other party	Other party	Deposits in banks
1-30 days past due	0	4.006		0	0	0
1-30 month past due	0	12.304		0	0	0
3-12 month past due	0	1.236		0	0	0
1-5 year past due	0	749		0	0	0
Over 5 years past due	0	0		0	43.719	0
Amount secured with guarantee		9.882		0	43.194	0

December 31, 2007	Receivables					
	Trade receivables			Other receivables		
	Related party	Other party	Related party	Other party	Other party	Deposits in banks
1-30 days past due	0	386		0	0	0
1-30 month past due	0	119		0	0	0
3-12 month past due	0	65		0	0	0
1-5 year past due	0	0		0	0	0
Over 5 years past due	0	0		0	21.766	0
Amount secured with guarantee	0	193		0	21.215	0

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 Turkish Lira to 1 USD and 1 EUR:

		Exchange buying rate at January 1, 2008	Average exchange buying rate in the period	Exchange buying rate at December 31, 2008
TRY /USD	Turkey	1,1593	1,2976	1,5123
TRY /EUR	Turkey	1,7060	1,8969	2,1408

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

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

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

Financial risk management objectives and policies (cont'd)

Non-Banking (cont'd)

Foreign currency risk (cont'd)

December 31, 2008	Total TRY Equivalent (Functional currency)	USD	EUR	GBP	Other
1. Trade receivables and due from related parties	8.428	3.978	1.066	-	105
2a. Monetary financial assets (cash and cash equivalents included)	30.436	545	13.833	-	-
2b. Non - monetary financial assets	-	-	-	-	-
3. Other current assets and receivables	175	104	8	-	-
4. Current assets (1+2+3)	39.039	4.627	14.907	-	105
5. Trade receivables and due from related parties	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-
6b. Non - monetary financial assets	-	-	-	-	-
7. Other	331	210	6	-	-
8. Non - current assets (5+6+7)	331	210	6	-	-
9. Total assets (4+8)	39.370	4.837	14.913	-	105
10. Trade payables and due to related parties	32.689	434	14.959	4	-
11. Short - term borrowings and current portion of long - term borrowings	115.370	30.944	32.031	-	-
12a. Monetary other liabilities	-	-	-	-	-
12b. Non - monetary other liabilities	-	-	-	-	-
13. Current liabilities (10+11+12)	148.059	31.378	46.990	4	-
14. Trade payables	-	-	-	-	-
15. Long - term borrowings	22.927	6.451	6.152	-	-
16 a. Monetary other liabilities	363	240	-	-	-
16 b. Non - monetary other liabilities	-	-	-	-	-
17. Non - current liabilities (14+15+16)	23.290	6.691	6.152	-	-
18. Total liabilities (13+17)	171.349	38.069	53.142	4	-
19. Off balance sheet derivative items' net asset / (liability) position (19a-19b)	-	-	-	-	-
19a. Total hedged assets	-	-	-	-	-
19b. Total hedged liabilities	-	-	-	-	-
20. Net foreign currency asset / (liability) position (9-18+19)	(131.979)	(33.232)	(38.229)	(4)	105
21. Monetary items net foreign currency asset / (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	(132.485)	(33.546)	(38.243)	(4)	105
22. Total fair value of financial instruments used to manage the foreign currency position	-	-	-	-	-
23. Export	71.183	26.664	17.339	-	-
24. Import	570.571	95.457	218.410	85	-

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

Financial risk management objectives and policies (cont'd)

Non-Banking (cont'd)

Foreign currency risk (cont'd)

December 31, 2008	Total TRY Equivalent (Functional Currency)	USD	EUR	GBP	Other
1. Trade receivables and due from related parties	7.250	2.851	2.290	-	10
2a. Monetary financial assets (cash and cash equivalents included)	8.083	3.435	2.337	37	-
2b. Non - monetary financial assets	-	-	-	-	-
3. Other current assets and receivables	854	672	41	-	-
4. Current assets (1+2+3)	16.187	6.958	4.668	37	10
5. Trade receivables and due from related parties	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-
6b. Non - monetary financial assets	-	-	-	-	-
7. Other	203	165	6	-	-
8. Non - current assets (5+6+7)	203	165	6	-	-
9. Total assets (4+8)	16.390	7.123	4.674	37	10
10. Trade payables and due to related parties	8.932	1.754	3.104	-	153.682
11. Short - term borrowings and current portion of long - term borrowings	68.717	13.331	31.260	-	-
12a. Monetary other liabilities	-	-	-	-	-
12b. Non - monetary other liabilities	-	-	-	-	-
13. Current liabilities (10+11+12)	77.649	15.085	34.364	-	153.682
14. Trade payables	-	-	-	-	-
15. Long - term borrowings	32.061	12.684	10.109	-	-
16 a. Monetary other liabilities	-	-	-	-	-
16 b. Non - monetary other liabilities	-	-	-	-	-
17. Non - current liabilities (14+15+16)	32.061	12.684	10.109	-	-
18. Total liabilities (13+17)	109.710	27.769	44.473	-	153.682
19. Off balance sheet derivative items' net asset / (liability) position (19a- 19b)	44.807	-	26.200	-	-
19a. Total hedged assets	44.807	-	26.200	-	-
19b. Total hedged liabilities	-	-	-	-	-
20. Net foreign currency asset / (liability) position (9-18+19)	(48.513)	(20.646)	(13.599)	37	(153.672)
21. Monetary items net foreign currency asset / (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	(94.377)	(21.483)	(39.846)	37	(153.672)
22. Total fair value of financial instruments used to manage the foreign currency position	44.807	-	26.200	-	-
23. Export	69.183	27.392	12.060	-	-
24. Import	363.124	183.416	84.785	96	-

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

Financial risk management objectives and policies (cont'd)

Non-Banking (cont'd)

Foreign currency risk (cont'd)

Foreign currency position sensitivity analysis		
December 31, 2008		
	Income / loss	Income / loss
	Increase of the foreign currency	Decrease of the foreign currency
Increase / decrease in the USD against TRY by 10%:		
1- USD denominated net asset / liability	(5.026)	5.026
2- USD denominated hedging instruments(-)	-	-
3- Net effect in USD (1+2)	(5.026)	5.026
Increase / decrease in the EUR against TRY by 10%:		
4- Euro denominated net asset / liability	(8.184)	8.184
5- Euro denominated hedging instruments(-)	-	-
6- Net effect in Euro (4+5)	(8.184)	8.184
Increase / decrease in the other foreign currencies against TRY by 10%:		
7- Other foreign currency denominated net asset / liability	12	(12)
8- Other foreign currency hedging instruments(-)	-	-
9- Net effect in other foreign currency (7+8)	12	(12)
TOTAL (3+6+9)	(13.198)	13.198

Foreign currency position sensitivity analysis		
December 31, 2007		
	Income / loss	Income / loss
	Increase of the foreign currency	Decrease of the foreign currency
Increase / decrease in the USD against TRY by 10%:		
1- USD denominated net asset / liability	(2.405)	2.405
2- USD denominated hedging instruments(-)	-	-
3- Net effect in USD (1+2)	(2.405)	2.405
Increase / decrease in the EUR against TRY by 10%:		
4- Euro denominated net asset / liability	(6.806)	6.806
5- Euro denominated hedging instruments(-)	4.481	(4.481)
6- Net effect in Euro (4+5)	(2.325)	2.325
Increase / decrease in the other foreign currencies against TRY by 10%:		
7- Other foreign currency denominated net asset / liability	(148)	148
8- Other foreign currency hedging instruments(-)	-	-
9- Net effect in other foreign currency (7+8)	(148)	148
TOTAL (3+6+9)	(4.878)	4.878

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

Financial risk management objectives and policies (cont'd)

Non-Banking (cont'd)

Interest rate risk

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.

Interest position table		December 31, 2008	December 31, 2007
	Financial instruments with fixed interest rate		
Financial assets	Financial assets at fair value through profit&loss	-	-
	Available for sale marketable securities	-	-
Financial liabilities		267.538	106.793
	Financial instruments with floating interest rate		
Financial assets		-	-
Financial liabilities		125.228	84.519

The table below shows the effect of a 100 basis point increase in interest rates, on floating rate credits in profit before tax basis.

	Effect on profit before tax	
Interest Increase	December 31, 2008	December 31, 2007
100 bps increase	(145)	(85)

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

Financial risk management objectives and policies (cont'd)

Non-Banking (cont'd)

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.

December 31, 2008

<u>Maturities according to agreement</u>	<u>Book Value</u>	<u>Total cash outflow according to agreement (=I+II+III+IV)</u>	<u>Less than 3 months (I)</u>	<u>3 to12 months (II)</u>	<u>1 to 5 years (III)</u>	<u>More than 5 years (IV)</u>
Non-derivative financial liabilities	486.483	501.575	276.611	201.354	23.610	-
Financial liabilities	392.766	407.144	216.931	166.603	23.610	-
Financial lease payables	-	-	-	-	-	-
Trade payables	78.997	79.711	47.230	32.481	-	-
Other payables	14.720	14.720	12.450	2.270	-	-

December 31, 2007

<u>Maturities according to agreement</u>	<u>Book Value</u>	<u>Total cash outflow according to agreement (=I+II+III+IV)</u>	<u>Less than 3 months (I)</u>	<u>3 to12 months (II)</u>	<u>1 to 5 years (III)</u>	<u>More than 5 years (IV)</u>
Non-derivative financial liabilities	256.966	261.384	141.998	86.369	33.017	-
Financial liabilities	191.312	195.501	77.314	85.170	33.017	-
Financial lease payables	-	-	-	-	-	-
Trade payables	52.292	52.521	52.351	170	-	-
Other payables	13.362	13.362	12.333	1.029	-	-

Capital Risk Management

Group aims to provide yield for its shareholders and benefit for its stakeholders while diminishing the cost of capital with a view to the optimal capital structure in order to furnish the permanence of Group's operability.

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40. SUBSEQUENT EVENTS

Company acquired an amount of 169.331 Anadolu Efes shares with total value of TRY 1.693.310 from ISE, at dates February 20, 2009 and March 5, 2009. As a consequence of these transactions, Company's shares in Anadolu Efes increased to 36,27% with 0,03% addition.

On November 25, 2008, a Subscription and Shareholders Agreement was signed between AEH and Ana Gıda, subsidiaries of the Company, and SEEF Foods S.A.R.L (Seef Foods) - owned by Southeast Europe Equity Fund II (B) L.P. and controlled by Bedminster Capital Management LLC- regarding SEEF Foods' partnership in Ana Gıda. In accordance with the foresaid agreement, SEEF Foods would have participated in the capital increase of Ana Gıda, contributing with 30 million EUR in return for 39% shares. However, on November 25,2008, an amended Subscription and Shareholders Agreement was signed between SEEF Foods and AEH-Ana Gıda, governing SEEF Foods' 25 million EUR contribution to Ana Gıda - in addition AEH's contribution of 5 million Euros – in return for 44,75% shares. The closing transactions regarding this agreement were completed on March 4, 2009. Accordingly, a total of 30 million EUR capital increase was held in Ana Gıda; 25 million EUR paid by SEEF Foods and 5 million by AEH and consequently SEEF Foods became the owner of 44,75% shares in Ana Gıda.

According to Board of Directors decision dated January 30, 2009, AEH, a subsidiary of the Company, decided to participate as a founding partner in the establishment of Anatolia Energy B.V. (Anatolia Energy), with 100% shares, contributing 18.000 EUR.

As of March 11, 2009 liquidation decision of Alternatif Portföy, a subsidiary of the Company, has been registered on the Trade Registry Gazete and struck off the register.

41. OTHER ISSUES

41.1 Reserve Deposits at Central Bank

	December 31, 2008	December 31, 2007
Reserve Deposits at Central Bank		
- Foreign Currency	96.913	105.431
	96.913	105.431

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, 2008 and December 31, 2007, reserve deposit rates applicable for the TRY and foreign currency deposits are 6,00% and 9,00% respectively.

As of December 31, 2008, the interest rates applied for TRY and foreign currency reserve deposits are 12,00% and 0,15% (December 31, 2007: 11,81% and 1,95%) respectively.

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41. OTHER ISSUES (cont'd)

41.2 Banking Loans

	December 31, 2008	December 31, 2007
Corporate loans (*)	879.998	839.576
Small business loans	1.425.438	1.008.843
Consumer loans	13.032	11.676
Other	4.025	-
Total performing loans	2.322.493	1.860.095
Non performing loans	128.893	65.871
Specific reserve for impairment	(49.255)	(50.268)
Portfolio reserve for impairment	(24.405)	(15.518)
	2.377.726	1.860.180

	December 31, 2008				Effective interest rate		
	Amount		Foreign currency indexed	Total	Effective interest rate		Foreign currency indexed
	TRY	Foreign currency			TRY	Foreign currency	
Corporate loans (*)	404.034	192.913	283.051	879.998	%27,0	%9,8	%10,1
Small business loans	801.909	256.399	367.130	1.425.438	%27,8	%9,9	%10,7
Consumer loans	1.135	-	11.897	13.032	%31,7	-	%9,1
Other	4.025	-	-	4.025	%21,6	-	-
Total performing loans	1.211.103	449.312	662.078	2.322.493			

	December 31, 2007				Effective interest rate		
	Amount		Foreign currency indexed	Total	Effective interest rate		Foreign currency indexed
	TRY	Foreign currency			TRY	Foreign currency	
Corporate loans (*)	396.890	194.557	248.129	839.576	%21,2	%7,7	%8,1
Small business loans	628.243	140.924	239.676	1.008.843	%23,5	%7,7	%8,5
Consumer loans	11.676	-	-	11.676	%23,7	-	-
Total performing loans	1.036.809	335.481	487.805	1.860.095			

(*) Corporate loans include restructured loans which amount to TRY 2.530 (December 31, 2007: TRY 5.587).

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

	December 31, 2008	December 31, 2007
Balance at January 1	65.786	41.887
Provision for possible loan losses	42.092	36.751
Collections	(33.551)	(12.443)
Loans written off and sold during the year (-)	(667)	(409)
Balance at the end of the period	73.660	65.786

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41. OTHER ISSUES (cont'd)

41.2 Banking Loans (cont'd)

ABank classified separately loans that have been restructured through medium to long-term agreements signed by related borrowers. As of December 31, 2008 interest accrued on the restructured loans amounted to TRY 1.723 (December 31, 2007: TRY 1.618).

Provision for doubtful loans includes TRY 24.405 (December 31, 2007: TRY 15.518) provided on a portfolio basis as of December 31, 2008.

As of December 31, 2008, loans and advances on which interest is not being accrued or where interest is suspended amounted to TRY 128.893 (December 31, 2007: TRY 65.871).

The TRY 1.943.650 amount of Banking Loans covers (December 31, 2007: TRY 1.557.848) current loans and TRY 434.076 amount covers (December 31, 2007: TRY 302.332) non-current loans.

The aging table of banking loans as of December 31, 2008 and December 31, 2007 is as follows:

December 31, 2008	Neither paste due nor impaired	Past due or impaired	Total
Banking loans	2.322.493	128.893	2.451.386
Corporate loans	879.998	44.724	924.722
Small business loans	1.425.438	83.801	1.509.239
Consumer loans	13.032	368	13.400
Other	4.025	-	4.025

	Historical default rates %	Total
High grade (A, B)	1,05	1.762.616
Standard grade (C)	2,25	1.511.138
Sub standard grade (D)	7,75	276.425
Impared (E)	0,00	128.893

December 31, 2007	Neither paste due nor impaired	Past due or impaired	Total
Banking loans	1.860.095	65.871	1.925.966
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

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41. OTHER ISSUES (cont'd)

41.2 Banking Loans (cont'd)

	Historical default rates %	Total
High grade (A, B)	1,07	1.431.228
Standard grade (C)	2,22	1.382.716
Sub standard grade (D)	7,75	145.135
Impaired (E)	-	65.871

41.3 Deposits

	December 31, 2008	December 31, 2007
Deposits from other banks	1.244	7.027
Customer deposits	2.513.020	1.666.244
Other money market deposits	17.332	21.211
	2.531.596	1.694.482

Deposits from other banks

	December 31, 2008				December 31, 2007			
	Amount		Effective interest rate		Amount		Effective interest rate	
	TRY	Foreign currency	TRY	Foreign currency	TRY	Foreign currency	TRY	Foreign Currency
Demand	11	123	-	-	44	787	-	-
Time	1.110	-	%21,30	-	6.196	-	%16,98	-
	1.121	123			6.240	787		

Customer deposits

	December 31, 2008				December 31, 2007			
	Amount		Effective interest rate		Amount		Effective interest rate	
	TRY	Foreign currency	TRY	Foreign currency	TRY	Foreign currency	TRY	Foreign Currency
Saving								
Demand	11.644	13.525	-	-	9.538	15.722	-	-
Time	957.585	565.448	%22,24	%7,69	375.606	487.917	%17,96	%5,63
	969.229	578.973			385.144	503.639		
Commercial and other								
Demand	52.201	42.605			73.892	61.865	-	-
Time	359.242	510.770	%19,83	%7,15	259.542	382.162	%16,43	%5,75
	411.443	553.375			333.434	444.027		
	1.380.672	1.132.348			718.578	947.666		

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41. OTHER ISSUES (cont'd)

41.3 Deposits (cont'd)

Other money market deposits

	December 31, 2008				December 31, 2007			
	Amount		Effective interest rate		Amount		Effective interest rate	
	TRY	Foreign currency	TRY	Foreign currency	TRY	Foreign Currency	TRY	Foreign Currency
Obligations under repurchase agreements:								
-Due to customers	11.729	-	%13,17	-	10.211	-	%14,29	-
-Due to banks	-	-	-	-	-	-	-	-
	11.729				10.211			
Inter-bank deposits	5.603	-	%14,37	-	11.000	-	%16,95	-
	17.332				21.211			

The TRY 2.524.432 amount is the current portion of Deposits (December 31, 2007: TRY 1.694.419) and the TRY 7.164 amount in non-current portion of Deposits as of December 31, 2008 (December 31, 2007: TRY 63).

41.4 Funds Borrowed

	December 31, 2008				December 31, 2007			
	Amount		Effective interest rate		Amount		Effective interest rate	
	TRY	Foreign currency	TRY	Foreign currency	TRY	Foreign currency	TRY	Foreign currency
Short-term	68.111	603.132			42.100	212.543		
Fixed interest	68.111	225.731	%16,66-%22,75	%4,76-%13,5	42.100	141.322	%15,05-%23,80	%5,00-%6,69
Floating interest		377.401	-	%3,29-%12,62	-	71.221	-	%5,59-%7,70
Medium-long term		142.080			2.625	294.824		
Fixed interest	-	21.206	-	%4,90-%12,64	2.625	7.408	%19,70	%5,94
Floating interest	-	120.874	-	%5,16-%6,08	-	287.416	-	%5,70-%7,70
	68.111	745.212			44.725	507.367		
Total funds borrowed	813.323				552.092			

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

	December 31, 2008		December 31, 2007	
	Fixed rate	Floating rate	Fixed rate	Floating rate
2008	-	-	4.630	167.965
2009	9.034	-	5.403	48.783
2010	12.172	29.821	-	11.379
2011	-	16.126	-	8.760
2012 and later	-	74.927	-	50.529
	21.206	120.874	10.033	287.416

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AS OF DECEMBER 31, 2008 (cont'd)

(Currency – Thousands TRY unless otherwise indicated)

41. OTHER ISSUES (cont'd)

41.4 Funds Borrowed (cont'd)

There is no letters of guarantee denominated in foreign currency (December 31, 2007: TRY 1.795) given to the lending institutions as collateral against the loans obtained.

TRY amount of 671.243 Funds Borrowed covers (December 31, 2007: TRY 254.644) current deposits and TRY 142.080 amount covers (December 31, 2007: TRY 297.448) non-current deposits.

41.5 Derivatives

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

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

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.

December 31, 2008									
	Fair value assets	Fair value liabilities	Notional amount	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	6.971	3.350	209.801	120.813	33.541	50.772	4.675	-	-
Forward sale contract	1.784	3.108	208.171	120.333	33.338	49.485	5.015	-	-
Currency swap purchase	9.316	2.748	176.035	107.616	31.579	36.840	-	-	-
Currency swap sale	-	-	166.666	105.997	30.423	30.246	-	-	-
Futures purchase	-	8.700	139.103	-	139.103	-	-	-	-
Futures sale	-	-	148.250	-	148.250	-	-	-	-
Option purchase	5.414	224	178.670	34.546	73.737	42.032	28.355	-	-
Option sale	74	5.225	180.193	34.493	75.314	42.032	28.354	-	-
Futures interest sale	-	164	3.025	-	3.025	-	-	-	-
Interest Swap Purchase	1.109	3.844	176.410	37.808	62.987	-	-	75.615	-
Interest Swap Sale	4.244	22	158.949	13.240	43.386	-	-	102.323	-
	28.912	27.385	1.745.273	574.846	674.683	251.407	66.399	177.938	-

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2008 (cont'd)

(Currency – Thousands TRY unless otherwise indicated)

41. OTHER ISSUES (cont'd)

41.5 Derivatives (cont'd)

December 31, 2007									
	Fair value assets	Fair value liabilities	Notional amount	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	54.318	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	257.999	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	-	-	-	-
	5.807	36.770	1.365.977	524.834	544.328	172.422	124.393	-	-

41.6 Fair Values

Since cash and cash equivalents, trade receivables, other current assets, trade payables and other payables are of short term, their fair values are the same with their values in the balance sheet.

Investments are recorded with their carrying values due to the lack of determined market values and inefficiency of other methods on determining fair values.

Short-term and long term lease obligations are identical with their carrying values in the balance sheet since they are in foreign currencies and revalued as of year end.

The methods and assumptions used to determine the fair values of financial assets and liabilities

The fair values of financial lease receivables are calculated by discounting their cash flows to the present value by using current market rates.

The fair values of held to maturity financial assets are calculated based on their market prices.

The fair values of other assets and liabilities are calculated by discounting their cash flows to the present value by using current market rates (current libor rates).

	December 31, 2008		December 31, 2007	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Cash and cash equivalents	367.442	367.442	289.746	289.746
Held to maturity financial assets	189.271	192.191	25.796	26.560
Banking loans	2.377.726	2.372.334	1.860.180	1.836.129
Financial lease receivables	276.625	268.453	218.567	224.808
	3.211.064	3.200.420	2.394.289	2.377.243
Financial Liabilities				
Customer deposits	2.513.020	2.394.777	1.666.244	1.589.444
Funds borrowed	813.323	795.927	552.092	538.252
	3.326.343	3.190.704	2.218.336	2.127.696