YAZICILAR HOLDİNG ANONİM ŞİRKETİ

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011 TOGETHER WITH AUDITOR'S REPORT

(ORIGINALLY ISSUED IN TURKISH)

CONVENIENCE TRANSLATION INTO ENGLISH OF AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Yazıcılar Holding A.Ş.

1. We have audited the accompanying consolidated balance sheet of Yazıcılar Holding A.Ş., its subsidiaries and joint ventures (the "Group") as at 31 December 2011, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. The Group management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the financial reporting standards issued by the Capital Markets Board ("CMB"). This responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the generally accepted auditing principles and standards endorsed by the CMB. Those principles require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

   An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

   We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. a member of PricewaterhouseCoopers
BJK Plaza, Süleyman Seba Caddesi No:48 B Blok Kat 9 Akaretler Beşiktaş 34357 İstanbul-Turkey
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Opinion

4. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Yazıcılar Holding A.Ş. as at 31 December 2011, and of its financial performance and its cash flows for the year then ended in accordance with the financial reporting standards endorsed by the CMB (Note 2).

Additional Paragraph for Convenience Translation into English

5. The accounting principles described in Note 2 to the consolidated financial statements (defined as the "CMB Financial Reporting Standards") differ from International Financial Reporting Standards IFRSs issued by the International Accounting Standards Board with respect to the application of inflation accounting for the period between 1 January - 31 December 2005 and presentation of basic financial statements and the notes to them. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers

Burak Özpoyraz, SMMM
Partner

Istanbul, 30 March 2012

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

Consolidated Financial Statements as of December 31, 2011

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CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2011

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

	Notes	**Audited December 31, 2011**	Audited December 31, 2010
ASSETS			
Current Assets		**5.164.700**	3.836.404
Cash and Cash Equivalents	6	**727.369**	509.836
Financial Instruments	7	**409.753**	116.060
Banking Loans (net)	41.1	**3.498.586**	2.788.932
Trade Receivables (net)	10.1	**112.794**	90.948
Financial Lease Receivables (net)	12.1	**129.461**	119.463
Derivative Financial Instruments	41.4	**36.373**	4.485
Due From Related Parties (net)	37.2	**15.972**	15.046
Other Receivables (net)	11.1	**25.655**	34.573
Biological Assets (net)	14	**10.205**	10.708
Inventories (net)	13	**134.411**	87.637
Other Current Assets	26.1	**64.121**	58.716
Non-Current Assets		**4.013.656**	2.816.167
Financial Instruments	7	**936.398**	492.216
Banking Loans (net)	41.1	**779.259**	434.995
Financial Lease Receivables (net)	12.1	**143.945**	122.850
Derivative Financial Instruments	41.4	**9.360**	404
Due from Related Parties (net)	37.2	**6.325**	5.205
Other Receivables (net)	11.2	**30.506**	18.398
Investments Accounted Through Equity Method	16	**1.383.816**	1.228.063
Goodwill (net)	20	**35.344**	35.344
Assets Held For Sale (net)	34	**29.802**	32.787
Property, Plant and Equipment (net)	18	**552.652**	356.214
Intangible Assets (net)	19	**14.115**	12.943
Deferred Tax Assets	35.1	**37.495**	34.498
Other Non-Current Assets	26.2	**54.639**	42.250
TOTAL ASSETS		**9.178.356**	6.652.571

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

(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish)

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2011

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

	Notes	**Audited December 31, 2011**	Audited December 31, 2010
LIABILITIES			
Current Liabilities		**5.832.574**	3.799.609
Short-Term Borrowings (net)	8	**145.594**	103.892
Current Portion of Long-Term Borrowings (net)	8	**94.784**	100.705
Trade Payables (net)	10.2	**88.905**	70.121
Banking Customer Deposits	41.2	**4.189.331**	2.658.295
Funds Borrowed	41.3	**1.026.703**	624.604
Blocked Accounts		**92.706**	94.285
Due to Related Parties (net)	37.3	**475**	1.005
Other Payables	11.3	**53.445**	27.307
Provisions	22	**17.279**	15.501
Income Tax Payable	35.3	**5.344**	1.792
Derivative Financial Instruments	41.4	**25.312**	11.913
Provisions for the Employee Benefits	24	**17.056**	16.867
Other Current Liabilities (net)	26.3	**75.640**	73.322
Non-Current Liabilities		**808.980**	551.870
Long-Term Borrowings (net)	8	**174.074**	105.272
Banking Customer Deposits	41.2	**85**	6.788
Funds Borrowed	41.3	**595.952**	404.422
Other Payables	11.3	**408**	334
Derivative Financial Instruments	41.4	**-**	3.255
Provisions for the Employee Benefits	24	**18.337**	16.417
Deferred Tax Liability	35.1	**19.487**	15.153
Other Liabilities (net)	26.3	**637**	229
EQUITY		**2.536.802**	2.301.092
Equity Attributable to Equity Holders of the Parent		**1.992.312**	1.786.051
Paid-in Share Capital	27	**160.000**	160.000
Share Premium		**9.474**	9.474
Revaluation Funds	27	**1.298**	8.907
Restricted Reserves Allocated from Net Profit	27	**18.381**	16.063
Currency Translation Differences		**112.551**	(955)
Other Reserves		**(3.877)**	(3.864)
Net Income		**140.299**	221.699
Retained Earnings	27	**1.554.186**	1.374.727
Non-Controlling Interest		**544.490**	515.041
TOTAL LIABILITIES AND EQUITY		**9.178.356**	6.652.571

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

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2011

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

	Notes	**Audited 01.01.2011 – 31.12.2011**	Audited 01.01.2010 – 31.12.2010
CONTINUING OPERATIONS			
Revenue (net)	28	**1.090.635**	1.047.914
Cost of Sales (-)	28	**(876.869)**	(865.266)
Service Income (net)	28	**50.831**	44.645
Gross Profit from Trading Operations		**264.597**	227.293
Interest and Other Income	28	**589.909**	408.602
Interest and Other Expense (-)	28	**(281.235)**	(170.240)
Gross Profit from Financial Operations		**308.674**	238.362
GROSS PROFIT		**573.271**	465.655
Marketing, Selling and Distribution Expenses (-)	29	**(75.601)**	(78.768)
General Administrative Expenses (-)	29	**(263.078)**	(218.866)
Research and Development Expenses (-)	29	**(1.818)**	(465)
Other Operating Income	31.1	**19.276**	22.574
Other Operating Expense (-)	31.2	**(126.393)**	(59.085)
OPERATING INCOME		**125.657**	131.045
Gain/(Loss) from Investments Accounted Through Equity Method	16	**128.852**	191.155
Financial Income	32	**78.407**	55.474
Financial Expense (-)	33	**(142.583)**	(85.495)
INCOME BEFORE TAX FROM CONTINUING OPERATIONS		**190.333**	292.179
Tax Income/(Expense) from Continuing Operations		**(18.010)**	(14.920)
- Current Period Tax Expense (-)	35.2	**(16.641)**	(17.410)
- Deferred Tax Income/(Expense)	35.2	**(1.369)**	2.490
NET INCOME FOR THE PERIOD FOR CONTINUING OPERATIONS		**172.323**	277.259
Attributable to:			
- Non-Controlling Interests		**32.024**	55.560
- Equity Holders of the Parent		**140.299**	221.699
Earnings per share (full TRL)	36	**0,88**	1,39

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

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2011

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

	Audited 01.01.2011 – 31.12.2011	Audited 01.01.2010 – 31.12.2010
Net Income from Continuing Operations	**172.323**	277.259
Change in revaluation funds of available for sale financial assets, net of tax	**(5.752)**	(287)
Currency translation difference	**9.341**	419
Group's share in other comprehensive income of investments accounted through equity method, net of tax	**109.735**	6.267
Other Comprehensive Income/(Loss), (net of tax)	**113.324**	6.399
Total Comprehensive Income	**285.647**	283.658
Attributable to:		
Non-controlling interests	**39.451**	55.981
Equity holders of the parent	**246.196**	227.677

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

(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish)

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2011

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

	Paid-in Share Capital	Share Premium	Revaluation Funds	Restricted Reserves Allocated from Net Profit	Currency Translation Differences	Other Reserves	Net Income	Retained Earnings	Attributable to Equity Holders of the Parent	Non-Controlling Interest	Total Equity
As of January 1, 2010	160.000	9.474	8.266	14.080	(6.292)	-	230.336	1.181.574	1.597.438	475.765	2.073.203
Transfer of net income to the retained earnings	-	-	-	1.983	-	-	(230.336)	228.353	-	-	-
Dividend paid	-	-	-	-	-	-	-	(35.200)	(35.200)	(16.438)	(51.638)
Non-controlling share purchase of investments accounted through equity method (Note 3)	-	-	-	-	-	(3.864)	-	-	(3.864)	(267)	(4.131)
Other comprehensive income	-	-	641	-	5.337	-	-	-	5.978	421	6.399
Net income	-	-	-	-	-	-	221.699	-	221.699	55.560	277.259
Total comprehensive income	-	-	641	-	5.337	-	221.699	-	227.677	55.981	283.658
As of December 31, 2010	160.000	9.474	8.907	16.063	(955)	(3.864)	221.699	1.374.727	1.786.051	515.041	2.301.092

	Paid-in Share Capital	Share Premium	Revaluation Funds	Restricted Reserves Allocated from Net Profit	Currency Translation Differences	Other Reserves	Net Income	Retained Earnings	Attributable to Equity Holders of the Parent	Non-Controlling Interest	Total Equity
As of January 1, 2011	**160.000**	**9.474**	**8.907**	**16.063**	**(955)**	**(3.864)**	**221.699**	**1.374.727**	**1.786.051**	**515.041**	**2.301.092**
Transfer of net income to the retained earnings	-	-	-	2.318	-	-	(221.699)	219.381	-	-	-
Capital increase of non-controlling shareholders	-	-	-	-	-	-	-	-	-	9.123	9.123
Capital decrease of non-controlling shareholders	-	-	-	-	-	-	-	-	-	(7.738)	(7.738)
Dividend paid	-	-	-	-	-	-	-	(40.000)	(40.000)	(11.309)	(51.309)
Effect of change in subsidiary consolidation rate	-	-	-	-	-	-	-	78	78	(78)	-
Non-controlling share purchase of investments accounted through equity method (Note 1)	-	-	-	-	-	(13)	-	-	(13)	-	(13)
Other comprehensive income/(expense)	-	-	(7.609)	-	113.506	-	-	-	105.897	7.427	113.324
Net income	-	-	-	-	-	-	140.299	-	140.299	32.024	172.323
Total comprehensive income/(expense)	-	-	(7.609)	-	113.506	-	140.299	-	246.196	39.451	285.647
As of December 31, 2011	**160.000**	**9.474**	**1.298**	**18.381**	**112.551**	**(3.877)**	**140.299**	**1.554.186**	**1.992.312**	**544.490**	**2.536.802**

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

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2011

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

	Notes	**Audited** **01.01.2011 – 31.12.2011**	Audited 01.01.2010 – 31.12.2010
Cash flow from operating activities			
Income before tax from continuing operations		**190.333**	292.179
Adjustments for:			
(Gain)/loss from disposal of property, plant and equipment, and intangible assets		**(17.969)**	(12.590)
Depreciation and amortization	18, 19	**44.131**	42.886
Provision for possible loan losses and impairment in receivables		**109.994**	83.979
Reversal of warranty provision	22	**(3.005)**	(5.480)
Provision for vacation pay liability	24	**992**	707
Provision for employee termination benefits	24	**6.324**	6.878
Provision for bonus	24	**(624)**	3.049
Other provisions		**4.816**	(1.870)
Provision for inventories/(reversal)	13	**380**	(470)
Foreign exchange loss/(gain)		**69.773**	(1.101)
Interest expenses		**69.382**	20.695
Gain from investments accounted through equity method		**(128.852)**	(191.155)
Net (increase)/decrease in derivative financial instruments – assets	41.4	**(40.844)**	2.348
Net increase in derivative financial instruments – liabilities	41.4	**10.144**	6.481
Other non-cash income		**398**	496
Operating profit before changes in operating assets and liabilities		**315.373**	247.032
Net increase in financial assets		**(743.627)**	(67.239)
Net increase in reserve deposits at Central Bank	6	**(147.209)**	(37.237)
Net increase in banking loans		**(1.144.238)**	(586.707)
Net (increase)/decrease in trade and other receivables and due from related parties		**(74.659)**	55.569
Net (increase)/decrease in inventories		**(46.651)**	34.601
Net increase in other assets		**(25.555)**	(29.187)
Net increase in trade and other payables and due to related parties		**47.159**	36.391
Net increase in banking customer deposits		**1.524.333**	136.181
Net (decrease)/increase in blocked accounts		**(1.579)**	53.363
Net increase/(decrease) in assets held for sale		**2.985**	(3.821)
Purchase of motor vehicles for operational fleet leasing business	18	**(173.589)**	(92.007)
Proceeds from resale of motor vehicles for operational fleet leasing business		**38.724**	31.605
Employee termination benefits paid	24	**(4.583)**	(4.294)
Taxes paid	35.3	**(13.089)**	(18.162)
Net cash used in by operating activities		**(446.205)**	(243.912)
Cash flows used in investing activities			
Purchase of property, plant and equipment, investment property and intangible asset	18, 19	**(87.954)**	(64.447)
Proceeds from sale of property, plant and equipment, and intangible asset		**9.794**	8.603
Purchase of financial assets and participation in capital increase		**(11.589)**	(9.541)
Establishment cost of joint ventures		**(1.134)**	-
Net cash used in investing activities		**(90.883)**	(65.385)
Cash flows provided by financing activities			
Dividends and other cash flows from equity participations		**95.606**	65.162
Capital increase of non-controlling interest shareholders		**9.123**	-
Capital decrease of non-controlling interest shareholders		**(7.738)**	-
Dividends paid to non-controlling interest shareholders		**(11.309)**	(16.438)
Dividends paid		**(40.000)**	(35.200)
Proceeeds from borrowings from banks and other institutions		**2.331.267**	1.966.890
Repayments of borrowings and interest from banks and other institutions		**(1.742.168)**	(1.571.200)
Interest paid (-)		**(30.383)**	(9.036)
Net cash provided by financing activities		**604.398**	400.178
Currency translation on cash and cash transaction		**3.014**	125
Net increase in cash and cash equivalents		**70.324**	91.006
Cash and cash equivalent at the beginning of the period	6	**402.657**	311.651
Total cash and cash equivalent at the end of the period		**472.981**	402.657
Interest income		**46.965**	19.215
Dividend income		**26**	3

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

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

Yazıcılar Holding A.Ş., a company incorporated in Istanbul, Turkey ("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). The Company was incorporated in 1976.

The registered office address of the Company is Umut Sokak No:12, İçerenköy, Ataşehir, İstanbul, Turkey.

The consolidated financial statements as of December 31, 2011 are authorized for issue by the Board of Directors on March 30, 2012, and are approved by the General Manager Sezai Tanrıverdi and the Finance Manager Yusuf Ovnamak on behalf of Board of Directors. General Assembly and other regulatory institutions have the right to change the financial statements after the consolidated financial statements are issued.

Activities of the Group

The Company and its subsidiaries will be referred as the "Group" henceforth for the purposes of the consolidated financial statements.

The Group is organized and primarily managed in four principal segments: Automotive (including passenger vehicles, commercial vehicles, generators, spare and component parts, consumer durables); financial services (including banking, leasing, brokerage and investment banking services); retailing (stationery, chain restaurant management, food, information technologies and tourism) and other (trade, asset management, real estate, energy).

The average number of personnel of the Group is 6.611 (December 31, 2010: 6.249).

List of Shareholders

As of December 31, 2011 and December 31, 2010 the composition of shareholders and their respective percentage of shareholding rates can be summarized as follows:

	December 31, 2011		December 31, 2010	
	Amount	**%**	Amount	%
Yazıcı Families	**62.203**	**38,88**	62.481	39,05
Kamil Yazıcı Yönetim ve Danışma A.Ş.	**53.600**	**33,50**	53.600	33,50
Publicly traded (*)	**44.197**	**27,62**	43.919	27,45
Paid-in share capital	**160.000**	**100,00**	160.000	100,00

(*) As of December 31, 2011 TRL 4.053 of the publicly traded portion, which is 2,533% of the paid-in share capital, is owned by Kamil Yazıcı Yönetim ve Danışma A.Ş. (December 31, 2010: TRL 2.906 of the publicly traded portion, which is 1,816% of the paid-in share capital).

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES (cont'd)

List of Subsidiaries

The subsidiaries included in consolidation and their shareholding percentages at December 31, 2011 and December 31, 2010 are as follows:

	Place of incorporation	Principal activities	Segment	Effective shareholding and voting rights % December 31, 2011	December 31, 2010
Anadolu Endüstri Holding A.Ş. (AEH)	Turkey	Holding company	Other	**68,00**	68,00
Alternatifbank A.Ş. (ABank) (1) (9)	Turkey	Banking services	Finance	**61,76**	61,75
Alternatif Yatırım A.Ş. (A Yatırım) (9)	Turkey	Brokerage company	Finance	**61,76**	61,75
Alternatif Finansal Kiralama A.Ş. (ALease)	Turkey	Leasing company	Finance	**64,94**	64,94
Alternatif Yatırım Ortaklığı A.Ş. (AYO) (1) (3) (9)	Turkey	Investment company	Finance	**32,49**	32,48
Çelik Motor Ticaret A.Ş. (Çelik Motor)	Turkey	Import, distribution and marketing of Lada and Kia motor vehicles and operating lease	Automotive	**68,00**	68,00
Anadolu Motor Üretim ve Pazarlama A.Ş. (Anadolu Motor)	Turkey	Production of industrial engines, sale of tractors	Automotive	**67,93**	67,93
Anadolu Otomotiv Dış Ticaret ve Sanayi A.Ş.	Turkey	Import of Kia and Lada motor vehicles	Automotive	**67,38**	67,38
Anadolu Elektronik Aletler Pazarlama ve Ticaret A.Ş. (Anadolu Elektronik) (4)	Turkey	Inactive	Automotive	**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	Retailing	**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	Retailing	**49,76**	49,76
Efestur Turizm İşletmeleri A.Ş. (Efestur) (10)	Turkey	Arrangement of travelling and organization facilities of the Group	Retailing	**67,92**	51,60
Anadolu Bilişim Hizmetleri A.Ş. (ABH) (11)	Turkey	IT, internet and e-commerce services	Retailing	**65,77**	65,53
Oyex Handels GmbH (Oyex)	Germany	Trading of various materials used in the Group	Other	**67,32**	67,32
Anadolu Endüstri Holding A.S. und Co. KG (AEH und Co.)	Germany	Provides necessary market research of products abroad	Other	**67,32**	67,32
Anadolu Restoran İşletmeleri Limited Şirketi (McDonald's)	Turkey	Restaurant chain management, ranch management	Retailing	**68,00**	68,00
Hamburger Restoran İşletmeleri A.Ş. (Hamburger)	Turkey	Restaurant chain management	Retailing	**68,00**	68,00
Anadolu Varlık Yönetim A.Ş. (Anadolu Varlık)	Turkey	Asset management	Other	**67,99**	67,99
Anadolu Taşıt Ticaret A.Ş. (Anadolu Taşıt)	Turkey	Industrial and commercial operations in automotive sector	Other	**68,00**	68,00
Anadolu Araçlar Ticaret A.Ş. (Anadolu Araçlar)	Turkey	Import, distribution and marketing of Geely motor vehicles	Automotive	**68,00**	68,00
Anadolu Termik Santralleri A.Ş. (Anadolu Termik)	Turkey	Production of electricity (Investment in progress)	Other	**68,00**	68,00
AES Toptan Elektrik Tic. A.Ş. (AES Elektrik)	Turkey	Whole sale and retail sale of electricity and/or its capacity (Investment in progress)	Other	**68,00**	68,00
AEH Sigorta Acenteliği A.Ş. (AEH Sigorta)	Turkey	Insurance agency	Other	**68,00**	68,00
Anatolia Energy B.V. (Anatolia Energy)	Netherlands	Inactive	Other	**68,00**	68,00
Anelsan Anadolu Elektronik Sanayi ve Ticaret A.Ş. (Anelsan) (5)	Turkey	Inactive	Retailing	**48,94**	48,94
Anadolu Kafkasya Enerji Yatırımları A.Ş. (Anadolu Kafkasya)	Turkey	Production and transmission of electricity, and establishment and operation of distribution facilities (Investment in progress)	Other	**68,00**	68,00
Antek Teknoloji Ürünleri Pazarlama ve Ticaret A.Ş. (Antek Teknoloji) (6)	Turkey	Whole sale and retail sale of electronic devices	Automotive	**67,97**	68,00
Georgian Urban Energy LLC (GUE) (8)	Georgia	Production and sale of electricity (Investment in progress)	Other	**61,20**	68,00
AEH Anadolu GayrimenkulYatırımları A.Ş. (7)	Turkey	Purchase, sale and rental of real estate	Other	**68,00**	-

(1) Shares of ABank, Adel and AYO are quoted on the Istanbul Stock Exchange (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 Holding A.Ş.
(3) Shareholding rate changes 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) Ülkü controls Anelsan through its shareholding of 96,50%. As a result, Anelsan is controlled by Yazıcılar.
(6) Antek Teknoloji adjudicated capital increase upon the meeting of board of directors, dated December 26, 2011. Moreover AEH, shareholder of Antek Teknoloji, did not participate to capital increase. As a result, Yazıcılar Holding A.Ş. has 67,97% stake at Antek Teknoloji.
(7) AEH has 99,6% shareholding rate at AEH Anadolu Gayrimenkul Yatırımları A.Ş established on October 11, 2011. The indirect shareholding rate of Yazıcılar is 68,00%.
(8) Based on the agreement signed between Anadolu Kafkasya and European Bank for Reconstruction and Development (EBRD), EBRD has 10% shareholding at GUE. The indirect shareholding rate of Yazıcılar is 61,20%.
(9) The Company purchased 0,12% share of Anadolu Efes Biracılık ve Malt San. A.Ş., an associate of the Company, in ISE. As a result, effective rate of ABank, A Yatırım ve AYO increased by 0,01%.
(10) AEH purchased 24% shares of Efestur on November 25, 2011. As a result, the indirect shareholding rate of Yazıcılar is increased by 16,32%.
(11) AEH purchased 3,54% shares of ABH on October 31, 2011. As a result, the indirect shareholding rate of Yazıcılar is increased by 0,24%.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES (cont'd)

Investment in Associate

The associate included in consolidation by equity method and its shareholding percentages at December 31, 2011 and December 31, 2010 are as follows:

	Country of incorporation	Main activities	Effective shareholding and voting rights %	
			December 31, 2011	December 31, 2010
Anadolu Efes Biracılık ve Malt San. A.Ş. (Anadolu Efes)	Turkey	Production of beer	**36,39**	36,27

The Company purchased 535.388 shares of Anadolu Efes amounting toTRL 11.529 in November and December of 2011. As a result, the Group's effective shareholding rate in Anadolu Efes increased to 36,39% with an increase of 0,12 point of percantage.

Joint Ventures

The investments in joint ventures included in consolidation by equity method and their shareholding percentages at December 31, 2011 and December 31, 2010 are as follows:

	Country of incorporation	Main activities	Effective shareholding and voting rights %	
			December 31, 2011	December 31, 2010
Anadolu Isuzu Otomotiv San. ve Tic. A.Ş. (Anadolu Isuzu)	Turkey	Manufacturing and selling of Isuzu brand commercial vehicles	**37,56**	37,56
Ana Gıda İhtiyaç Maddeleri Sanayi ve Ticaret A.Ş. (Ana Gıda)	Turkey	Production and marketing of olive oil under Kırlangıç, Komili and Madra brands	**37,57**	37,57
Aslancık Elektrik Üretim A.Ş. (Aslancık)	Turkey	Electricity production (Investment in progress)	**22,67**	22,67
D Tes Elektrik Enerjisi Toptan Satış A.Ş. (D Tes)	Turkey	Electricity wholesale (Investment in progress)	**17,00**	17,00
Faber-Castell Anadolu LLC (*)	Russia	Trading of all kinds of stationery	**19,34**	-

(*) Faber-Castell Anadolu LLC is a joint venture of Adel which is a subsidiary of the Company, its head office is in Moscow and registered with the trade registry of Russian Federation on 13.09.2011. Faber Castel Anadolu LLC is established in order to perfom commercial activities including trade and distribution of all kinds of stationary, arts and hobby products plus various kinds of toys. Adel has 50% shareholding at Faber-Castel Anadolu LLC, as a result the Company's effective shareholding rate is 19,34%.

NOTE 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 (TRL) 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 Turkish Capital Market Board (CMB) Accounting Standards with certain adjustments and reclassifications for the purpose of fair presentation.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

Basis of Preparation of Financial Statements (cont'd)

The financial statements of the Company and its subsidiaries until 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 until 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 compliance with International Accounting/Financial Reporting Standards (IAS/IFRS) as prescribed in the CMB Communiqué. Since, there are not any difference 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.

The consolidated financial statements at December 31, 2011 have been prepared in accordance with compulsory reporting formats of CMB's.

Convenience Translation into English of Consolidated Financial Statements

The accounting principles described in Note 2 to the consolidated financial statements ("CMB Financial Reporting Standards") differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting for the period between 1 January and 31 December 2005 as described in detailed in Note 2. Accordingly, the accompanying financial statements are not intended to present the financial position and the results of operations and cash flows of the Group in accordance with IFRS.

Functional and Presentation Currency

The functional and presentation currency of the Company and subsidiaries, joint ventures and associates incorporated in Turkey is TRL.

In accordance with CMB announcement No.11/367 dated March 17, 2005; since the objective conditions for the application of inflation accounting 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 inflation accounting.

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 differences. Functional and local currency of foreign subsidiaries are as follows:

		December 31, 2011	December 31, 2010
	Local Currency	**Functional Currency**	Functional Currency
AEH und Co.	EUR	**EUR**	EUR
Oyex	EUR	**EUR**	EUR
Anatolia Energy	EUR	**EUR**	EUR
GUE	Georgian Lari (GEL)	**GEL**	GEL

Foreign subsidiaries are established as foreign corporate entities.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

Reclassification Made to 2010 Consolidated Financial Statements

In order to be consistent with the current period's presentation, payroll expense amounting to TRL 9.212 in "General administrative expenses" account has been reclassified into "Marketing, selling, and distribution expenses" account in consolidated income statement as of December 31, 2010.

Changes in Accounting Policies

New standards and interpretations

The accounting policies adopted in the preparation of the consolidated financial statements as at December 31, 2011 are consistent with those followed in the preparation of the consolidated financial statements for the year ended 31 December 2010, except for the adoption of new standards and IFRIC interpretations summarized below.

The new standards, amendments and interpretations which are effective for the year end and interim periods after January 1, 2011 (These standards have an affect on the Group's financial statements and adopted by the Group):

- IAS 24 (Revised),"Related party disclosures" supersedes IAS 24, "Related party disclosures", issued in 2003. IAS 24 (revised) is mandatory for annual periods beginning on or after 1 January 2011. This amendment removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. It clarifies and simplifies the definition of a related party.

- Annual improvements 2010 are effective for annual periods beginning 1 January 2011. This set of amendments includes changes to six standards and one IFRIC, namely;

  > IFRS 1 "First-time adoption"
  > IFRS 3 "Business combinations"
  > IFRS 7 "Financial Instruments: Disclosures"
  > IAS 1 "Financial statements presentation"
  > IAS 27 "Consolidated and separate financial statements"
  > IAS 34 "Interim financial reporting"
  > IFRIC 13 "Customer loyalty programs"

The new standards, amendments and interpretations which are effective for the year end and interim periods after January 1, 2011 (These standards do not have an effect on the Group's financial statements):

- IAS 32 (Revised) "Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements" (Effective for annual periods beginning on or after February 1, 2010)

- IFRIC 19 "Extinguishing financial liabilities with equity instruments" is effective from 1 July 2010. The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

- IFRS 1 (Amendment) "Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters" (effective for annual periods beginning on or after July 1, 2010): IFRS 1 has been amended to allow firsttime adopters to utilise the transitional provisions in IFRS 7 and give relief from providing comparative information in the first year of application.

- IFRIC 14, "Prepayments of a minimum funding requirement" are effective for annual periods beginning 1 January 2011. Earlier application is permitted. The amendments should be applied retrospectively to the earliest comparative period presented. The amendments correct an unintended consequence of IFRIC 14 on IAS 19, "The limit on a defined benefit asset, minimum funding requirements and their interaction".

- IFRS 7 (Amendment) "Financial instruments: Disclosures" is effective for annual periods beginning on or after 1 July 2011. The amendments will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position.

- IFRS 1 (Amendment) "First time adoption" is effective for annual periods beginning on or after 1 July 2011. Amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation

The new standards which are not issued as of December 31, 2011 and not early adopted by the Group:

- IAS 12 (Amendment), "Income taxes" is effective for annual periods beginning on or after 1 January 2012. This amendment introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value.

- IAS 19 (Amendment), "Employee benefits" is effective for annual periods beginning on or after 1 January 2013. These amendments eliminate the corridor approach and calculate finance costs on a net funding basis.

- IAS 1 (Revised), "Financial statement presentation" is effective for annual periods beginning on or after 1 July 2012. The main change resulting from these amendments is a requirement for entities to group items presented in Other comprehensive income (OCI) on the basis of whether they are potentially recycled to profit or loss (reclassification adjustments).

- IFRS 9 "Financial Instruments" is not applicable until 1 January 2013 but is available for early adoption. This standard is the first step in the process to replace IAS 39, "Financial instruments: Recognition and Measurement". IFRS 9 introduces new requirements for classifying and measuring financial assets.

- IFRS 10, "Consolidated financial statements" is effective for annual periods beginning on or after 1 January 2013. This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess.

- IFRS 11, "Joint arrangements" is effective for annual periods beginning on or after 1 January 2013. This standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Proportional consolidation of joint ventures is no longer allowed.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

- IFRS 12, "Disclosures of interests in other entities" is effective for annual periods beginning on or after 1 January 2013. This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

- IFRS 13, "Fair value measurement" is effective for annual periods beginning on or after 1 January 2013. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs.

- IAS 27, "Separate financial statements" is effective for annual periods beginning on or after 1 January 2013. This standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.

- IAS 28, "Associates and joint ventures" is effective for annual periods beginning on or after 1 January 2013. This standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.

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.

Non-controlling interests in the net assets of the subsidiaries included in consolidation, appears as a seperate item in Group's equity. Non-controlling interest consists of non-controlling 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 non-controlling interest after the first acquisition date. Losses exceeding the shares belonging to non-controlling 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 non-controlling interest. The equity and net income attributable to non-controlling 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.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

Investments in Associates

The Group's investments in associates are accounted under the equity method of accounting. Investments in associates are undertakings over which the Group generally has between 20% and 50% of the voting rights and the Group has significant influence and which are not subsidiaries or 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.

The Group's investments in associates which the Group has direct interest or indirect interest by its subsidiaries are accounted under the equity method of accounting considering direct or indirect shareholding rate in total. Non-controlling interest is calculated regarding the effective shareholding rate through its subsidiaries.

The investments valued accounted through equity 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 gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

Joint Ventures

Joint ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by the Group and its subsidiaries together with one or more other parties. The Group's interest 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 consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of balance sheet date. Actual results may vary from the current estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

Impairment of goodwill

According to the determined accounting policies, the Group performs impairment test for goodwill annually or when circumstances indicate that the carrying value may be impaired. As of December 31, 2011, impairment test for goodwill is generated by comparing its carrying amount with the recoverable amount. The recovarable amount is determined taking the value in use calculation as basis. In these calculations, estimated free cash flows before tax from financial budgets covering a six-year period and approved by Board of Directors are used. Estimated free cash flows before tax after a six-year period are calculated for six years period by using expected growth rates.

Estimated free cash flows before tax are discounted to expected present value for future cash flows. Key assumptions such as growth rate in the sector are used by taking into consideration the banking business segments plans. Main estimates such as working capital requirements and capital expenditures were based on the Group's key assumptions, historical operating data and planned investments. The enterprise value used as a base for the impairment test has been calculated using cash flow projections from the strategic business plan approved by the Board of Directors and no impairment has been detected on goodwill. Perpetuity growth rate used in impairment test in the operating units is subject to change according to years and it is used based on the inflation and GDP growth rate for corporate loans and based on assumptions in the retailing loans regarding it is a new segment. In this context, for loans in TRL basis a growth rate within 9% and 30% , and after tax discount rate 15% is used. (December 31, 2010: 15%)

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 renegotation conditions with these debtors are considered. The provision for doubtful receivables are followed in the Note 10.1.

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.

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.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

Summary of Significant Accounting Policies

2.1 Revenue Recognition

Non-Banking

Revenue is recognized on accrual basis 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 deducting sales returns and sales discounts.

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

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

Service income is recorded as revenue according to it's percentage of completion when it is calculated reliably. In the case that it can not be 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 is arisen.

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 non-performing loans 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 are recognized as revenue in the related period by discounting using the effective interest method.

Fees and commission expense related with financial borrowings and paid to third parties are recognized as prepaid expenses in the balance sheet. Commission and fees are recognized as expense in the related period by discounting using the effective interest method.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 2- BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

Summary of Significant Accounting Policies (cont'd)

2.2 Inventories

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

Costs are accounted for weighted average method for other companies. Finished goods and semi-finished goods include cost of direct materials, labour and a proportion of manufacturing overheads based on normal operating capacity excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs incurred in order to realize sale.

2.3 Property, Plant and Equipment

Property, plant and equipment are carried with their cost after subtracting accumulated depreciation and impairment. Property, plant and equipment are depreciated principally on a straight-line basis. Motor vehicles in operational fleet leasing business are depreciated over the residual value which is determined as 70% of its cost (December 31, 2010: 50%). Land is not depreciated as it is deemed to have an indefinite life. The estimated useful lives of assets, are as follows:

Land improvements	5-50 years
Buildings	20-50 years
Machinery and equipment	5-10 years
Motor vehicles	3-5 years
Furniture and fixtures	5 years
Leasehold improvements	Lease 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 or 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.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

Summary of Significant Accounting Policies (cont'd)

2.4 Intangible Assets

(i) Goodwill and amortization

Goodwill represents the excess of the cost of the acquisition over the fair value of identifiable net assets of a subsidiary, associate or joint venture at the date of acquisition. The carrying values of goodwill is annually reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. In accordance with IFRS 3, goodwill is tested for impairment at least annually.

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

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

(ii) Other intangible assets

Intangible assets acquired separately from a business are capitalized at cost. Intangible assets, 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 as either finite or infinite.

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.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

Summary of Significant Accounting Policies (cont'd)

2.5 Impairment of Assets

All assets other than goodwill are tested whether 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 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.

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.

Impairment of goodwill is not reversed.

2.6 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset shall be capitalised as part of the cost of that asset. Capitalisation of borrowing costs should be ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. All other borrowing costs shall be recognised as an expense when 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.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

Summary of Significant Accounting Policies (cont'd)

Repurchase (repo) and Resale (reverse repo) Transactions

The Group enters into sales of securities under agreements to repurchase such securities at a fixed price at a fixed future date. Such securities, which have been sold subject to a repurchase agreement ('repos'), are recognized in the balance sheet and are measured in accordance with the accounting policy of the security portfolio which they are part of. The difference between sale and repurchase price is treated as interest expense and accrued over the life of the repurchase agreement using the effective interest method. Securities sold subject to repurchase agreements ('repos') are reclassified in the financial statements as loaned securities when the transferee has the right by contract or custom to sell or re-pledge the collateral. The counterparty liability for amounts received under these agreements is included in "Other Money Market Deposits".

Securities purchased with a corresponding commitment to resell at a fixed price at a specified future date ('reverse repos') are not recognized in the balance sheet, as the Group does not obtain control over the assets. Amounts paid under these agreements are included in other money market placements. The difference between purchase and resale price is treated as interest income and accrued over the life of the reverse repurchase agreement using the effective interest method.

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.

Financial assets

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 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 financial assets portfolio, as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss 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, financial assets at fair value through profit or loss are remeasured at fair value based on quoted bid prices. All related realized and unrealized gains or losses are recognized in trading income/(loss).

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

Summary of Significant Accounting Policies (cont'd)

Held-to-Maturity Financial Assets

Financial assets 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 financial assets 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 financial assets is included in interest income.

Available-for-Sale Financial Assets

After initial recognition, available-for-sale financial assets are remeasured 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 financial assets is included in interest income. Dividends received are included in dividend income.

For financial assets at fair value through profit or loss or available-for-sale financial assets 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 financial assets 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 can not 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.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

Summary of Significant Accounting Policies (cont'd)

Banking Loans and Advances to Customers

Loans and receivables are non-derivative financial assets whose payments are fixed and can be determined, are unquoted in an active market and held for purchase or sale, financial assets at the fair value through profit or loss or financial assets held for resale. Counterparty expenses such as legal fees and deductions are considered as the part of transaction cost.

Loans and advances are reflected in financial statements when amount in cash is given to the customers.

Funds Borrowed, Banking Customer Deposits and Borrowings

All deposits and borrowings are initially recognized at the fair value of consideration received less directly attributable transaction costs. After initial recognition interest-bearing deposits and borrowings are subsequently measured at amortized cost using the effective interest method. Gains or losses are recognized in the income statement when the liabilities are derecognized as well as through the amortization process.

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.

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 TRL, 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 TRL (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. The foreign currency income or expenses incurred from the translation of foreign currency denominated transaction or restatement of monetary items is reflected within the statement of income in the related period.

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 are recognized in profit or loss in the period in which they arise.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

Summary of Significant Accounting Policies (cont'd)

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in TRL 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 consolidated statement of income are 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

Subsequent events cover all events between the balance sheet date and authorization date of balance sheet for issue even if subsequent event has occurred after any announcement about the profit or any other selected financial information made public.

The Group; reflects the effect of such post-period-end adjusting events to the consolidated financial statements.

2.11 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Contingent liabilities are assessed continuously to determine whether the possibility of an outflow of resources embodying economic benefits is probable. When the possibility of an outflow of resources embodying economic benefits is probable for the accounts classified as contingent liabilities, provision is provided in the financial statements for related contingent liabilities except for the situations there is not a reliable estimation.

The Group discloses the contingent liabilities that are probable but there is not a reliable estimation for the amount of resources embodying economic benefits.

Assets that result from previous events that can not be controlled fully by the Group and depend on the realization of one or more uncertain events, is considered as a contingent asset. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

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 certain that reimbursement will be received and the amount of the receivable can be measured reliably.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

Summary of Significant Accounting Policies (cont'd)

2.12 Changes in Accounting Policies, Accounting Estimates and Errors

Changes in accounting policies or accounting errors are applied retrospectively and the consolidated financial statements of the comparative period are restated. 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 certainity that the lessee will obtain ownership by the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating Lease

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

The Group as a Lessor

Finance Lease

The Group presents leased assets as a receivable equal to the net investment in the lease. Finance income is based on a pattern reflecting a constant periodic rate of return on the net investment outstanding. Initial direct costs are included in the initial measurement of the finance lease receivable and reduce the amount of income recognized over the lease term.

Operating Lease

The Group presents assets subject to operating leases in the balance sheets according to their nature. 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. Operating leases are amortized based on their cost after deducting their residual values.

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.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

Summary of Significant Accounting Policies (cont'd)

2.14 Related Parties

Parties are considered related to the 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.

2.15 Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group Management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Group is organized and primarily managed in four principal segments: Automotive (including passenger vehicles, commercial vehicles, generators, spare and component parts, consumer durables); financial services (banking, leasing, brokerage and investment banking services); retailing (stationery, chain restaurant management, food, information technologies, and tourism) and other (trade, asset management and energy).

2.16 Government Incentives and Grants

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 Taxes

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

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

Summary of Significant Accounting Policies (cont'd)

Current Tax

The current income tax 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.

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.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.18 Employee Termination Benefits

Defined Benefit Plan

In accordance with existing social legislation in Turkey, the Group companies operating in Turkey are 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.

NOTE 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 accrued.

2.19 Cash Flow Statement

Cash flows are classified according to operating, investmenting and financing activities in the statement of cash flow. Cash and cash equivalents are presented including interest accruals and acquisition costs.

Cash and cash equivalents are consist of cash on hand, check, demand deposits, time deposit with original maturity less than three months and other short-term highly liquid investments, whose maturities equal or less than three months, are easily convertible into cash and are subject to an insignificant risk of changes in value.

2.20 Provisions for Loans, Non-Performing Receivables and Lease Receivable

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 impairement 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 imparement loss. In estimating these cash flows, the Group makes judgements about the borrower's financial situation and the net realizable value of the colleteral. 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.

Interest accrual for "loans in arrears" are not calculated and the recoverable amount of these loans 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. In the case that a loan is written off, the provision which has already been booked is reversed and the loan is net-off from the assets. If the principle amount of the loan written off at the earlier period is collected, the collected amount is booked as 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.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

Summary of Significant Accounting Policies (cont'd)

If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets are collectively assessed for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

2.21 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".

NOTE 3 - BUSINESS COMBINATIONS

Transactions for the year of 2011

None.

Transactions for the year of 2010

Anadolu Efes , an associate of the Company, acquired 11.219.811 GDRs of Efes Breweries International N.V. (EBI), a subsidiary of Anadolu Efes, representing approximately 26,53% of the issued share capital of EBI from a group of shareholders at a price of USD 17,00 per GDR (each GDR representing 5 shares) at a total consideration of TRL 290.456. According to IAS 27, difference amounting to TRL 1.955 between the net asset value of EBI and the acquisition cost has been reflected by the Group to 'Other reserves' under the equity.

In November 2010, Efes Technical and Management Consultancy N.V. (AETMC), one of the subsidiary of Anadolu Efes which is an associate of the Company, acquired 15,10% shares of OAO Knyaz Rurik (Knyaz Rurik), which owns 80,02% of ZAO Mutena Maltery (Mutena Maltery) shares for a cash consideration of TRL 5.786. According to IAS 27, difference amounting to TRL 745 between the net asset value of Knyaz Rurik and the acquisition cost has been reflected by the Group to 'Other reserves' under the equity.

Anadolu Kafkasya, a subsidiary of the Company, purchased 100% shares of GUE, which will perform the Paravani Hydroelectric Power Plant Project in Georgia, amounting to USD 3.500.000 from Energon International Ltd. (Energon) on March 4, 2010. Since GUE has not been operating at the acquisition date, the acquisition is not subject to IFRS 3 "Business Combinations". The acquired net assets except for electricity production license are accounted with their carrying values (Note 19).

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 4 - JOINT VENTURES

Joint Ventures

			December 31, 2011			December 31, 2010		
Entity	**Principle activities**	**Country of business**	**Carrying value**	**Effective shareholding and voting rights %**	**Group's share of income/ (loss)**	Carrying value	Effective shareholding and voting rights %	Group's share of income/ (loss)
Anadolu Isuzu (*)	Manufacturing and selling of Isuzu brand commercial vehicles	Turkey	**67.840**	**37,56**	**5.130**	62.711	37,56	(1.751)
Ana Gıda	Production and marketing of olive oil under Kırlangıç, Komili and Madra Brands, sunflower and corn oil	Turkey	**41.026**	**37,57**	**(4.641)**	45.668	37,57	(1.704)
Aslancık	Production of electricity	Turkey	**9.435**	**22,67**	**(4.046)**	13.481	22,67	(668)
D Tes	Wholesale of electricity	Turkey	**89**	**17,00**	**(28)**	57	17,00	(34)
Faber-Castell Anadolu LLC (Note 1)	Trading of all kinds of stationery	Russia	**854**	**19,34**	**(279)**	-	-	-
			119.244		**(3.864)**	121.917		(4.157)

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

Summary financial information of the Group's investment in joint venture Anadolu Isuzu are as follows:

	December 31, 2011	December 31, 2010
Anadolu Isuzu		
Total assets	**352.219**	330.028
Total liabilities	**177.073**	168.235
Net assets	**175.146**	161.793
Group's interest in net assets	**67.840**	62.711
Revenues	**474.008**	339.928
Net income/(loss) for the period	**13.353**	(4.558)
Group's share in net income/(loss) of the joint venture	**5.130**	(1.751)

Summary financial information of the Group's investment in joint venture Ana Gıda are as follows:

	December 31, 2011	December 31, 2010
Ana Gıda		
Total assets	**148.828**	149.955
Total liabilities	**67.128**	59.855
Net assets	**81.700**	90.100
Group's interest in net assets	**41.026**	45.668
Revenues	**214.168**	138.953
Net loss for the period	**(8.400)**	(3.086)
Group's share in net loss of the joint venture	**(4.641)**	(1.704)

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 4 - JOINT VENTURES (cont'd)

Summary financial information of the Group's investment in other joint ventures are as follows:

	December 31, 2011	December 31, 2010
Other joint ventures		
Total assets	**185.864**	42.324
Total liabilities	**155.516**	1.656
Net assets	**30.348**	40.668
Group's interest in net assets	**10.378**	13.538
Revenues	**-**	-
Net loss for the period	**(12.812)**	(2.138)
Group's share in net loss of the joint ventures	**(4.353)**	(702)

NOTE 5 - SEGMENT REPORTING

The Group is organized and primarily managed in four principal segments: Automotive (including passenger vehicles, commercial vehicles, generators, spare and component parts, consumer durables); financial services (including banking, leasing, brokerage and investment banking services); retailing (stationery, chain restaurant management, food, information technologies and tourism) and other (trade, asset management, real estate, energy).

Since segment reporting and information used in the Group management reporting is consistent with consolidated balance sheet and consolidated income statement the Group does not need to perform reconciliation between the consolidated income statement, consolidated balance sheet and the segment reporting disclosure.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 5 - SEGMENT REPORTING (cont'd)

December 31, 2011	Financial institutions	Automotive	Retailing	Other	Unallocated	Consolidated
Sales	589.910	551.122	535.018	55.325	-	1.731.375
Inter-segment sales	1.050	4.939	10.449	10.530	(26.968)	-
Total Sales	**590.960**	**556.061**	**545.467**	**65.855**	**(26.968)**	**1.731.375**
GROSS PROFIT	**303.861**	**130.166**	**115.416**	**37.469**	**(13.641)**	**573.271**
Marketing, selling, and distribution expenses (-)	-	(40.558)	(36.949)	(58)	1.964	(75.601)
General administrative expenses (-)	(166.118)	(29.996)	(38.079)	(52.749)	23.864	(263.078)
Research and development expenses (-)	-	(398)	(1.429)	-	9	(1.818)
Other operating income	8.737	7.179	6.104	3.737	(6.481)	19.276
Other operating expense (-)	(101.338)	(6.309)	(6.921)	(11.854)	29	(126.393)
OPERATING INCOME	**45.142**	**60.084**	**38.142**	**(23.455)**	**5.744**	**125.657**
Gain/Loss from the investments accounted through equity method (*)	-	-	(279)	-	129.131	128.852
Financial income	46.274	10.842	3.029	24.128	(5.866)	78.407
Financial expense (-)	(63.028)	(53.793)	(6.235)	(20.360)	833	(142.583)
INCOME BEFORE TAX FROM CONTINUING OPERATIONS	**28.388**	**17.133**	**34.657**	**(19.687)**	**129.842**	**190.333**
Tax Income/(Expense) from Continuing Operations	**(5.073)**	**(7.789)**	**(6.844)**	**1.732**	**(36)**	**(18.010)**
- Current period tax expense (-)	(6.800)	(2.354)	(6.920)	(567)	-	(16.641)
- Deferred tax income / (expense)	1.727	(5.435)	76	2.299	(36)	(1.369)
NET INCOME FOR THE PERIOD	**23.315**	**9.344**	**27.813**	**(17.955)**	**129.806**	**172.323**
Attributable to:						
- Non-controlling interest	103	420	-	(123)	31.624	32.024
- Equity holders of the parent	23.212	8.924	27.813	(17.832)	98.182	140.299
Total Assets (**)	**6.739.689**	**578.005**	**296.143**	**1.620.892**	**(56.373)**	**9.178.356**
Investments accounted through equity method	**-**	**-**	**-**	**-**	**1.383.816**	**1.383.816**
Total Liabilities	**6.160.052**	**360.861**	**82.739**	**133.460**	**(95.558)**	**6.641.554**
Property, plant and equipment and intangible asset purchases	14.935	177.384	32.189	39.734	(2.699)	261.543
Depreciation and amortization	8.031	21.357	13.028	1.131	584	44.131

(*) Income recognized from Anadolu Efes and Anadolu Isuzu amounting to TRL 137.846 and expense recognized Anagıda, Aslancık, D Tes and Faber Castel Anadolu LLC amounting to TRL 8.994 are recorded to gain/loss from the investments accounted through equity method in 'unallocated' segment.

(**) Unallocated segment includes goodwill amounting to TRL 35.344 (Note 20).

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 5 - SEGMENT REPORTING (cont'd)

December 31, 2010	Financial institutions	Automotive	Retailing	Other	Unallocated	Consolidated
Sales	408.602	600.543	440.744	51.272	-	1.501.161
Inter-segment sales	961	3.503	8.198	9.801	(22.463)	-
Total Sales	409.563	604.046	448.942	61.073	(22.463)	1.501.161
GROSS PROFIT	236.593	116.443	93.217	33.394	(13.992)	465.655
Marketing, selling, and distribution expenses (-)	-	(47.773)	(32.416)	(90)	1.511	(78.768)
General administrative expenses (-)	(130.554)	(34.593)	(31.150)	(43.653)	21.084	(218.866)
Research and development expenses (-)	-	(465)	(8)	-	8	(465)
Other operating income	11.527	9.711	717	3.181	(2.562)	22.574
Other operating expense (-)	(47.308)	(2.476)	(6.990)	(3.116)	805	(59.085)
OPERATING INCOME	70.258	40.847	23.370	(10.284)	6.854	131.045
Gain/Loss from the investments accounted through equity method (*)	-	-	-	-	191.155	191.155
Financial income	12.363	15.611	2.959	27.270	(2.729)	55.474
Financial expense (-)	(44.864)	(24.650)	(3.422)	(13.560)	1.001	(85.495)
INCOME BEFORE TAX FROM CONTINUING OPERATIONS	37.757	31.808	22.907	3.426	196.281	292.179
Tax Income/(Expense) from Continuing Operations	(4.145)	(5.531)	(4.961)	(281)	(2)	(14.920)
- Current period tax expense (-)	(8.822)	(2.486)	(5.731)	(371)	-	(17.410)
- Deferred tax income / (expense)	4.677	(3.045)	770	90	(2)	2.490
NET INCOME FOR THE PERIOD	33.612	26.277	17.946	3.145	196.279	277.259
Attributable to:						
- Non-controlling interest	2.314	4.835	-	-	48.411	55.560
- Equity holders of the parent	31.298	21.442	17.946	3.145	147.868	221.699
Total Assets (**)	4.549.219	482.262	256.724	1.540.929	(176.563)	6.652.571
Investments accounted through equity method	-	-	-	-	1.228.063	1.228.063
Total Liabilities	3.986.773	269.831	61.395	119.165	(85.685)	4.351.479
Property, plant and equipment and intangible asset purchases	9.837	95.084	34.210	17.323	-	156.454
Depreciation and amortization	6.254	24.935	11.077	860	(240)	42.886

(*) Income recognized from Anadolu Efes amounting to TRL 195.312 and expense recognized from Anadolu Isuzu, Anagıda, D Tes and Aslancık amounting to TRL 4.157 are recorded to gain/loss from the investments accounted through equity method in 'unallocated' segment.

(**) Unallocated segment includes goodwill amounting to TRL 35.344.

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(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 5 - SEGMENT REPORTING (cont'd)

Substantially all of the consolidated revenues are obtained from operations located in Turkey.

Associate: The Group's effective shareholding rate for Anadolu Efes is 36,39% (December 31, 2010: 36,27%). The operations of Anadolu Efes and its subsidiaries consist of production, distribution and marketing of beer under a number of trademarks and selling and distribution of sparkling and still beverages with The Coca-Cola Company trademark principally in Turkey, Central Asia and Middle East. The result of these operations, as of December 31, 2011 and December 31, 2010 are reflected in "gain/loss from the investments accounted through equity method" line of the consolidated income statement as gain amounting to TRL 132.716 and gain amounting to TRL 195.312 respectively.

NOTE 6 - CASH AND CASH EQUIVALENTS

	December 31, 2011	December 31, 2010
Non-Banking	**95.946**	207.412
Banking	**377.035**	195.245
Cash and cash equivalents in the consolidated cash flow statement	**472.981**	402.657
Banking		
-Reserve deposits at Central Bank	**254.388**	107.179
	727.369	509.836

Non-Banking

The details of cash and cash equivalents are as follows:

	December 31, 2011	December 31, 2010
Cash on hand	**2.207**	1.142
Cash in banks	**93.336**	204.007
Other	**403**	2.263
	95.946	207.412

	December 31, 2011			December 31, 2010		
	Amount	**Maturity**	**Interest rate %**	Amount	Maturity	Interest rate %
Cash in banks						
Demand deposit	**17.650**			11.860	-	-
-EUR	**2.844**	-	-	699	-	-
-USD	**108**	-	-	415	-	-
-GBP	**99**	-	-	239	-	-
-TRL	**14.599**	-	-	10.507	-	-
Time deposit	**75.686**			192.147		
-EUR	**6.260**	**11 – 81 days**	**0,75 – 1,80**	61.432	1 – 31 days	1,90 – 4,75
-USD	**46.446**	**1 – 75 days**	**6,00 – 11,30**	26.275	1 – 31 days	3,00 – 4,75
-TRL	**22.929**	**1 – 42 days**	**5,25 – 12,25**	104.437	3 – 45 days	6,75 – 9,20
-GEL	**51**	**1 day**	**8,00 – 12,50**	3	1 day	5,25 – 5,50
	93.336			204.007		

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 6 - CASH AND CASH EQUIVALENTS (cont'd)

Banking

	December 31, 2011	December 31, 2010
Cash on hand	**46.021**	28.791
-Foreing currency	**25.928**	18.191
-TRL	**20.093**	10.600
Demand deposits at Central Bank	**202.620**	94.389
-Foreing currency	**59.725**	40.281
-TRL	**142.895**	54.108
Reserve deposits at Central Bank	**254.388**	107.179
-Foreing currency	**254.388**	107.179
-TRL	**-**	-
Cash and balances with the Central Bank	**503.029**	230.359
Deposits with banks and other financial institutions	**128.394**	72.065
	631.423	302.424

Banks that are established in Turkey or performing their operations by opening new branches in Turkey are subject to the Central Bank of the Republic of Turkey's Communiqué numbered 2005/1 "Required Reserves". The Bank's total domestic liabilities excluding the items stated in the Communiqué as deductibles, the deposits accepted on behalf of foreign branches from Turkey and loans obtained by the banks but followed under foreign branches constitute the required reserves liabilities.

As of the balance sheet date, according to CBRT's Communiqué about Required Reserves No. 2005/1, the required reserves ratios for commercial banks operating in Turkey are as follows: for demand deposits, notice deposits and for deposits up to 1-month maturity 11%; for deposits up to 3-months maturity 11%; for deposits up to 6-months maturity 8%; for deposits up to 1-year maturity 6%; for deposits up to 1-year and longer maturity 5%; for TL liabilities other than deposits up to 1-year maturity 11%; for TL liabilities other than deposits between 1- and 3-years maturity 8%; for TL liabilities other than deposits more than 3-years maturity 5%; for FC deposit accounts, demand deposits, up to 1-month, up to 3-months, up to 6-months and up to 1-year maturities 11%; 1-year and longer maturity 9%; for FC liabilities other than deposits up to 1-year maturity 11%; for FC liabilities other than deposits up to 3-years maturity 9%; and for FC liabilities other than deposits more than 3-years maturity 6%.

No interest is charged by CBRT for Turkish Lira and foreign currency denominated reserve requirements.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 7 - FINANCIAL INSTRUMENTS

	December 31, 2011	December 31, 2010
Non-Banking	**27.938**	9.473
Banking	**1.318.213**	598.803
	1.346.151	608.276

Non-Banking

	December 31, 2011		December 31, 2010	
	Amount	**Effective interest rate %**	Amount	Effective interest rate %
Investment funds	**767**	**-**	3.014	-
Shares listed on the ISE	**6.518**	**-**		
Time deposits	**14.194**	**-**		
Non-current financial assets	**6.459**		6.459	
- Polinas Plastik ve Ticaret A.Ş. (Polinas)	**6.276**	**10,57**	6.276	10,57
- Other	**183**		183	
	27.938		9.473	

Banking

	December 31, 2011	December 31, 2010
Financial assets at fair value through profit and loss	**199.321**	207.632
Available for sale financial assets	**290.592**	12
Held to maturity financial assets	**828.300**	391.159
	1.318.213	598.803

Financial assets at fair value through profit and loss

	December 31, 2011	December 31, 2010
Financial assets at fair value through profit and loss		
Debt instruments		
-Government bonds and treasury bills	**136.021**	21.881
-Government bonds and treasury bills sold under repurchase agreements	**25.580**	164.547
-Other	**13.291**	202
	174.892	186.630
Other		
-Listed on the ISE	**24.429**	21.002
	24.429	21.002
Total financial assets at fair value through profit and loss	**199.321**	207.632

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 7 - FINANCIAL INSTRUMENTS (cont'd)

Banking (cont'd)

Available for sale financial assets

	December 31, 2011	December 31, 2010
Available-for-sale financial assets at fair value		
-Government bonds and treasury bills	**290.592**	12
Total available-for-sale financial assets	**290.592**	12

Held to maturity financial assets

	December 31, 2011	December 31, 2010
Held to maturity financial assets		
Debt instruments		
-Government bonds and treasury bills	**311.323**	243.440
-Corporate bones and treasury bills	**42.021**	-
-Government bonds and treasury bills sold under repurchase agreements	**474.956**	147.719
Total held to maturity financial assets	**828.300**	391.159

Movement of financial assets is as follows:

	December 31, 2011		
	Available for sale financial assets	**Held to maturity financial assets**	**Total**
Balance at January 1, 2011	**12**	**391.159**	**391.171**
Additions	**1.039.507**	**518.181**	**1.557.688**
Disposals (Sale and/or redemption)	**(748.927)**	**(83.207)**	**(832.134)**
Change in fair value	**-**	**2.167**	**2.167**
Balance at the end of the period	**290.592**	**828.300**	**1.118.892**

	December 31, 2010		
	Available for sale financial assets	Held to maturity financial assets	Total
Balance at January 1, 2010	31.605	475.337	506.942
Additions	-	232.472	232.472
Disposals (Sale and/or redemption)	(31.593)	(310.384)	(341.977)
Change in fair value	-	(6.266)	(6.266)
Balance at the end of the period	12	391.159	391.171

As of December 31, 2011, 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 TRL 168.316 and the cost of it is TRL 159.991 (December 31, 2010: TRL 60.753 and TRL 55.447).

Current financial assets is TRL 409.753 (December 31, 2010: TRL 116.060) and non-current financial assets is TRL 936.398 (December 31, 2010: TRL 492.216).

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 8 - BORROWINGS

	December 31, 2011	December 31, 2010
Bank borrowings	**145.594**	103.892
Current portion of long term borrowings	**94.784**	100.705
Short term borrowings	**240.378**	204.597
Bank borrowings	**174.074**	105.272
Long term borrowings	**174.074**	105.272
Total borrowings	**414.452**	309.869

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 8 - BORROWINGS (cont'd)

As of December 31, 2011, the Group does not have any secured bank borrowings (December 31, 2010: None).

		December 31, 2011			December 31, 2010	
Short term	**Amount**	**Fixed interest rate**	**Floating interest rate**	Amount	Fixed interest rate	Floating interest rate
Borrowing in Turkish Lira	**63.783**	**6,3% - 16,3%**	**-**	75.862	7,2% - 10,0 %	-
Borrowing in foreign currency (EUR)	**131.323**	**2,9% - 9,7%**	**-**	92.877	2,9% - 5,3%	Euribor + (1,0%)
Borrowing in foreign currency (USD)	**45.272**	**3,6% - 6,0%**	**Libor + (2,3% - 3,5%)**	35.858	3,0% - 4,0 %	Libor + (1,6%)
	240.378			204.597		
Long term	**Tutar**	**Fixed interest rate**	**Floating interest rate**	Amount	Fixed interest rate	Floating interest rate
Borrowing in Turkish Lira	**48.957**	**10,2% - 13,5%**	**-**	3.000	-	-
Borrowing in foreign currency (EUR)	**65.343**	**2,9% - 9,7%**	**-**	86.812	2,9 % - 4,2%	-
Borrowing in foreign currency (USD)	**59.774**	**6,0%**	**Libor + (3,5%)**	15.460	-	Libor + (2,3%)
	174.074			105.272		
	414.452			309.869		

Repayments schedules of long-term borrowings are as follows :

	December 31, 2011	December 31, 2010
2012	**-**	66.455
2013	**36.597**	35.889
2014	**83.950**	1.464
2015	**11.662**	1.464
2016 and thereafter	**41.865**	-
	174.074	105.272

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 9 - OTHER FINANCIAL LIABILITIES

None (December 31, 2010: None).

NOTE 10 - TRADE RECEIVABLES AND TRADE PAYABLES

10.1 Trade Receivables

	December 31, 2011	December 31, 2010
Trade receivables, net	**77.197**	50.107
Notes receivable and post-dated cheques, net	**37.160**	42.251
Less: provision for doubtful trade receivables	**(1.563)**	(1.410)
	112.794	90.948

As of December 31, 2011, the Group has no long term trade receivables (December 31, 2010: None).

Movement of provision for doubtful trade receivables is as follows:

	December 31, 2011	December 31, 2010
Balance at January 1	**1.410**	1.343
Provisions	**422**	481
Reversal of provision (collections)	**(269)**	(414)
Balance at the end of the period	**1.563**	1.410

The aging table of trade receivables as of December 31, 2011 and December 31, 2010 is as follows:

	Total	Neither past due nor impaired trade receivables	Past due but not impaired trade receivables				
			1 - 30 day	1 - 3 month	3 - 12 month	1 - 5 years	More than 5 years
2011	**112.794**	**105.340**	**2.481**	**1.605**	**3.325**	**43**	**-**
2010	90.948	89.734	496	472	156	90	-

The amount of collaterals taken for the past due but not impaired trade receivables is TRL 711 (December 31, 2010: 323). Collaterals consist of letters of guarantee and mortgages.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 10 - TRADE RECEIVABLES AND TRADE PAYABLES (cont'd)

10.1 Trade Receivables (cont'd)

The total minimum collection of the receivables from non-cancelable operational leases of Çelik Motor, a subsidiary of the Group, for subsequent periods is as follows:

	December 31, 2011	December 31, 2010
(i) Less than one year	**92.833**	61.491
(ii) Between one year and five years	**94.769**	63.477
	187.602	124.968

10.2 Trade Payables

	December 31, 2011	December 31, 2010
Non-Banking	**87.475**	66.931
Banking	**1.430**	3.190
	88.905	70.121

As of December 31, 2011, the Group has no long term trade payables (December 31, 2010: None).

NOTE 11 - OTHER RECEIVABLES AND PAYABLES

11.1 Other Short Term Receivables

	December 31, 2011	December 31, 2010
<u>Non-Banking</u>	**25.655**	34.507
-Receivables from loans (*)	**22.533**	31.070
-Other	**3.122**	3.437
<u>Banking</u>	**-**	66
	25.655	34.573

(*) Receivables from loans consist of the loans carried at Abank and other banks that are transferred to Anadolu Varlık, a subsidiary of the Group. The amount of provision for the related receivable at the end of period is TRL 12.899 (December 31, 2010: TRL 5.437).

11.2 Other Long Term Receivables

	December 31, 2011	December 31, 2010
Non-Banking	**2.961**	2.470
Banking		
-Collaterals given for derivatives and financial assets	**27.545**	15.928
	30.506	18.398

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 11 - OTHER RECEIVABLES AND PAYABLES (cont'd)

11.3 Other Short Term Payables

	December 31, 2011	December 31, 2010
Non-Banking	**22.826**	15.425
Banking	**30.619**	11.882
	53.445	27.307

Non-Banking

	December 31, 2011	December 31, 2010
Taxes payable	**17.950**	12.454
Due to personnel	**3.282**	1.972
Deposits and collaterals taken	**1.414**	903
Other	**180**	96
	22.826	15.425

Banking

	December 31, 2011	December 31, 2010
Taxes payable	**14.543**	8.310
Collaterals given for financial assets	**16.076**	3.572
	30.619	11.882

As of December 31, 2011 the non-current portion of other liabilities is amounting to TRL 408 (December 31, 2010: TRL 334).

NOTE 12 - FINANCIAL LEASE RECEIVABLES AND OBLIGATIONS

12.1 Financial Lease Receivables

Gross investments in finance lease receivables are as follows:

	December 31, 2011	December 31, 2010
Not later than one year	**169.787**	156.062
Later than one year and not later than five years	**164.465**	143.108
Minimum lease payment receivables, gross	**334.252**	299.170
Less: Unearned interest income	**(38.208)**	(41.522)
Net investment in finance leases	**296.044**	257.648
Less: Reserve for doubtful financial lease receivables	**(22.638)**	(15.335)
Minimum lease payment receivables, net	**273.406**	242.313

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 12 - FINANCIAL LEASE RECEIVABLES AND OBLIGATIONS (cont'd)

12.1 Financial Lease Receivables (cont'd)

Maturities of net investment in finance leases:

	December 31, 2011	December 31, 2010
Not later than one year	**129.461**	119.463
Later than one year and not later than five years	**143.945**	122.850
	273.406	242.313

	December 31, 2011		December 31, 2010	
	Amount	**Interest rate %**	Amount	Interest rate %
EUR	**137.774**	**7,90-13,27**	120.992	7,89-14,19
USD	**82.383**	**5,84-8,06**	68.439	5,84-14,96
TRL	**53.249**	**15,00-23,07**	52.882	16,05-23,07
	273.406		242.313	

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

	December 31, 2011	December 31, 2010
Balance at January 1	**15.335**	12.098
Provision	**15.140**	15.005
Collections (-)	**(3.009)**	(902)
Write-off (-)	**(4.828)**	(10.866)
Balance at the end of the period	**22.638**	15.335

12.2 Financial Lease Obligations

None (December 31, 2010: None).

NOTE 13 - INVENTORIES

	December 31, 2011	December 31, 2010
Raw materials	**26.472**	13.387
Semi-finished goods	**3.556**	3.268
Finished goods	**23.637**	18.249
Merchandise	**81.331**	52.947
Others	**131**	122
Provision for inventories (-)	**(716)**	(336)
	134.411	87.637

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 13 - INVENTORIES (cont'd)

The movement of provision for inventories is as follows:

	December 31, 2011	December 31, 2010
Balance at January 1	**336**	806
Provision	**380**	26
Reversal (-)	**-**	(496)
Balance at the end of the period	**716**	336

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

NOTE 14 - BIOLOGICAL ASSETS

Biological assets amounting to TRL 10.205 (December 31, 2010: TRL 10.708) consist of cattles in the farm carried out at fair value.

The movement of biological assets is as follows:

	December 31, 2011	December 31, 2010
Balance at January 1	**10.708**	9.453
Additions	**16.074**	12.418
Effect arising from physical and price changes	**(5.250)**	(264)
Disposals (-)	**(11.327)**	(10.899)
Balance at the end of the period	**10.205**	10.708

NOTE 15 - RECEIVABLES AND DEFERRED INCOME FROM CONSTRUCTION CONTRACTS IN PROGRESS

None (December 31, 2010 : None).

NOTE 16 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD

	December 31, 2011	December 31, 2010
Investment in associate	**1.264.572**	1.106.146
Interest in joint ventures (Note 4)	**119.244**	121.917
	1.383.816	1.228.063

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 16 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (cont'd)

16.1 Associate

			December 31, 2011			December 31, 2010		
Entity	Principle Activities	Country of business	**Carrying value**	**Effective shareholding and voting rights %**	**Group's share of income/(loss)**	Carrying value	Effective shareholding and voting rights %	Group's share of income/(loss)
Anadolu Efes (*)	Production of beer	Turkey	**1.264.572**	**36,39**	**132.716**	1.106.146	36,27	195.312
			1.264.572		**132.716**	1.106.146		195.312

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

Summary financial information of associate is as follows:

	December 31, 2011	December 31, 2010
Anadolu Efes		
Total assets	**6.420.709**	5.588.831
Total liabilities	**3.213.829**	2.773.826
Net assets	**3.206.880**	2.815.005
Group's interest in net assets	**1.264.572**	1.106.146

	December 31, 2011	December 31, 2010
Anadolu Efes		
Revenues	**4.761.266**	4.168.793
Net income for the period	**341.175**	503.640
Group's share in net income of the associate	**132.716**	195.312
- Non-controlling interests	**8.559**	12.635
- Equity Holders of the Parent	**124.157**	182.677

The movement of carrying value of the associate in the consolidated financial statements as of December 31, 2011 and December 31, 2010 is as follows:

	December 31, 2011	December 31, 2010
Balance at January 1	**1.106.146**	974.228
Additions	**11.529**	-
Gain from investments accounted through equity method	**132.716**	195.312
Currency translation differences	**114.340**	5.402
Revaluation funds	**(4.540)**	865
Other reserves	**(13)**	(4.131)
Dividend received	**(95.606)**	(65.530)
Balance at the end of the period	**1.264.572**	1.106.146

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 16 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (cont'd)

16.2 Joint Ventures

			December 31, 2011			December 31, 2010		
Entity	**Principle activities**	**Country of business**	**Carrying value**	**Effective shareholding and voting rights %**	**Group's share of income/ (loss)**	Carrying value	Effective shareholding and voting rights %	Group's share of income/ (loss)
Anadolu Isuzu (*)	Manufacturing and selling of Isuzu brand commercial vehicles	Turkey	**67.840**	**37,56**	**5.130**	62.711	37,56	(1.751)
Ana Gıda	Production and marketing of olive, sun flower and corn oils under Kırlangıç, Komili and Madra brands	Turkey	**41.026**	**37,57**	**(4.641)**	45.668	37,57	(1.704)
Aslancık	Production of electricity	Turkey	**9.435**	**22,67**	**(4.046)**	13.481	22,67	(668)
D Tes	Wholesale of electricity	Turkey	**89**	**17,00**	**(28)**	57	17,00	(34)
Faber-Castell Anadolu LLC (Note 1)	Trading of all kinds of stationery	Russia	**854**	**19,34**	**(279)**	-	-	-
			119.244		**(3.864)**	121.917		(4.157)

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

NOTE 17 - INVESTMENT PROPERTY

None (December 31,2010: None).

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 18 - PROPERTY, PLANT AND EQUIPMENT (PP&E)

Movements of property, plant and equipment for the year ended on December 31, 2011 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									
At January 1, 2011	52.095	74.520	201.191	164.259	33.244	14.786	94.237	5.666	639.998
Additions	678	-	5.348	174.995	10.279	92	8.412	59.229	259.033
Disposals (-)	(361)	(447)	(3.049)	(36.134)	(557)	-	(370)	(135)	(41.053)
Currency translation differences	554	118	12	58	35	-	-	5.514	6.291
Transfers (**)	-	869	12.237	448	1.371	-	8.943	(24.411)	(543)
December 31, 2011	52.966	75.060	215.739	303.626	44.372	14.878	111.222	45.863	863.726
Accumulated depreciation									
At January 1, 2011	2.106	18.570	148.109	31.707	21.926	12.868	48.498	-	283.784
Depreciation charge for the period	323	1.654	8.654	18.821	4.046	235	8.517	-	42.250
Disposals (-)	-	(27)	(1.246)	(13.202)	(353)	-	(191)	-	(15.019)
Currency translation differences	21	25	-	13	-	-	-	-	59
December 31, 2011	2.450	20.222	155.517	37.339	25.619	13.103	56.824	-	311.074
Net carrying amount	50.516	54.838	60.222	266.287	18.753	1.775	54.398	45.863	552.652

(*) The carrying amount of motor vehicles in operational fleet leasing business at December 31, 2011 is TRL 264.135.
(**) Property, plant and equipment amounting to TRL 543 is transfered to rights in intangible assets

Property, Plant and Equipment (PP&E) held under finance lease

The carrying amount of PP&E held under finance leases at December 31, 2011 is TRL 16.196. According to the finance lease law, PP&E under finance lease are owned by the finance lease company during the lease term. Hence, these PP&E are regarded as colleterals by the finance lease company.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 18 - PROPERTY, PLANT AND EQUIPMENT (PP&E) (cont'd)

Movements of property, plant and equipment for the year ended on December 31, 2010 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									
At January 1, 2010	43.591	76.509	188.631	105.301	38.713	14.506	82.120	2.417	551.788
Additions	8.363	124	6.689	92.968	5.355	186	5.300	29.752	148.737
Disposals (-)	-	(2.676)	(6.371)	(34.239)	(12.138)	(155)	(4.670)	(487)	(60.736)
Currency translation differences	104	-	-	5	-	-	-	100	209
Transfers	37	563	12.242	224	1.314	249	11.487	(26.116)	-
December 31, 2010	52.095	74.520	201.191	164.259	33.244	14.786	94.237	5.666	639.998
Accumulated depreciation									
At January 1, 2010	1.853	17.422	145.230	26.466	26.767	12.655	45.102	-	275.495
Depreciation charge for the period	253	1.493	8.376	20.312	3.742	300	6.536	-	41.012
Disposals (-)	-	(345)	(5.497)	(15.071)	(8.583)	(87)	(3.140)	-	(32.723)
December 31, 2010	2.106	18.570	148.109	31.707	21.926	12.868	48.498	-	283.784
Net carrying amount	49.989	55.950	53.082	132.552	11.318	1.918	45.739	5.666	356.214

(*) The carrying amount of motor vehicles in operational fleet leasing business at December 31, 2010 is TRL 130.939.

Property, plant and equipment held under finance lease

The carrying amount of PP&E held under finance leases at December 31, 2010 is TRL 17.362. According to the finance lease law, PP&E under finance lease are owned by the finance lease company during the lease term. Hence, these PP&E are regarded as colleterals by the finance lease company.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 19 - INTANGIBLE ASSETS

Movements of intangible assets for the year ended on December 31, 2011 are as follows:

	Rights	Patents and licenses	Franchise	Other intangible assets	Total
Cost					
January 1, 2011	**49.334**	**5.541**	**1.051**	**1.468**	**57.394**
Additions	**2.262**	**-**	**-**	**248**	**2.510**
Transfers	**543**	**-**	**-**	**-**	**543**
December 31, 2011	**52.139**	**5.541**	**1.051**	**1.716**	**60.447**
Accumulated amortization					
January 1, 2011	**37.709**	**5.381**	**311**	**1.050**	**44.451**
Amortization charge for the period	**1.612**	**2**	**53**	**214**	**1.881**
December 31, 2011	**39.321**	**5.383**	**364**	**1.264**	**46.332**
Net carrying amount	**12.818**	**158**	**687**	**452**	**14.115**

Movements of intangible assets for the year ended on December 31, 2010 are as follows:

	Rights	Patents and licenses	Franchise	Other intangible assets	Total
Cost					
January 1, 2010	41.821	5.529	1.051	1.380	49.781
Additions (*)	7.617	12	-	88	7.717
Disposals	(104)	-	-	-	(104)
December 31, 2010	49.334	5.541	1.051	1.468	57.394
Accumulated amortization					
January 1, 2010	36.126	5.380	258	826	42.590
Amortization charge for the period	1.596	1	53	224	1.874
Disposals	(13)	-	-	-	(13)
December 31, 2010	37.709	5.381	311	1.050	44.451
Net carrying amount	11.625	160	740	418	12.943

(*) As a result of the acquisiton of GUE by Anadolu Kafkasya, a subsidiary of the Company, the difference amounting to TRL 6.138, between the acquisiton cost and the net book value of the acquired assets is associated with the electricity production licence and accounted for as intangible assets.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 20 - GOODWILL

As of December 31, 2011, the goodwill amount of the Group is TRL 35.344 (December 31, 2010: TRL 35.344).

The details related with the imparment test for goodwill are stated in Note 2.

NOTE 21 - GOVERNMENT INCENTIVES AND GRANTS

As of December 31, 2011, research, development and support premiums received from Tübitak amounting to TRL 132 are accounted under other expenses (December 31, 2010: TRL 117). As of December 31, 2011, the Group has investment incentives amounting to TRL 114.709 (December 31, 2010: TRL 112.828).

NOTE 22 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

The provisions as of December 31, 2011 and December 31, 2010 are as follows:

	December 31, 2011	December 31, 2010
Non-Banking	**1.625**	4.630
Banking	**15.654**	10.871
	17.279	15.501

Non-Banking

	December 31, 2011	December 31, 2010
Provision for litigations	**1.338**	1.338
Warranty provisions (*)	**287**	3.292
	1.625	4.630

(*) Warranty provisions are resulting from sales of Anadolu Motor and Çelik Motor which are subsidiaries of the Company. Çelik Motor has the right of recourse the compensation payments of imported vehicles under warranty to the manufacterer company.

Banking

	December 31, 2011	December 31, 2010
Loan loss provision	**13.891**	9.502
Provision for litigations	**987**	826
Others	**776**	543
	15.654	10.871

As of December 31, 2011, the Group has no long term provisions (December 31, 2010: None).

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 23 - COMMITMENTS

<u>Non-Banking</u>

As of December 31, 2011 and December 31, 2010 letter of guarantees, pledges and mortgages (GPMs) given in favor of the parent company and non-banking subsidiaries included in full consolidation are as follows:

31.12.2011	**Total TRL Equivalent**	**Original Currency TRL**	**Original Currency USD**	**Original Currency EUR**
Letter of guarantees, pledge and mortgages provided by the Company				
A. Total amount of GPMs given on behalf of the Company's legal personality	**46.666**	38.066	2.378	1.681
B. Total amount of GPMs given in favor of subsidiaries included in full consolidation	**46.659**	37.214	5.000	-
C. Total amount of GPMs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	-	-	-	-
D. Total amount of other GPM's	-	-	-	-
i. Total amount of GPMs given in favor of the parent Company	-	-	-	-
ii. Total amount of GPMs given in favor of other group companies not in the scope of B and C above	-	-	-	-
iii. Total amount of GPMs given in favor of third party companies not in the scope of C above	-	-	-	-
	93.325	75.280	7.378	1.681

31.12.2010	Total TRL Equivalent	Original Currency TRL	Original Currency USD	Original Currency EUR
Letter of guarantees, pledge and mortgages provided by the Company				
A. Total amount of GPMs given on behalf of the Company's legal personality	67.131	57.835	1.546	3.370
B. Total amount of GPMs given in favor of subsidiaries included in full consolidation	52.571	46.424	-	3.000
C. Total amount of GPMs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	-	-	-	-
D. Total amount of other GPM's	-	-	-	-
i. Total amount of GPMs given in favor of the parent Company	-	-	-	-
ii. Total amount of GPMs given in favor of other group companies not in the scope of B and C above	482	-	311	-
iii. Total amount of GPMs given in favor of third party companies not in the scope of C above	-	-	-	-
	120.184	104.259	1.857	6.370

As of December 31, 2011, the ratio of other GPMs over the Company's equity is 0%. (December 31, 2010: 0%).

GPM tables prepared as of December 31, 2011 and December 31, 2010 have been presented according to the CMB bulletin, number 2010/45, which was published on October 28, 2010.

ABH has service agreement liabilities for 1 to 5 years with its customers.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 23 - COMMITMENTS (cont'd)

Non-Banking (cont'd)

The Group's letter of guarantees, letters of guarantee, cheques and notes of guarantee, mortgage and other guarantees received from its customers in consideration of its receivables amount to TRL 84.122, TRL 1.287, TRL 20.108 and TRL 27.178, respectively (December 31, 2010: TRL 77.821, TRL 2.125, TRL 17.592 and TRL 1.136).

The tax authority and other authorities (Social Security Institution) can inspect tax returns and the related accounting records for a retrospective maximum period of five years. Group has not provided any tax provision regarding prior years.

AEH, one of the subsidiary of the Company, has undertaken the obligation of preserving the corporate presence of McDonald's within the period of its license contract and the obligation of supporting to fulfill the financial and fiscal liabilities.

AEH, which is a subsidiary of the Company, is a guarantor of the long term loan that GUE, which is a subsidiary of the Company, borrowed for construction of a hydroelectric power plant with a capacity of 87 MW in Georgia amounting to USD 115.500.000, for the period until start of electricity production

Çelik Motor, the subsidiary, operates in the operational fleet leasing business for the rental periods changing between 1 to 3 years.

Based on the Subscription and Shareholders Agreeement, AEH, one of the subsidiary of the Company, has granted a put option to SEEF Foods regarding its joint venture in Ana Gıda which may be exercisable between 2012 and 2014. As it is granted to the other shareholder of the joint venture, such put option is considered as derivative instrument with respect to IAS 39.

Banking

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

	December 31, 2011	December 31, 2010
Letters of guarantees and letters of credit	**1.907.414**	1.703.699
Acceptance credits	**216.104**	197.129
Other	**41.121**	22.053
Total non-cash loans	**2.164.639**	1.922.881
Other commitments (*)	**709.936**	686.237
	2.874.575	2.609.118

(*) Other commitments include commitments for reserve deposits requirements, loan granting commitments and asset purchase and sale commitments.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 23 - COMMITMENTS (cont'd)

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

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

December 31, 2011	**Indefinite**	**Up to 1 year**	**1-5 years**	**More than 5 years**	**Total**
Letters of guarantees and letters of credit	1.533.919	348.960	24.535	-	**1.907.414**
Acceptance credits	-	132.451	83.653	-	**216.104**
Other	-	30.070	11.051	-	**41.121**
	1.533.919	**511.481**	**119.239**	**-**	**2.164.639**

December 31, 2010	Indefinite	Up to 1 year	1-5 years	More than 5 years	Total
Letters of guarantees and letters of credit	1.351.843	319.297	32.559	-	1.703.699
Acceptance credits	-	45.798	151.331	-	197.129
Other	-	5.447	16.606	-	22.053
	1.351.843	370.542	200.496	-	1.922.881

As of December 31, 2011, ALease has no letters of guarantees given for funds borrowed from banks and various leasing transactions (December 31, 2010: None).

Blocked Assets

As of December 31, 2011, the fair values of the TRL denominated assets held by ABank in fiduciary, agency or custodian capacities amounted to TRL 1.099.257 (December 31, 2010: TRL 971.266) and foreign currency denominated assets amounted to TRL 188.375 (December 31, 2010: TRL 151.323).

Other

ABank 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.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 23 - COMMITMENTS (cont'd)

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

Assets pledged as collateral as of December 31, 2011 and December 31, 2010 are as follows:

	December 31, 2011		December 31, 2010	
	Assets	**Related Liability**	Assets	Related Liability
Financial assets at fair value through profit and loss	**25.580**	**25.089**	164.547	159.564
Financial assets	**474.956**	**633.751**	147.719	147.500
Other assets pledged	**27.545**	**-**	15.934	-
	528.081	**658.840**	328.200	307.064

NOTE 24 - PROVISIONS FOR THE EMPLOYEE BENEFITS

	December 31, 2011	December 31, 2010
Short term	**17.056**	16.867
Bonus provisions	**11.222**	11.846
Vacation pay liability	**5.834**	4.842
Employee termination benefits	**-**	179
Long term	**18.337**	16.417
Employee termination benefits	**18.337**	16.417
	35.393	33.284

Provision for Employee Termination Benefits

In accordance with the existing social legislation, the Group is 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 TRL 2,7319/year at December 31, 2011 and TRL 2,5170/year December 31, 2010, respectively) per year of employment at the rate of pay applicable at the date of retirement or termination.

In the consolidated financial statements as of December 31, 2011 and December 31, 2010 the Group reflected 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 at the balance sheet date on government bonds.

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

	December 31, 2011	December 31, 2010
Discount rate – yearly (%)	**4,66**	4,66
Turnover rate to estimate the probability of retirement (%)	**94,83**	95,01

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 24 - PROVISIONS FOR THE EMPLOYEE BENEFITS (cont'd)

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised once every six months, the maximum amount of TRL 2,8050 effective from 1 January 2012 (1 January 2011: TRL 2,6232) has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

The movement of provision for employee termination benefits is as follows:

	December 31, 2011	December 31, 2010
Balance at January 1	**16.596**	14.012
Interest cost	**1.655**	1.401
Charge for the period (net)	**4.669**	5.477
Paid (-)	**(4.583)**	(4.294)
Balance at the end of the period	**18.337**	16.596

NOTE 25 - PENSION PLANS

None (December 31, 2010: None).

NOTE 26 - OTHER ASSETS AND LIABILITIES

26.1 Other Current Assets

	December 31, 2011	December 31, 2010
Non-Banking	**45.544**	36.291
Banking	**18.577**	22.425
	64.121	58.716

Non-Banking

	December 31, 2011	December 31, 2010
VAT receivable	**20.628**	15.277
Advances given	**10.607**	4.535
Prepaid expenses	**8.497**	11.585
Prepaid taxes	**4.005**	3.404
Other current assets	**1.807**	1.490
	45.544	36.291

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 26 - OTHER ASSETS AND LIABILITIES (cont'd)

26.1 Other Current Assets (cont'd)

Banking

	December 31, 2011	December 31, 2010
Prepaid expenses and others	**11.158**	11.991
VAT receivable	**5.653**	10.079
Prepaid tax	**1.175**	7
Receivables from insurance policies	**591**	348
	18.577	22.425

26.2 Other Non-Current Assets

	December 31, 2011	December 31, 2010
Non-Banking	**12.679**	3.933
VAT receivable	**10.654**	843
Other	**2.025**	3.090
Banking	**41.960**	38.317
Assets held for sale	**34.510**	28.189
Prepaid expenses	**7.450**	6.551
Other	**-**	3.577
	54.639	42.250

26.3 Other Current Liabilities

	December 31, 2011	December 31, 2010
Non-Banking	**4.453**	8.993
Banking	**71.187**	64.329
	75.640	73.322

Non-Banking

	December 31, 2011	December 31, 2010
Advances taken	**3.760**	8.859
Deferred income	**689**	132
Other payables	**4**	2
	4.453	8.993

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 26 - OTHER ASSETS AND LIABILITIES (cont'd)

26.3 Other Current Liabilities (cont'd)

Banking

	December 31, 2011	December 31, 2010
Cheques in collection	**27.491**	29.959
Collections regarding assets held for sale	**13.295**	13.295
Advances taken from customers	**4.312**	5.289
Other	**26.089**	15.786
	71.187	64.329

As of December 31, 2011, other non-current liability amounts to TRL 637 (December 31, 2010: TRL 229).

NOTE 27 - EQUITY

Shared Capital / Adjustments to Share Capital and Equity Instruments

	December 31, 2011		December 31, 2010	
	Amount	**%**	Amount	%
Yazıcı Families	**62.203**	**38,88**	62.481	39,05
Kamil Yazıcı Yönetim ve Danışma A.Ş.	**53.600**	**33,50**	53.600	33,50
Publicly traded (*)	**44.197**	**27,62**	43.919	27,45
Paid-in share capital - historical	**160.000**	**100,00**	160.000	100,00
Inflation adjustment to share capital	**-**		-	
Total share capital - historical	**160.000**		160.000	

(*) As of December 31, 2011 TRL 4.053 of the publicly traded portion, which is 2,533% of the paid-in share capital, is owned by Kamil Yazıcı Yönetim ve Danışma A.Ş. (December 31, 2010: TRL 2.906 of the publicly traded portion, which is 1,816% of the paid-in share capital).

Movement of paid in share capital as at December 31, 2011 and December 31, 2010 is as follows (historical amounts):

	December 31, 2011		December 31, 2010	
	Number of shares	**Amount**	Number of shares	Amount
Balance at January 1	**160.000.000**	**160.000**	160.000.000	160.000
-Inflation adjustment to share capital	**-**	**-**	-	-
Balance at the end of the period	**160.000.000**	**160.000**	160.000.000	160.000

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 27 - EQUITY (cont'd)

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. Namely;

Yazıcılar's common shares are divided into four classes, with each class of shares having equal 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	Percentage of capital %	Number of members on Board
A (Bearer)	87.818.037	54,89	1
B (Registered)	31.999.964	20,00	3
C (Registered)	19.235.049	12,02	1
D (Registered)	20.946.950	13,09	1
	160.000.000	**100,00**	**6**

Restricted Reserves Assorted from Net Profit, Revaluation 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). In accordance with Turkish Commercial Code, 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 "retained earnings" 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.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 27 - EQUITY (cont'd)

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 profit distributions calculated in accordance with the net distributable profit requirements of the CMB does not exceed the statutory net distributable profit, the whole amount of distributable profit should be distributed. If it exceeds the statutory net distributable profit, the whole amount of the statutory net distributable profit should be distributed. There will be no profit distribution whether loss of the period is recognized either in the financial statements in accordance with CMB regulations or in the statutory financial statements.

Based on the CMB Decree 1/6, dated January 9, 2009, the principles regarding to the distribution of the profit of 2008 operations of quoted companies subject to capital market is as follows: the minimum dividend distribution rate is 20% in accordance with the article 5 of Communiqué Serial: IV, No:27; the distribution may be made by either as cash or bonus shares to be issued to the shareholders by including the dividend in capital or a certain amount as cash and a certain amount as bonus shares in accordance with the resolution taken in general assembly meeting.

Also, in accordance with the above mentioned Decree, companies that take their consolidated financial statements as basis for their distributable profit, shall consider the profits of their subsidiaries, joint ventures and associates to the extent that such profits do not exceed the amount recorded in the statutory financial statements of these companies and without considering whether a profit distribution resolution is taken at their annual general meetings. Such profits as reported in the financial statement as per CMB Communiqué Serial XI, No: 29 “Financial Reporting Standards in Capital Market” shall be subject to distributable dividend computations.

As a result of the decision of CMB on January 27, 2010, there are no obligations for the minimum dividend payments subject to public incorporated companies whose shares are traded in the stock exchange.

Inflation adjustment to shareholders' equity can only be netted-off against prior years' losses and used as an internal source in capital increase where extraordinary reserves can be netted-off against prior years' loss and used in the distribution of bonus shares and dividends to shareholders. Inflation adjustment to shareholders' equity, in the case of cash used for profit distribution will be subject to corporate income tax.

As of December 31, 2011, the total amount of the distributable profit from the net income of the Company is amounting to TRL 65.577consisting of net statutory distributable profit of the period TRL 99.313 and other resources subject to profit distribution of TRL 164.890

	December 31, 2011	December 31, 2010
Revaluation funds	**1.298**	8.907
-Available for sale financial assets	**(486)**	7.123
-Business combinations	**1.784**	1.784

	December 31, 2011	December 31, 2010
Restricted reserves allocated from net profit	**18.381**	16.063

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 27 - EQUITY (cont'd)

Retained Earnings

As of December 31, 2011 and December 31, 2010 the summary of equity reserves, extraordinary reserves, other profit reserves, and retained earnings are as follows:

	December 31, 2011	December 31, 2010
Equity reserves	**1.166**	1.166
Extraordinary reserves	**119.421**	115.376
Other profit reserves	**2.558**	2.558
Retained earnings	**1.431.041**	1.255.627
	1.554.186	1.374.727

Non-Controlling Interest

Non-controlling interests are separately classified in consolidated financial statements.

NOTE 28 - CONTINUING OPERATIONS

GROSS PROFIT	**December 31, 2011**	December 31, 2010
Non-Banking	**264.597**	227.293
Revenue net off cost of sales	**213.766**	182.648
Service Income (*)	**50.831**	44.645
Banking – Gross profit from financial sector operations	**308.674**	238.362
	573.271	465.655

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

The details of cost of sales realized in years 2011 and 2010 are as follows:

	December 31, 2011	December 31, 2010
Cost of inventories and merchandises	**627.146**	651.729
Payroll expenses	**70.519**	68.795
Rent expenses	**46.347**	35.448
Depreciation and amortization expense	**30.325**	30.921
Other expenses	**102.532**	78.373
	876.869	865.266

NOTE 29 - OPERATING EXPENSES

	December 31, 2011	December 31, 2010
Non-Banking	**182.272**	174.734
Banking	**158.225**	123.365
	340.497	298.099

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 29 - OPERATING EXPENSES (cont'd)

	December 31, 2011	December 31, 2010
Marketing, selling and distribution expenses	**75.601**	78.768
General administrative expenses	**263.078**	218.866
Research and development expenses	**1.818**	465
	340.497	298.099

Non-Banking

	December 31, 2011	December 31, 2010
Marketing, selling and distribution expenses	**75.601**	78.768
General administrative expenses	**104.853**	95.501
Research and development expenses	**1.818**	465
	182.272	174.734

	December 31, 2011	December 31, 2010
Marketing, selling and distribution expenses		
Advertisement and promotion expenses	**33.640**	30.878
Payroll expenses	**17.661**	20.064
Transportation expenses	**7.097**	7.091
Fair expenses	**1.824**	1.855
Contribution to dealers' selling expenses	**889**	4.199
Exportation expenses	**438**	693
Services rendered expenses	**379**	534
Depreciation and amortisation expenses	**312**	1.174
Other expenses	**13.361**	12.280
	75.601	78.768

	December 31, 2011	December 31, 2010
General administrative expenses		
Payroll expenses	**73.739**	60.905
Consultancy and services rendered expenses	**9.905**	8.300
Depreciation and amortisation expenses	**5.455**	4.496
Transportation expenses	**2.646**	1.226
Taxes and duties	**2.215**	3.791
Utility expenses	**1.476**	1.382
Insurance expenses	**1.358**	1.121
Maintenance and repair expenses	**1.108**	1.478
Communication expenses	**702**	1.074
Other expenses	**6.249**	11.728
	104.853	95.501

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 29 - OPERATING EXPENSES (cont'd)

Banking

	December 31, 2011	December 31, 2010
General administrative expenses		
Payroll expenses	**105.370**	85.115
Depreciation and amortisation expenses	**8.031**	6.254
Other expenses	**44.824**	31.996
	158.225	123.365

NOTE 30 - EXPENSES BY NATURE

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

	December 31, 2011	December 31, 2010
Depreciation and amortization expenses		
Cost of sales	**30.325**	30.921
General administrative expenses	**13.486**	10.750
Marketing, selling and distribution expenses	**312**	1.174
Research and development expenses	**8**	41
	44.131	42.886

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

	December 31, 2011	December 31, 2010
Payroll expenses		
General administrative expenses	**179.109**	146.020
Cost of sales	**70.519**	68.795
Marketing, selling and distribution expenses	**17.661**	20.064
Research and development expenses	**1.678**	293
	268.967	235.172

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 31 - OTHER OPERATING INCOME/EXPENSE

31.1 Other Operating Income

	December 31, 2011	December 31, 2010
Gain on sale of property, plant and equipment	**7.450**	5.232
Income from agreements-financial leasing	**4.722**	6.433
Commission income	**1.104**	982
Insurance compensation income	**852**	333
Income from rent agreement transfer	**812**	-
Reversal of provision for loan losses and other provisions	**257**	4.773
Other	**4.079**	4.821
	19.276	22.574

31.2 Other Operating Expense

	December 31, 2011	December 31, 2010
Other provisions for loan losses and doubtful receivables	**93.248**	29.822
Financial leasing-provision for doubtful receivables	**12.131**	14.103
Financial leasing-agreement expenses	**3.612**	2.943
Donation	**2.891**	2.454
Administrative fine provisions (*)	**2.666**	-
Other	**11.845**	9.763
	126.393	59.085

(*) Pursuant to the Law on the Protection of Competition No. 4054, dated April 19, 2011, with regards to the investigation related to various ventures operating in the motor vehicles market, including Çelik Motor and Anadolu Araçlar, which are subsidiaries of the group, an administrative fine of TRL 3.554 in total was imposed on Çelik Motor and Anadolu Araçlar, which may later be subject to Council of State decisions. Pursuant to paragraph 6 of Article 17 of Misdemeanour Law No. 5326, if the whole administrative fine stated in is paid without recourse to legal proceedings, cash payment deductions may be applied. According to this, the Group paid in cash 75% of the related fine. The related expense was presented in "other operating expense" in the consolidated financial statements. In addition, Group sued at the Council of State for the cancellation of the decisions of the Competition Board with regards to the administrative fine but litigation has not finalize yet.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 32 - FINANCIAL INCOME

	December 31, 2011	December 31, 2010
Interest income	**46.965**	19.215
Foreign exchange gain	**20.793**	35.291
Gain on sale of financial assets	**6.439**	859
Other income	**4.210**	109
	78.407	55.474

NOTE 33 - FINANCIAL EXPENSE

	December 31, 2011	December 31, 2010
Interest expense	**69.653**	25.967
Foreign exchange loss	**68.855**	31.396
Capital markets transactions loss	**-**	27.285
Other expense	**4.075**	847
	142.583	85.495

NOTE 34 - ASSETS HELD FOR SALE

The carrying amount of assets held for sale at December 31, 2011 is TRL 29.802 (December 31, 2010: TRL 32.787).

NOTE 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 (2010: 20%). Corporate tax returns are required to be filed until the twentyfifth 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% (2010: 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.

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, 2011	December 31, 2010
Deferred tax asset	**37.495**	34.498
Deferred tax liability (-)	**(19.487)**	(15.153)
Total deferred tax asset / (liability), net	**18.008**	19.345

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 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 ended on December 31, 2011 is as follows:

	Balance December 31, 2010	**Recorded to income statement**	**Balance December 31, 2011**
Property, plant and equipment, and intangibles	**(24.086)**	**(3.646)**	**(27.732)**
Tax loss carried forward (*)	**8.669**	**(1.432)**	**7.237**
Employee termination benefit	**3.319**	**341**	**3.660**
Financial leases	**(1.109)**	**26**	**(1.083)**
Investment incentive	**19.086**	**19**	**19.105**
Other	**13.466**	**3.355**	**16.821**
Net deferred tax (liability)/asset	**19.345**	**(1.337)**	**18.008**
Reclassification to revaluation funds	**-**	**(32)**	**-**
	19.345	**(1.369)**	**18.008**

The movement of net deferred tax asset as of the year ended on December 31, 2010 is as follows:

	Balance December 31, 2009	Recorded to income statement	Balance December 31, 2010
Property, plant and equipment, and intangibles	(15.455)	(8.631)	(24.086)
Tax loss carried forward (*)	3.499	5.170	8.669
Employee termination benefit	2.798	521	3.319
Financial leases	(1.136)	27	(1.109)
Investment incentive	18.109	977	19.086
Other	8.968	4.498	13.466
Net deferred tax (liability)/asset	16.783	2.562	19.345
Reclassification to revaluation funds	-	(72)	-
	16.783	2.490	19.345

(*) As of December 31, 2011, carry forward tax losses for which no deferred taxes calculated amounting to TRL 15.546 (December 31, 2010: TRL 4.930)

35.2 Tax Expense

	December 31, 2011	December 31, 2010
Income tax expense (-)	**(16.641)**	(17.410)
Deferred tax (expense)/income	**(1.369)**	2.490
	(18.010)	(14.920)

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 35 - TAX ASSETS AND LIABILITIES (cont'd)

35.2 Tax Expense (cont'd)

	December 31, 2011	December 31, 2010
Profit before tax from continuing operations	**190.333**	292.179
Tax ratio used by the parent company %20 (2010: %20)	**(38.067)**	(58.436)
Non-deductible expenses	**(12.518)**	(14.172)
Non-taxable income (-)	**15.867**	15.637
Investment incentive	**24**	977
Effect of investments accounted through equity method	**25.770**	38.231
Other	**(9.086)**	2.843
	(18.010)	(14.920)

35.3 Tax Provision

	December 31, 2011	December 31, 2010
Balance at January 1	**1.792**	2.544
Income tax expense	**16.641**	17.410
Prepaid tax (-)	**(13.089)**	(18.162)
Balance at the end of the period	**5.344**	1.792

NOTE 36 - EARNINGS PER SHARE

	December 31, 2011	December 31, 2010
Net profit	**140.299**	221.699
Weighted average number of shares	**160.000.000**	160.000.000
Earning per share (full TRL)	**0,88**	1,39

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 37 - RELATED PARTY BALANCES AND TRANSACTIONS

37.1 Bank Balances with Related Parties

	December 31, 2011	December 31, 2010
Anadolu Efes (1)	**259.681**	144.388
Real Person	**119.509**	89.349
Coca-Cola İçecek A.Ş. (3)	**87.901**	-
Anadolu Eğitim ve Sosyal Yardım Vakfı (5)	**38.247**	-
Tarbes Tarım Ürünleri ve Besicilik San. Tic. A.Ş. (Tarbes) (3)	**32.500**	26.669
Özilhan Sınai Yatırım A.Ş. (5)	**16.687**	18.872
Anadolu Isuzu (2)	**12.776**	12.532
Coca-Cola Satış ve Dağıtım A.Ş. (3)	**1.304**	59.407
Other	**19.426**	11.622
	588.031	362.839

37.2 Due from Related Parties

	December 31, 2011	December 31, 2010
Anadolu Etap Tarım ve Gıda A.Ş. (3)	**9.364**	6.094
Anadolu Efes (1)	**3.497**	2.060
Efes Pazarlama Ticaret A.Ş. (Efpa) (3)	**1.819**	889
Coca-Cola Satış ve Dağıtım A.Ş. (3)	**1.621**	859
Anadolu Eğitim ve Sosyal Yardım Vakfı Sağlık Tes. İkt. İşl. (5)	**1.588**	3.953
JSC Efes Karaganda Brewery (Efes Karaganda) (3)	**1.228**	601
Anadolu Isuzu (2)	**1.046**	472
ZAO Moscow Efes Brewery (Efes Moskow) (3)	**555**	3.315
Krasny Vostok Group (3)	**412**	793
Coca-Cola İçecek A.Ş. (3)	**310**	298
Other	**857**	917
	22.297	20.251

As of December 31, 2011, there is loan amounting to TRL 1.950 in "Banking loans" account given to the related parties at consolidated financial statements (December 31, 2010: None). As of December 31, 2011, TRL 85 due from related parties is included in other liabilities and blocked accounts at the financial statement of the bank (December 31, 2010: TRL 623). As of December 31, 2011, the non-cash loan amount given by the bank to related parties is TRL 33.458 (December 31, 2010: TRL 49.511).

As of December 31, 2011 the short term portion of due from related parties is amounting to TRL 15.972 (December 31, 2010: TRL 15.046), and the long term portion is TRL 6.325 (December 31, 2010: TRL 5.205).

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

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 37 - RELATED PARTY BALANCES AND TRANSACTIONS (cont'd)

37.3 Due To Related Parties

	December 31, 2011	December 31, 2010
Anadolu Isuzu (2)	**306**	365
Ana Gıda (2)	**56**	457
Dividend payable to shareholders	**32**	26
Efpa (3)	**21**	148
Other	**60**	9
	475	1.005

There is no long term amount of due to related parties as of December 31, 2011 (December 31, 2010: None).

37.4 Related Party Transactions

Terms and conditions of transactions with related parties

Outstanding balances at the end of the period are unsecured, interest free and settlement occurs in cash. There have been no quarantees provided or received for any related party receivables or payables. For the year ended December 31, 2011, the Group has not recorded any impairment of receivables, relating to amounts owned by related parties (December 31, 2010: None). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related parties operate.

Significant transactions with related parties during the year ended as of December 31, 2011 and December 31, 2010 are as follows:

	December 31, 2011	December 31, 2010
Sales of goods and services, net		
Efpa (3)	**23.651**	19.586
Anadolu Efes (1)	**22.971**	21.480
Efes Breweries International N.V. (3)	**21.065**	22.455
Coca-Cola Satış ve Dağıtım A.Ş. (3)	**13.673**	10.932
Anadolu Isuzu (2)	**9.966**	7.045
Tarbes (3)	**5.621**	3.456
Anadolu Eğitim ve Sosyal Yardım Vakfı Sağlık Tes. İkt. İşl. (5)	**2.318**	1.972
Ana Gıda (2)	**1.663**	994
Other	**6.928**	4.927
	107.856	92.847

	December 31, 2011	December 31, 2010
Purchases of goods and other charges		
Anadolu Eğitim ve Sosyal Yardım Vakfı (5)	**2.480**	2.109
Anadolu Isuzu (2)	**1.118**	1.055
Efpa (3)	**17**	216
Other	**254**	68
	3.869	3.448

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

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 37 - RELATED PARTY BALANCES AND TRANSACTIONS (cont'd)

37.4 Related Party Transactions (cont'd)

	December 31, 2011	December 31, 2010
Interest and other financial income (banking)		
Anadolu Isuzu (2)	**488**	380
Anadolu Efes (1)	**352**	331
Anadolu Eğitim ve Sosyal Yardım Vakfı Sağlık Tes. İkt. İşl. (5)	**313**	435
Ana Gıda (2)	**138**	220
Coca-Cola İçecek A.Ş. (3)	**1**	71
Other	**1.062**	673
	2.354	2.110

	December 31, 2011	December 31, 2010
Interest and other financial expense (banking)		
Anadolu Efes (1) (*)	**14.142**	4.838
Özilhan Sınai Yatırım A.Ş. (5)	**2.750**	1.650
Coca-Cola İçecek A.Ş. (3)	**2.498**	614
Tarbes (3)	**2.052**	1.615
Anadolu Isuzu (2)	**1.220**	680
Anadolu Eğitim ve Sosyal Yardım Vakfı Sağlık Tes. İkt. İşl. (5)	**86**	67
Efes Pilsen Spor Kulübü (5)	**-**	650
Other	**3.931**	2.927
	26.679	13.041

(*) Interest rate range for TRL deposits is between 10,25% and 12,1% and interest rate range for USD deposits is 5%.

	December 31, 2011	December 31, 2010
Various sales included in other income (includes dividends received)		
Efpa (3)	**347**	112
Anadolu Isuzu (2)	**154**	80
Ana Gıda (2)	**35**	29
Anadolu Etap Tarim ve Gida A.S. (3)	**14**	582
Polinas (5)	**10**	57
Coca-Cola İçecek A.Ş. (3)	**8**	166
Anadolu Efes (1)	**8**	133
Other	**14**	19
	590	1.178

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

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 37 - RELATED PARTY BALANCES AND TRANSACTIONS (cont'd)

37.4 Related Party Transactions (cont'd)

	December 31, 2011	December 31, 2010
Interest and other financial expense (non-banking)		
Anadolu Efes (1)	**3**	26
	3	26

	December 31, 2011	December 31, 2010
Interest and other financial income (non-banking)		
Aslancık Üretim Ve Tic. Ltd (2)	**-**	39
D Tes (2)	**-**	26
	-	65

(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 personnel 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 for the years ended on December 31, 2011 and December 31, 2010 are as follows:

	December 31, 2011	December 31, 2010
Short term benefits provided to key management personnel	**28.946**	23.390
Post-employement benefits	**189**	587
Total gain	**29.135**	23.977
Social Security employer share	**501**	493

Other

The Company and its subsidiaries other than McDonald's, Hamburger and AYO are obligated to donate 1% - 5% of their profit before corporate tax and such fiscal obligations to Anadolu Eğitim ve Sosyal Yardım Vakfı as stated in the entities' foundation agreements as long as these donations are exempt from tax. As of December 31, 2011, donations amount to TRL 2.741 (December 31, 2010: TRL 2.435).

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

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

Financial Risk Management Objectives and Policies

General

Banking

Financial risk management is conducted through main principals of "Risk Management Policy" of ABank. According to this 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 tasks related to risk management. 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
- Establishment of dynamic risk limits
- Measurement of the actual risks

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.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 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 collateralization.

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

	December 31, 2011		December 31, 2010	
	Cash	**Non-cash**	Cash	Non-cash
Trade	**1.168.142**	**511.702**	664.561	376.888
Finance	**103.159**	**64.575**	379.421	108.190
Construction	**451.216**	**443.428**	317.362	391.735
Textile	**305.461**	**124.282**	210.265	114.131
Production	**327.541**	**168.646**	190.959	124.790
Iron and steel, non-metal	**179.285**	**189.938**	176.155	163.223
Transportation	**215.119**	**88.163**	141.658	89.216
Mining	**111.089**	**25.454**	127.911	33.628
Food and beverage	**191.108**	**102.739**	114.080	93.125
Automotive	**120.046**	**41.328**	94.626	39.578
Tourism	**126.760**	**4.803**	74.655	5.614
Forest products and agriculture	**131.697**	**48.477**	72.812	63.236
Machinery	**88.233**	**61.239**	55.173	48.314
Chemical	**91.734**	**35.579**	51.389	33.344
Paper	**33.154**	**16.867**	24.939	11.570
Petroleum	**51.858**	**51.880**	23.645	60.979
Electrics and electronics	**30.390**	**6.890**	20.460	6.882
Others	**501.813**	**178.649**	416.043	158.438
	4.227.805	**2.164.639**	3.156.114	1.922.881
Loans in arrears	**214.311**	**-**	150.049	-
Provision for doubtful receivables	**(164.271)**	**-**	(82.236)	-
	4.277.845	**2.164.639**	3.223.927	1.922.881

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 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)

As of December 31, 2011, the aging of loans past due but not impaired is as follows:

31.12.2011	**Corporate Loans**	**Small business loans**	**Consumer loans**	**Total**
Banking Loans				
1-30 days	44.882	66.629	6.173	117.684
31-60 days	67.969	75.464	833	144.266
61-90 days	-	2.741	1.152	3.893
	112.851	**144.834**	**8.158**	**265.843**

31.12.2010	Corporate Loans	Small business loans	Consumer loans	Total
Banking Loans				
1-30 days	69.582	89.469	574	159.625
31-60 days	358	6.984	124	7.466
61-90 days	448	2.978	-	3.426
	70.388	99.431	698	170.517

Information about the balance sheet items subject to credit risk is as follows:

	December 31, 2011	December 31, 2010
Deposits with banks and other financial institutions	**128.394**	72.065
Banking loans	**4.277.845**	3.223.927
-Corparate loans	**1.772.761**	1.655.550
-Small business loans	**2.406.517**	1.527.448
-Consumer loans	**98.567**	40.929
Financial assets at fair value through profit and loss	**199.321**	207.632
-Turkish government bonds and treasury bills	**161.601**	186.428
-Other	**37.720**	21.204
Investment securities	**1.118.892**	391.171
-Turkish government bonds and treasury bills	**1.118.892**	391.171
Financial lease receivables	**273.406**	242.313
Other assets	**46.864**	46.540
Credit exposure of balance sheet items	**6.044.722**	4.183.648
Financial guarantees	**2.164.639**	1.922.881
Credit commitments and other liabilities	**2.406.464**	1.540.758
	4.571.103	3.463.639
Total credit exposure	**10.615.825**	7.647.287

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 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:

	TRL	USD	EUR	Other	Total
31.12.2011					
Assets					
Cash and balances with the Central Bank	162.988	116.766	222.645	630	503.029
Deposits with banks and other financial institutions	35.302	14.375	77.164	1.553	128.394
Financial assets at fair value through profit and loss	198.820	496	5	-	199.321
Derivative financial instruments receivables	25.123	20.610	-	-	45.733
Banking loans	2.563.532	1.185.157	532.156	-	4.280.845
Available for sale financial assets	290.592	-	-	-	290.592
Held to maturity financial assets	786.279	42.021	-	-	828.300
Financial lease receivables	63.024	82.383	137.423	-	282.830
Investments in Associates	17	-	-	-	17
Assets held for sale	29.802				29.802
Property, plant and equipment	25.195	-	-	-	25.195
Intangible assets	3.971	-	-	-	3.971
Deferred tax assets	33.525	-	-	-	33.525
Other assets	109.975	11.114	3.666	-	124.755
Total Assets	**4.328.145**	**1.472.922**	**973.059**	**2.183**	**6.776.309**
Liabilities					
Customers' deposits	2.425.334	858.058	323.597	12.675	3.619.664
Deposits from other banks	654.507	6.048	-	-	660.555
Funds borrowed	70.643	816.772	735.240	-	1.622.655
Trade payables	1.249	55	126	-	1.430
Derivative financial instruments	23.841	1.471	-	-	25.312
Income tax payable	3.915	-	-	-	3.915
Other liabilities and provisions	765.844	33.110	42.958	866	842.778
Total Liabilities	**3.945.333**	**1.715.514**	**1.101.921**	**13.541**	**6.776.309**
Net on-balance sheet position	**382.812**	**(242.592)**	**(128.862)**	**(11.358)**	**-**
Net nominal amount of derivatives	(386.674)	286.332	115.726	12.185	27.569
Net foreign currency position	**(3.862)**	**43.740**	**(13.136)**	**827**	**27.569**
31.12.2010					
Total Assets	2.956.034	1.035.083	584.089	1.132	4.576.338
Total Liabilities	2.641.969	1.123.297	808.060	3.012	4.576.338
Net on-Balance Sheet Position	314.065	(88.214)	(223.971)	(1.880)	-

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

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

Financial Risk Management Objectives and Policies (cont'd)

<u>Banking</u> (cont'd)

Currency Risk (cont'd)

Foreign currency sensitivity

The following table details the Group's (Banking) sensitivity to a 10% change in USD and EUR rates against relevant foreign currency. A positive number indicates an increase/decrease in profit or loss where the USD and EUR rates change by 10% against relevant foreign currency.

	Change in exchange rate %	**Effect on profit / loss**	
		December 31, 2011	December 31, 2010
USD	+/-%10	**+/-3.183**	+/- 1.706
EUR	+/-%10	**+/-6.899**	+/- 1.624

Interest Rate Risk

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

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 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 ABank and ALease's assets and liabilities based on the remaining maturities from balance sheet date till the date of revaluation.

	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Non interest bearing	Total
31.12.2011						
Assets						
Cash and balances with the Central Bank	-	-	-	-	503.029	503.029
Deposits with banks and other financial institutions	104.324	-	-	-	24.070	128.394
Financial assets at fair value through profit and loss	11.334	112.520	4.028	46.911	24.528	199.321
Derivative financial instruments receivables	31.549	14.184	-	-	-	45.733
Banking loans	2.992.698	542.813	525.004	160.072	60.258	4.280.845
Available for sale financial assets	61.338	55.814	43.265	130.175	-	290.592
Held to maturity financial assets	535.887	292.413	-	-	-	828.300
Financial lease receivables	46.863	68.260	150.270	-	17.437	282.830
Investments in Associates	-	-	-	-	17	17
Assets held for sale					29.802	29.802
Property, plant and equipment	-	-	-	-	25.195	25.195
Intangible assets	-	-	-	-	3.971	3.971
Deferred tax assets	-	-	-	-	33.525	33.525
Other assets	204	10	-	-	124.541	124.755
Total Assets	**3.784.197**	**1.086.014**	**722.567**	**337.158**	**846.373**	**6.776.309**
Liabilities						
Customers' deposits	3.151.454	133.532	84	-	334.594	3.619.664
Deposits from other banks	654.490	5.719	-	-	346	660.555
Funds borrowed	826.642	791.006	5.007	-	-	1.622.655
Trade payables	-	-	-	-	1.430	1.430
Derivative financial instruments	8.267	15.574	-	-	1.471	25.312
Income tax payable	-	-	-	-	3.915	3.915
Other liabilities and provisions	4.477	5.116	15.801	-	817.384	842.778
Total Liabilities	**4.645.330**	**950.947**	**20.892**	**-**	**1.159.140**	**6.776.309**
Total interest sensitivity gap	**(861.133)**	**135.067**	**701.675**	**337.157**	**(312.766)**	**-**
31.12.2010						
On balance sheet interest sensitivity gap	(162.028)	(100.007)	699.182	64.151	(501.298)	-
Off balance sheet interest sensitivity gap	-	-	-	-	-	-

The table below summarises weighted average interest rates for financial instruments.

	December 31, 2011			December 31, 2010		
	USD (%)	**EUR (%)**	**TRL (%)**	USD (%)	EUR (%)	TRL (%)
Banking loans	**7,72**	**7,91**	**17,83**	6,04	6,58	11,71
Deposits from other banks	**3,9**	**-**	**-**	-	-	7,92
Customers' deposits	**5,27**	**4,94**	**11,54**	3,15	3,07	8,71

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 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 1% in TRL and FC and all other variables were held constant;

Net profit of the Group would decrease / increase by TRL (18.706) / 16.490 (In year 2010 decrease / increase by TRL (3.702) / 4.443).

It would be no effect on equity of the Group (December 31, 2010: None).

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;

31.12.2011	**Primary Maturity Segment**		**Secondary Maturity Segment**		**Stock Values**
	FC	**FC + TRL**	**FC**	**FC + TRL**	**FC + TRL**
Average (%)	**222,11**	**196,05**	**146,59**	**135,96**	**11,86**
Highest (%)	**415,32**	**255,04**	**232,20**	**155,77**	**13,81**
Lowest (%)	**146,63**	**149,26**	**105,15**	**110,34**	**8,82**

31.12.2010	Primary Maturity Segment		Secondary Maturity Segment		Stock Values
	FC	FC + TRL	FC	FC + TRL	FC + TRL
Average (%)	152,74	198,28	111,27	137,66	8,08
Highest (%)	335,51	312,47	142,58	162,45	9,72
Lowest (%)	104,83	140,54	94,79	119,80	7,13

NOTE 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 Banking Regulation and Supervision Agency (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, 2011 ABank's capital adequacy ratio calculated on consolidated basis based on statutory financial statements is 13,68% (December 31, 2010: 15,21%).

Non-Banking

The Group's principal financial instruments, comprise bank borrowings, finance leases, and cash and short-term deposits. 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 foreign currency risk, interest rate risk, price risk, credit risk, and liquidity risk. The Group manages these risks as stated below. The Group also monitors the market price risk arising from all financial instruments.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 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, 2011	**Receivables**				
	Trade Receivables		**Other Receivables**		
	Related Party	**Other Party**	**Related Party**	**Other Party**	**Deposits in banks**
Maximum credit risk exposure as of reporting date (A+B+C+D+E)	**12.920**	**112.794**	**-**	**28.616**	**93.336**
- Maximum risk secured by guarantee	-	69.412	-	22.633	-
A. Net book value of financial assets neither overdue nor impaired	12.920	105.340	-	5.469	93.336
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	-	7.366	-	614	-
- Under guarantee	-	623	-	100	-
D. Net book value of impaired assets	-	88		22.533	-
- Overdue (gross book value)	-	1.651	-	36.866	-
- Impairment (-)	-	(1.563)	-	(14.333)	-
- Net value under guarantee	-	88	-	22.533	-
- Not overdue (gross book value)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Net value under guarantee	-	-	-	-	-
E. Off- balance sheet items having credit risk	-	-	-	-	-

December 31, 2010	Receivables				
	Trade Receivables		Other Receivables		
	Related Party	Other Party	Related Party	Other Party	Deposits in banks
Maximum credit risk exposure as of reporting date (A+B+C+D+E)	10.975	90.948	-	36.977	204.007
- Maximum risk secured by guarantee	-	22.802	-	31.445	-
A. Net book value of financial assets neither overdue nor impaired	10.975	89.734	-	3.899	204.007
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	-	1.173	-	2.008	-
- Under guarantee	-	282	-	375	-
D. Net book value of impaired assets	-	41	-	31.070	-
- Overdue (gross book value)	-	1.451	-	36.635	-
- Impairment (-)	-	(1.410)	-	(5.565)	-
- Net value under guarantee	-	41	-	31.070	-
- Not overdue (gross book value)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Net value under guarantee	-	-	-	-	-
E. Off- balance sheet items having credit risk	-	-	-	-	-

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 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, 2011	**Receivables**				
	Trade receivables		**Other receivables**		
	Related party	**Other party**	**Related party**	**Other party**	**Deposits in banks**
1-30 days past due	**-**	**2.481**	**-**	**-**	**-**
1-3 month past due	**-**	**1.605**	**-**	**-**	**-**
3-12 month past due	**-**	**3.325**	**-**	**-**	**-**
1-5 year past due	**-**	**43**	**-**	**614**	**-**
Over 5 years past due	**-**	**-**	**-**	**22.533**	**-**
Amount secured with guararntee	**-**	**711**	**-**	**22.633**	**-**

December 31, 2010	Receivables				
	Trade receivables		Other receivables		
	Related party	Other party	Related party	Other party	Deposits in banks
1-30 days past due	-	496	-	-	-
1-3 month past due	-	472	-	-	-
3-12 month past due	-	156	-	-	-
1-5 year past due	-	90	-	2.008	-
Over 5 years past due	-	-	-	31.070	-
Amount secured with guararntee	-	323	-	31.445	-

Foreign currency risk

The Group predominantly operates in Turkey.

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

		Exchange buying rate at December 31, 2010	**Average exchange buying rate in the period**	**Exchange buying rate at December 31, 2011**
TRL /USD	Turkey	1,5460	1,6708	1,8889
TRL /EUR	Turkey	2,0491	2,3244	2,4438

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.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 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)

31.12. 2011	**TRL Equivalent (Functional currency)**	**Thousand USD**	**Thousand EUR**	**Thousand GBP**	**Thousand JPY**
1. Trade receivables	4.045	867	985	-	-
2a. Monetary financial assets (cash and cash equivalents included)	376	59	70	32	
2b. Non - monetary financial assets	-	-	-	-	-
3. Other	-	-	-	-	-
4. Current assets (1+2+3)	**4.421**	**926**	**1.055**	**32**	**-**
5. Trade receivables	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-
6b. Non - monetary financial assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. Non - current assets (5+6+7)	**-**	**-**	**-**	**-**	**-**
9. Total assets (4+8)	**4.421**	**926**	**1.055**	**32**	**-**
10. Trade payables	8.001	3.622	475	-	-
11. Short - term borrowings and current portion of long - term borrowings	176.595	23.967	53.737		
12a. Monetary other liabilities	1.183	52	444	-	-
12b. Non - monetary other liabilities	-	-	-	-	-
13. Current liabilities (10+11+12)	**185.779**	**27.641**	**54.656**	**-**	**-**
14. Trade payables	-	-	-	-	-
15. Long - term borrowings	125.117	31.645	26.738	-	-
16 a. Monetary other liabilities	-	-	-	-	-
16 b. Non - monetary other liabilities	-	-	-	-	-
17. Non - current liabilities (14+15+16)	**125.117**	**31.645**	**26.738**	**-**	**-**
18. Total liabilities (13+17)	**310.896**	**59.286**	**81.394**	**-**	**-**
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)	**(306.475)**	**(58.360)**	**(80.339)**	**32**	**-**
21. Monetary items net foreign currency asset / (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	**(306.475)**	**(58.360)**	**(80.339)**	**32**	**-**
22. Total fair value of financial instruments used to manage the foreign currency position	-	-	-	-	-
23. Export	**24.037**	**12.764**	**1.219**	**-**	**-**
24. Import	**430.970**	**95.472**	**116.807**	**145**	**7.200**

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 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)

31.12. 2010	TRL Equivalent (Functional currency)	Thousand USD	Thousand EUR	Thousand GBP	Thousand JPY
1. Trade receivables	3.131	668	1.024	-	-
2a. Monetary financial assets (cash and cash equivalents included)	83.946	16.485	28.413	100	-
2b. Non - monetary financial assets	-	-	-	-	-
3. Other	7	5	-	-	-
4. Current assets (1+2+3)	87.084	17.158	29.437	100	-
5. Trade receivables	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-
6b. Non - monetary financial assets	-	-	-	-	-
7. Other	487	302	10	-	-
8. Non - current assets (5+6+7)	487	302	10	-	-
9. Total assets (4+8)	87.571	17.460	29.447	100	-
10. Trade payables	6.536	4.152	57	-	-
11. Short - term borrowings and current portion of long - term borrowings	128.735	23.194	45.326	-	-
12a. Monetary other liabilities	201	48	62	-	-
12b. Non - monetary other liabilities	-	-	-	-	-
13. Current liabilities (10+11+12)	135.472	27.394	45.445	-	-
14. Trade payables	-	-	-	-	-
15. Long - term borrowings	102.272	10.000	42.366	-	-
16 a. Monetary other liabilities	325	210	-	-	-
16 b. Non - monetary other liabilities	-	-	-	-	-
17. Non - current liabilities (14+15+16)	102.597	10.210	42.366		
18. Total liabilities (13+17)	238.069	37.604	87.811	-	-
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)	(150.498)	(20.144)	(58.364)	100	-
21. Monetary items net foreign currency asset / (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	(150.992)	(20.451)	(58.374)	100	-
22. Total fair value of financial instruments used to manage the foreign currency position	-	-	-	-	-
23. Export	21.799	12.680	1.339	-	111
24. Import	326.455	70.065	109.194	79	2.400

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 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, 2011	
	Income / (loss)	**Income /(loss)**
	Increase of the foreign currency	**Decrease of the foreign currency**
Change in the USD against TRL by 10% +/-:		
1- USD denominated net asset / liability	(11.024)	11.024
2- USD denominated hedging instruments(-)	-	-
3- Net effect in USD (1+2)	**(11.024)**	**11.024**
Change in the EUR against TRL by 10% +/-:		
4- Euro denominated net asset / liability	(19.633)	19.633
5- Euro denominated hedging instruments(-)	-	-
6- Net effect in Euro (4+5)	**(19.633)**	**19.633**
Change in the other foreign currencies against TRL by 10% +/-:		
7- Other foreign currency denominated net asset / liability	9	(9)
8- Other foreign currency hedging instruments(-)	-	-
9- Net effect in other foreign currency (7+8)	**9**	**(9)**
TOTAL (3+6+9)	**(30.648)**	**30.648**

	Foreign currency position sensitivity analysis	
	December 31, 2010	
	Income / (loss)	Income /(loss)
	Increase of the foreign currency	Decrease of the foreign currency
Change in the USD against TRL by 10% +/-:		
1- USD denominated net asset / liability	(3.115)	3.115
2- USD denominated hedging instruments(-)	-	-
3- Net effect in USD (1+2)	(3.115)	3.115
Change in the EUR against TRL by 10% +/-:		
4- Euro denominated net asset / liability	(11.959)	11.959
5- Euro denominated hedging instruments(-)	-	-
6- Net effect in Euro (4+5)	(11.959)	11.959
Change in the other foreign currencies against TRL by 10% +/-:		
7- Other foreign currency denominated net asset / liability	24	(24)
8- Other foreign currency hedging instruments(-)	-	-
9- Net effect in other foreign currency (7+8)	24	(24)
TOTAL (3+6+9)	(15.050)	15.050

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 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, 2011**	December 31, 2010
	Financial instruments with fixed interest rate		
Financial assets	Financial assets at fair value through profit&loss	**-**	-
	Available for sale marketable securities	**-**	-
Financial liabilities		**343.343**	284.038
	Financial instruments with floating interest rate		
Financial assets		**-**	-
Financial liabilities		**71.109**	25.831

The table below shows the effect of a 1% increase in interest rates, on floating rate credits in profit before tax basis.

	Effect on profit before tax	
Interest Increase	**December 31, 2011**	December 31, 2010
%1 increase	**(48)**	(47)

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 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 liability of customers. Liquidity risk arises from the possibility that a market for derivatives may not exist in some circumstances.

December 31, 2011

Maturities according to agreement	**Book Value**	**Total cash outflow according to agreement (=I+II+III+IV)**	**Less than 3 months (I)**	**3 to 12 months (II)**	**1 to 5 years (III)**	**More than 5 years (IV)**
Non-derivative financial liabilities	**525.161**	**549.432**	**201.815**	**166.017**	**159.568**	**22.032**
Borrowings	414.452	438.623	97.617	159.406	159.568	22.032
Financial lease payables	-	-	-	-	-	-
Trade payables	87.475	87.575	80.964	6.611	-	-
Other payables	23.234	23.234	23.234	-	-	-

December 31, 2010

Maturities according to agreement	Book Value	Total cash outflow according to agreement (=I+II+III+IV)	Less than 3 months (I)	3 to12 months (II)	1 to 5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities	392.559	402.783	141.929	152.425	108.421	8
Borrowings	309.869	319.962	65.225	146.318	108.419	-
Financial lease payables	-	-	-	-	-	-
Trade payables	66.931	67.062	60.980	6.082	-	-
Other payables	15.759	15.759	15.724	25	2	8

Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 40 - SUBSEQUENT EVENTS

In January 2012, Yazıcılar Holding A.Ş., Özilhan Sınai Yatırım A.Ş, Anadolu Endüstri Holding A.Ş, the subsidiary of the Company, Anadolu Efes, the associate of the Company, have signed "Definitive Transaction Agreement" with SABMiller Plc. (SABMiller). According to this agreement, Anadolu Efes will be executing the investments of SABMiller in Turkey, Russia, CIS countries, Central Asia and Middle East

On March 6, 2012, it has been resolved to increase Anadolu Efes's issued capital to 592.105.263 full TL, while the shareholders' right to purchase new shares will be restricted. The newly issued 142.105.263 bearer shares, which are above the nominal values, will be allocated on the name of SABMiller Anadolu Efes Limited, a subsidiary of SABMiller Plc. Additional 142.105.263 shares have been registered by CMB on March 8, 2012.

The Group's effective shareholding rate in Anadolu Efes is 27,66% after the sales of newly issued shares to SABMiller's subsidiary SABMiller Anadolu Efes Limited in return for increased capital on March 14, 2012. Also, Anadolu Efes's final shareholding structure is as follows:

	After Capital Increase		December 31, 2011	
	Amount	**%**	Amount	%
Yazıcılar Holding A.Ş.	**139.787**	**23,61**	139.787	31,06
Özilhan Sınai Yatırım A.Ş.	**79.813**	**13,48**	79.813	17,74
Anadolu Endüstri Holding A.Ş. (AEH)	**35.292**	**5,96**	35.292	7,84
SABMiller	**142.105**	**24,00**	-	-
Publicly traded and other	**195.108**	**32,95**	195.108	43,36
	592.105	**100,00**	450.000	100,00

In the Board of Directors meeting of AEH, a subsidiary of the Group, held on March 7, 2012, it has been decided that the principal capital of AEH will be raised by TRL 30.000 in cash from TRL 150.000 to TRL 180.000. Accordingly, an ordinary general assembly meeting of shareholders will be held in order to conclude and make relevant amendments to the articles of association. The aforementioned ordinary general assembly meeting has not yet been held as of the issue date of these consolidated financial statements.

In the Board of Directors meeting of ABank, a subsidiary of the Company, held on February 20, 2012, general management was authorized about legal procedures to increase its issued capital from TRL 300.000 to TRL 420.000 as it is below upper limit of registered capital, TRL 1.000.000 and to offset additional TRL 120.000 from extraordinary reserves as it is free of cost with Board of Directors decision dated February, 20, 2012.

The liquidation procedures of Anatolia Energy, an inactive subsidiary of the Company, have begun in accordance with the decision taken on January 10, 2012.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 41 - OTHER ISSUES

41.1 Banking Loans

31.12.2011	**Corporate loans**	**SME loans**	**Consumer loans**	**Total**
Performing loans	1.694.991	2.284.557	100.098	4.079.646
Loans under close monitoring	67.969	78.205	1.985	148.159
Loans under legal follow – up	77.829	134.764	1.718	214.311
Total loans	**1.840.789**	**2.497.526**	**103.801**	**4.442.116**
Specific allowance for impairment (-)	(49.817)	(57.541)	(772)	(108.130)
Collective allowance for impairment(-)	(18.211)	(33.468)	(4.462)	(56.141)
Total Provisions (-)	**(68.028)**	**(91.009)**	**(5.234)**	**(164.271)**
	1.772.761	**2.406.517**	**98.567**	**4.277.845**

31.12.2010	Corporate loans	SME loans	Consumer loans	Total
Performing loans	1.632.308	1.471.806	41.108	3.145.222
Loans under close monitoring	806	9.962	124	10.892
Loans under legal follow – up	59.223	90.738	88	150.049
Total loans	1.692.337	1.572.506	41.320	3.306.163
Specific allowance for impairment (-)	(24.436)	(28.443)	(88)	(52.967)
Collective allowance for impairment(-)	(12.351)	(16.615)	(303)	(29.269)
Total Provisions (-)	(36.787)	(45.058)	(391)	(82.236)
	1.655.550	1.527.448	40.929	3.223.927

The carrying amount of restructured loans is as follows:

	December 31, 2011	December 31, 2010
Banking loans		
Corporate loans	**6.707**	19.646
SME loans	**16**	3.578
	6.723	23.224

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 41 - OTHER ISSUES (cont'd)

41.1 Banking Loans (cont'd)

A reconciliation of the allowance for individual impairment losses on loans is as follows;

	December 31, 2011	December 31, 2010
Balance at January 1	**82.236**	131.659
Charge for the allowance for probable losses	**90.320**	79.359
Collections (-)	**(8.285)**	(128.782)
Balance at the end of the period	**164.271**	82.236

As of December 31, 2011, allowance for impaired loans also includes allowance provided for a portfolio amounting to TRL 56.141 (December 31, 2010: TRL 29.269).

As of December 31, 2011, loans and advances for which interest accrual has not been calculated or or interest is remitted is amounting to TRL 214.311 (December 31, 2010: 150.049).

The TRL 3.498.586 amount of Banking Loans covers (December 31, 2010: TRL 2.788.932) current loans and TRL 779.259 amount covers (December 31, 2010: TRL 434.995) non-current loans.

As of December 31, 2011 and December 31, 2010, information with regard to rating concentration of the financial liabilities is as follows:

	December 31, 2011	December 31, 2010
High grade (A, B)	**%49,32**	%54,61
Standard grade (C)	**%46,26**	%37,58
Sub standard grade (D)	**%3,59**	%4,55
Impaired (E)	**%0,65**	%1,17
Not Traded	**%0,17**	%2,09

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 41 - OTHER ISSUES (cont'd)

41.2 Banking Customers' Deposits

	December 31, 2011	December 31, 2010
Deposits from other banks	**660.555**	309.062
Customers' deposits	**3.528.861**	2.356.021
	4.189.416	2.665.083

Deposits from other banks

	December 31, 2011		December 31, 2010	
	Demand	**Time**	Demand	Time
Foreign currency:				
Domestic banks	**329**	**26.626**	-	-
Foreign banks	**-**	**5.720**	6.662	-
	329	**32.346**	6.662	-
TRL:				
Domestic banks	**19**	**6.507**	11	-
Foreign banks	**-**	**-**	-	1.535
Funds deposited under repurchase agreements	**-**	**621.354**	-	300.854
	19	**627.861**	11	302.389
	348	**660.207**	6.673	302.389

Customers' deposits

	December 31, 2011		December 31, 2010	
	Demand	**Time**	Demand	Time
Foreign currency deposits:				
Saving deposits	**28.495**	**492.945**	21.548	374.533
Commercial deposits	**127.680**	**531.828**	81.312	359.183
	156.175	**1.024.773**	102.860	733.716
TRL:				
Saving deposits	**42.552**	**1.223.473**	26.954	875.772
Commercial deposits	**133.955**	**937.078**	75.457	490.272
Funds deposited under repurchase agreements	**-**	**10.855**	-	15.012
Public sector deposits	**-**	**-**	35.978	-
	176.507	**2.171.406**	138.389	1.381.056
	332.682	**3.196.179**	241.249	2.114.772

As of December 31, 2011, the current portion of the deposits is amounting to TRL 4.189.331 (December 31, 2010: TRL 2.658.295) and the non current portion is amounting to TRL 85 (December 31, 2010: TRL 6.788).

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 41 - OTHER ISSUES (cont'd)

41.3 Funds Borrowed

	December 31, 2011	December 31, 2010
Foreign institutions and banks		
Syndication loans	**415.025**	298.092
Subordinated debt	**274.470**	162.374
Other	**410.021**	176.286
Total foreign	**1.099.516**	636.752
Total domestic	**523.139**	392.274
	1.622.655	1.029.026

There is no letters of guarantee denominated in foreign currency given to the lending institutions as collateral against the loans obtained (December 31, 2010: None).

Funds borrowed amounting to TRL amount of 1.026.703 covers (December 31, 2010: TRL 624.604) current funds borrowed and TRL 595.952 amount covers (December 31, 2010: TRL 404.422) non-current funds borrowed.

41.4 Derivative Financial Instruments

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, futures and options.

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 foreign currency market rates and reliable forward rate estimations in a volatile market, values of foreign currency forward and swap transactions are determined by comparing the period end foreign exchange rates with the forward rates discounted to the balance sheet date.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 41 - OTHER ISSUES (cont'd)

41.4 Derivative Financial Instruments (cont'd)

31.12.2011		**Fair values**	
	Contract / Notional amount	**Assets**	**Liabilities**
Derivatives held for trading			
Foreign exchange derivatives:			
Currency forwards	346.069	2.728	4.959
Currency swaps	838.223	19.023	565
OTC currency options	2.092.318	19.778	19.788
Interest rate swaps	200.000	4.204	-
Total derivatives held for trading	**3.476.610**	**45.733**	**25.312**
Current		36.373	25.312
Non-current		9.360	-
		45.733	**25.312**

31.12.2010		Fair values	
	Contract / Notional amount	Assets	Liabilities
Derivatives held for trading			
Foreign exchange derivatives:			
Currency forwards	183.390	1.279	461
Currency swaps	1.096.657	820	11.917
OTC currency options	423.966	2.790	2.790
Total derivatives held for trading	1.704.013	4.889	15.168
Current		4.485	11.913
Non-current		404	3.255
		4.889	15.168

41.5 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.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 41 - OTHER ISSUES (cont'd)

41.5 Fair Values (cont'd)

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, 2011		December 31, 2010	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
Cash and cash equivalents	**128.394**	**128.394**	72.065	72.065
Held to maturity financial assets	**828.300**	**823.689**	391.159	397.913
Banking loans	**4.277.845**	**4.627.427**	3.223.927	3.389.032
Financial lease receivables	**273.406**	**270.631**	242.313	240.600
	5.507.945	**5.850.141**	3.929.464	4.099.610
Financial Liabilities				
Borrowings	**414.452**	**430.547**	309.869	314.594
Deposits from other banks	**660.555**	**660.666**	309.062	309.062
Customer deposits	**3.528.861**	**3.543.561**	2.356.021	2.361.153
Funds borrowed	**1.622.655**	**1.756.599**	1.029.026	1.038.496
	6.226.523	**6.391.373**	4.003.978	4.023.305

Fair value measurements

Level 1: Market price valuation techniques for the determined financial instruments traded in markets (unadjusted)

Level 2: Other valuation techniques including direct or indirect observable inputs

Level 3: Valuation techniques which does not contain observable market inputs

	December 31, 2011	**Level 1**	**Level 2**	**Level 3**
Financial assets at fair value through profit and loss	**205.839**	**192.548**	**13.291**	**-**
Available for sale financial assets	**290.592**	**290.592**	**-**	**-**
Derivative financial assets	**45.773**	**-**	**45.773**	**-**
Derivative financial liabilities	**25.312**	**-**	**25.312**	**-**

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