YAZICILAR HOLDİNG ANONİM ŞİRKETİ

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2012 TOGETHER WITH INDEPENDENT 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 2012, 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.

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 2012, 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 ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting for the period between 1 January - 31 December 2005. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations of the Group in accordance with IFRS.

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

Burak Özpoyraz, SMMM
Partner

Istanbul, 28 March 2013

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

Consolidated Financial Statements as of December 31, 2012

TABLE OF CONTENTS

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

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2012

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

	Notes	**Audited December 31, 2012**	Audited December 31, 2011
ASSETS			
Current Assets		**6.248.786**	5.164.700
Cash and Cash Equivalents	6	**861.027**	727.369
Financial Instruments	7	**486.374**	409.753
Banking Loans (net)	41.1	**4.275.494**	3.498.586
Trade Receivables (net)	10.1	**168.728**	112.794
Financial Lease Receivables (net)	12.1	**162.216**	129.461
Derivative Financial Instruments	41.4	**8.054**	36.373
Due From Related Parties (net)	37.2	**13.087**	15.972
Other Receivables (net)	11.1	**35.181**	25.655
Biological Assets (net)	14	**-**	10.205
Inventories (net)	13	**153.705**	134.411
Other Current Assets	26.1	**84.920**	64.121
Non-Current Assets		**5.579.510**	4.013.656
Financial Instruments	7	**1.424.314**	936.398
Banking Loans (net)	41.1	**856.248**	779.259
Financial Lease Receivables (net)	12.1	**175.601**	143.945
Derivative Financial Instruments	41.4	**4.454**	9.360
Due from Related Parties (net)	37.2	**6.514**	6.325
Other Receivables (net)	11.2	**16.035**	30.506
Investments Accounted Through Equity Method	16	**2.135.356**	1.383.816
Goodwill	20	**35.344**	35.344
Assets Held For Sale (net)	34	**16.338**	29.802
Property, Plant and Equipment (net)	18	**746.422**	552.652
Intangible Assets (net)	19	**33.336**	14.115
Deferred Tax Assets	35.1	**53.220**	37.495
Other Non-Current Assets	26.2	**76.328**	54.639
TOTAL ASSETS		**11.828.296**	9.178.356

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

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2012

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

	Notes	**Audited December 31, 2012**	Audited December 31, 2011
LIABILITIES			
Current Liabilities		**7.495.033**	5.832.574
Short-Term Borrowings (net)	8	**385.112**	145.594
Current Portion of Long-Term Borrowings (net)	8	**123.658**	94.784
Trade Payables (net)	10.2	**108.195**	88.905
Banking Customer Deposits	41.2	**5.545.254**	4.189.331
Funds Borrowed	41.3	**1.043.139**	1.026.703
Blocked Accounts		**53.470**	92.706
Due to Related Parties (net)	37.3	**103**	475
Other Payables	11.3	**42.593**	53.445
Provisions	22	**31.199**	17.279
Income Tax Payable	35.3	**5.096**	5.344
Derivative Financial Instruments	41.4	**21.033**	25.312
Provisions for the Employee Benefits	24	**25.223**	17.056
Other Current Liabilities (net)	26.3	**110.958**	75.640
Non-Current Liabilities		**857.073**	808.980
Long-Term Borrowings (net)	8	**291.075**	174.074
Banking Customer Deposits	41.2	**7.948**	85
Funds Borrowed	41.3	**506.031**	595.952
Other Payables	11.3	**349**	408
Derivative Financial Instruments	41.4	**1.053**	-
Provisions for the Employee Benefits	24	**24.445**	18.337
Deferred Tax Liability	35.1	**26.045**	19.487
Other Liabilities (net)	26.3	**127**	637
EQUITY		**3.476.190**	2.536.802
Equity Attributable to Equity Holders of the Parent		**2.814.086**	1.992.312
Paid-in Share Capital	27	**160.000**	160.000
Share Premium		**9.474**	9.474
Revaluation Funds	27	**23.794**	1.298
Restricted Reserves Allocated from Net Profit	27	**21.832**	18.381
Currency Translation Differences		**44.252**	112.551
Other Reserves		**(2.947)**	(3.877)
Cash Flow Hedge Reserve		**31**	**-**
Non-controlling Interest Put Option Liability Reserve		**(2.501)**	**-**
Net Income		**907.633**	140.299
Retained Earnings	**27**	**1.652.518**	1.554.186
Non-Controlling Interest		**662.104**	544.490
TOTAL LIABILITIES AND EQUITY		**11.828.296**	9.178.356

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2012

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

	Notes	**Audited 01.01.2012 – 31.12.2012**	Audited 01.01.2011 – 31.12.2011
CONTINUING OPERATIONS			
Revenue (net)	28	**1.374.737**	1.127.689
Cost of Sales (-)	28	**(1.128.494)**	(913.923)
Service Income (net)	28	**48.737**	50.831
Gross Profit from Trading Operations		**294.980**	264.597
Interest and Other Income	28	**936.101**	589.909
Interest and Other Expense (-)	28	**(439.300)**	(281.235)
Gross Profit from Financial Operations		**496.801**	308.674
GROSS PROFIT		**791.781**	573.271
Marketing, Selling and Distribution Expenses (-)	29	**(94.430)**	(75.601)
General Administrative Expenses (-)	29	**(303.193)**	(263.078)
Research and Development Expenses (-)	29	**(1.177)**	(1.818)
Other Operating Income	31.1	**726.478**	19.276
Other Operating Expense (-)	31.2	**(207.012)**	(126.393)
OPERATING INCOME		**912.447**	125.657
Gain/(Loss) from Investments Accounted Through Equity Method	16	**184.096**	128.852
Financial Income	32	**76.328**	78.407
Financial Expense (-)	33	**(113.959)**	(142.583)
INCOME BEFORE TAX FROM CONTINUING OPERATIONS		**1.058.912**	190.333
Tax Income/(Expense) from Continuing Operations		**(34.970)**	(18.010)
- Current Period Tax Expense (-)	35.2	**(44.157)**	(16.641)
- Deferred Tax Income/(Expense)	35.2	**9.187**	(1.369)
NET INCOME FOR THE PERIOD FOR CONTINUING OPERATIONS		**1.023.942**	172.323
Attributable to:			
- Non-Controlling Interests		**116.309**	32.024
- Equity Holders of the Parent		**907.633**	140.299
Earnings per share (full TRL)	36	**5,67**	0,88

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). On March 6, 2012, it has been resolved to increase Anadolu Efes’s issued capital to TRL 592.105, while the shareholders’ right to purchase new shares has been restricted. The newly issued 142.105.263 bearer shares, which are above the nominal values, were allocated on the name of SABMiller AEL, a subsidiary of SABMiller. SABMiller AEL has made the 142.105.263 share purchase transaction for full TRL 23,08 per each share and TRL 142.105 issued capital and TRL 3.137.684 share premium have been recorded in equity in Anadolu Efes 's consolidated financials according to this transaction. As a result of these operations, the Group’s effective shareholding rate in Anadolu Efes decreased to 27,66% from 36,39%. With the decrease of the Group's effective shareholding rate in Anadolu Efes, the Group’s share in capital increase with share premium amounting to TRL 3.279.789 in Anadolu Efes's equity corresponding to Group's new effective shareholding rate amounting to TRL 706.774 recorded in "other operating income" account in year-end consolidated income statement (Note 31.1).

Although this is not a trading transaction in fact, a non-recurring gain is accounted according to the International Financial Reporting Standards. If this non-recurring gain was not accounted, the Group's net income for the period for continuing operations would be TRL 317.168 and the net income attributable to equity holders of the parent would be TRL 247.134 for the year ended December 31, 2012.

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

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2012

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

	Audited 01.01.2012 – 31.12.2012	Audited 01.01.2011 – 31.12.2011
Net Income from Continuing Operations	**1.023.942**	172.323
Change in revaluation funds of available for sale financial assets, net of tax	**15.689**	(5.752)
Currency translation difference	**(3.138)**	9.341
Group's share in other comprehensive income of investments accounted through equity method, net of tax	**(29.001)**	109.735
Other Comprehensive Income/(Loss), (net of tax)	**(16.450)**	113.324
Total Comprehensive Income	**1.007.492**	285.647
Attributable to:		
Non-controlling interests	**119.753**	39.451
Equity holders of the parent	**887.739**	246.196

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, 2012

(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	Cash Flow Hedge Reserves (Note 16)	Non-Controlling Interest Put Option Liability Reserve (Note 16)	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	-	-	-	-	-	(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
As of January 1, 2012	**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**
Transfer of net income to the retained earnings	-	-	-	3.451	-	-	-	-	(140.299)	136.848	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	(40.000)	(40.000)	(5.034)	(45.034)
Capital increase of non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	9.608	9.608
Reclassification as a result of change in share of investments accounted through equity method (Note 16)	-	-	(1.497)	-	(24.381)	930	-	-	-	-	(24.948)	(1.720)	(26.668)
Effect of change in subsidiary consolidation rate	-	-	-	-	-	-	-	-	-	1.484	1.484	(4.821)	(3.337)
Non-controlling interest put option liability (Note 16)	-	-	-	-	-	-	-	(2.501)	-	-	(2.501)	(172)	(2.673)
Other comprehensive income/(expense)	-	-	23.993	-	(43.918)	-	31	-	-	-	(19.894)	3.444	(16.450)
Net income	-	-	-	-	-	-	-	-	907.633	-	907.633	116.309	1.023.942
Total comprehensive income/(expense)	-	-	23.993	-	(43.918)	-	31	-	907.633	-	887.739	119.753	1.007.492
As of December 31, 2012	**160.000**	**9.474**	**23.794**	**21.832**	**44.252**	**(2.947)**	**31**	**(2.501)**	**907.633**	**1.652.518**	**2.814.086**	**662.104**	**3.476.190**

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, 2012

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

	Notes	Audited 01.01.2012 – 31.12.2012	Audited 01.01.2011 – 31.12.2011
Cash flow from operating activities			
Income before tax from continuing operations		**1.058.912**	190.333
Adjustments for:			
Gain from disposal of property, plant and equipment, and intangible assets		**(9.630)**	(17.969)
Depreciation and amortization	18, 19	**64.467**	44.131
Provision for possible loan losses and impairment in receivables		**66.650**	109.994
Reversal of warranty provision	22	**154**	(3.005)
Provision for vacation pay liability	24	**1.348**	992
Provision for employee termination benefits	24	**10.636**	6.324
Provision for bonus	24	**6.819**	(624)
Other provisions		**13.766**	4.816
Provision for inventories/(reversal)	13	**(216)**	380
Foreign exchange gain/(loss)		**(12.229)**	69.773
Interest expenses		**111.627**	69.382
Gain from investments accounted through equity method		**(184.096)**	(128.852)
Gain on sale of share in associate	31.1	**(706.774)**	-
Change in derivative financial instruments – assets	41.4	**33.225**	(40.844)
Change in derivative financial instruments – liabilities	41.4	**(3.226)**	10.144
Other non-cash income		**2.540**	398
Operating profit before changes in operating assets and liabilities		**453.973**	315.373
Change in financial assets		**(548.847)**	(743.627)
Change in reserve deposits at Central Bank	6	**24.323**	(147.209)
Change in banking loans		**(910.201)**	(1.144.238)
Change in trade and other receivables and due from related parties		**(127.996)**	(74.659)
Change in inventories		**(8.873)**	(46.651)
Change in other assets		**(38.822)**	(25.555)
Change in trade and other payables and due to related parties		**42.815**	47.159
Change in banking customer deposits		**1.363.786**	1.524.333
Change in blocked accounts		**(39.236)**	(1.579)
Change in assets held for sale		**13.464**	2.985
Purchase of motor vehicles for operational fleet leasing business	18	**(177.419)**	(173.589)
Proceeds from resale of motor vehicles for operational fleet leasing business		**47.336**	38.724
Employee termination benefits paid	24	**(4.528)**	(4.583)
Taxes paid	35.3	**(44.405)**	(13.089)
Net cash provided by/(used) in operating activities		**45.370**	(446.205)
Cash flows used in investing activities			
Purchase of property, plant and equipment, investment property and intangible asset	18, 19	**(153.968)**	(87.954)
Proceeds from sale of property, plant and equipment, and intangible asset		**9.055**	9.794
Purchase of financial assets and participation in capital increase		**(8.863)**	(11.589)
Establishment cost of joint ventures		**-**	(1.134)
Net cash used in investing activities		**(153.776)**	(90.883)
Cash flows provided by financing activities			
Dividends and other cash flows from equity participations		**89.956**	95.606
Capital increase of non-controlling interest shareholders		**9.608**	9.123
Capital decrease of non-controlling interest shareholders		**-**	(7.738)
Dividends paid to non-controlling interest shareholders		**(5.034)**	(11.309)
Dividends paid		**(40.000)**	(40.000)
Proceeds from borrowings from banks and other institutions		**5.716.300**	2.331.267
Repayments of borrowings and interest from banks and other institutions		**(5.442.796)**	(1.742.168)
Interest paid (-)		**(57.601)**	(30.383)
Net cash provided by financing activities		**270.433**	604.398
Currency translation on cash and cash transaction		**(4.046)**	3.014
Net increase in cash and cash equivalents		**157.981**	70.324
Cash and cash equivalent at the beginning of the period	6	**472.981**	402.657
Total cash and cash equivalent at the end of the period		**630.962**	472.981
Interest income		**19.271**	46.965
Dividend income		**329**	26

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, 2012 are authorized for issue by the Board of Directors on March 28, 2013, 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 7.308 (December 31, 2011: 6.611).

List of Shareholders

As of December 31, 2012 and December 31, 2011 the composition of shareholders and their respective percentage of shareholding rates can be summarized as follows:

	December 31, 2012		December 31, 2011	
	Amount	**%**	Amount	%
Yazıcı Families	**61.203**	**38,25**	62.203	38,88
Kamil Yazıcı Yönetim ve Danışma A.Ş.	**53.600**	**33,50**	53.600	33,50
Publicly traded (*)	**45.197**	**28,25**	44.197	27,62
Paid-in share capital	**160.000**	**100,00**	160.000	100,00

(*) As of December 31, 2012 TRL 4.944 of the publicly traded portion, which is 3,09% of the paid-in share capital, is owned by Kamil Yazıcı Yönetim ve Danışma A.Ş. (December 31, 2011: TRL 4.053 of the publicly traded portion, which is 2,533% 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, 2012 and December 31, 2011 are as follows:

	Place of incorporation	Principal activities	Segment	Effective shareholding and voting rights % December 31, 2012	December 31, 2011
Anadolu Endüstri Holding A.Ş. (AEH)	Turkey	Holding company	Other	**68,00**	68,00
Alternatifbank A.Ş. (ABank) (1) (6)	Turkey	Banking services	Finance	**61,11**	61,76
Alternatif Yatırım A.Ş. (A Yatırım) (6)	Turkey	Brokerage company	Finance	**61,11**	61,76
Alternatif Finansal Kiralama A.Ş. (ALease) (7)	Turkey	Leasing company	Finance	**65,16**	64,94
Alternatif Yatırım Ortaklığı A.Ş. (AYO) (1) (3) (6)	Turkey	Investment company	Finance	**40,03**	32,49
Çelik Motor Ticaret A.Ş. (Çelik Motor)	Turkey	Import, distribution and marketing of 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	Inactive	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)	Turkey	Arrangement of travelling and organization facilities of the Group	Retailing	**67,92**	67,92
Anadolu Bilişim Hizmetleri A.Ş. (ABH) (6)	Turkey	IT, internet and e-commerce services	Retailing	**65,15**	65,77
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) (8)	Turkey	Import, distribution and marketing of Geely motor vehicles, sale of Cooper Tires, Starfire and Avon tires	Automotive	**67,97**	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) (9)	Netherlands	Inactive	Other	**-**	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)	Turkey	Inactive	Automotive	**67,97**	67,97
Georgian Urban Energy LLC (GUE)	Georgia	Production and sale of electricity (Investment in progress)	Other	**61,20**	61,20
AEH Anadolu GayrimenkulYatırımları A.Ş.	Turkey	Purchase, sale and rental of real estate	Other	**67,99**	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) Anadolu Efes Biracılık ve Malt San. A.Ş., an associate of the Company, issued 142.105.263 bearer shares and increased its capital by 24%. The newly issued shares had been transferred to SABMiller Anadolu Efes Limited (SABMiller AEL). As a result, the indirect shareholding rate of Yazıcılar in ABank and A Yatırım decreased by 0,65%, in AYO decreased by 0,35% and in ABH decreased by 0,62%.
(7) AEH purchased 0,31% shares of ALease on February 6, 2012. As a result, the indirect shareholding rate of Yazıcılar is increased by 0,22%.
(8) Only Anadolu Motor, shareholder of Anadolu Araçlar, has participated the capital increases of Anadolu Araçlar dated June 29, 2012, December 17, 2012 and December 28 2012. As a result, Yazıcılar Holding A.Ş. has 67,97% stake at Anadolu Araçlar.
(9) Based on the decision dated January 10, 2012, liquidation process of Anatolia Energy has started and after the completion of liquidation procedures on May 22, 2012 Anatolia Energy is liquidated.

(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, 2012 and December 31, 2011 are as follows:

	Country of incorporation	Main activities	Effective shareholding and voting rights %	
			December 31, 2012	December 31, 2011
Anadolu Efes Biracılık ve Malt San. A.Ş. (Anadolu Efes) (*)	Turkey	Production of beer	**27,66**	36,39

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

On March 6, 2012, Anadolu Efes Board of Directors' decided to increase the Company's issued capital to TRL 592.105, while the shareholders' right to purchase new shares has been restricted. The newly issued 142.105.263 bearer shares, which are above the nominal values, were allocated on the name of SABMiller Anadolu Efes Limited (SABMiller AEL), a subsidiary of SABMiller and issued shares had been transferred to SABMiller in İstanbul Stock Exchange - Wholesale Market on March 14, 2012. As a result, The Group's effective shareholding rate in Anadolu Efes is 27,66%.

Joint Ventures

The investments in joint ventures included in consolidation by equity method and their shareholding percentages at December 31, 2012 and December 31, 2011 are as follows:

	Country of incorporation	Main activities	Effective shareholding and voting rights %	
			December 31, 2012	December 31, 2011
Anadolu Isuzu Otomotiv San. ve Tic. A.Ş. (Anadolu Isuzu) (*)	Turkey	Manufacturing and selling of Isuzu brand 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**	19,34

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

Basis of Preparation of Financial Statements

The consolidated financial statements of the Group have been prepared in accordance with the financial reporting standards ("CMB Financial Reporting Standards") accepted by the Capital Markets Board of Turkey ("CMB"). CMB regulated the principles and procedures of preparation, presentation and announcement of financial statements prepared by the entities with the Communiqué No: XI-29, "Principles of Financial Reporting in Capital Markets" ("the Communiqué"). According to the Communiqué, entities shall prepare their financial statements in accordance with International Financial Reporting Standards ("IAS/IFRS") endorsed by the European Union. Until the differences of the IAS/IFRS as endorsed by the European Union from the ones issued by the International Accounting Standards Board ("IASB") are announced by Public Oversight Accounting and Auditing Standards Authority (formerly Turkish Accounting Standards Board) , IAS/IFRS issued by the IASB shall be applied. Accordingly, Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/TFRS") issued by the Public Oversight Accounting and Auditing Standards Authority which are in line with the aforementioned standards shall be considered.

(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 have been prepared within the framework of Communiqué XI, No: 29 and related promulgations to this Communiqué as issued by the CMB in accordance with CMB Financial Reporting Standards which is based on IAS/IFRS. The financial statements and the related notes to them are presented in accordance with the formats recommended by the CMB with the promulgation including the compulsory disclosures.

Yazıcılar Holding and its joint ventures and its subsidiary which are registered in Turkey maintain their books of account and prepare their statutory financial statements in accordance with the Turkish Commercial Code (the "TCC"), Banking Law, tax legislation and the Uniform Chart of Accounts issued by the Republic of Turkey Ministry of Finance. The foreign subsidiaries and joint ventures maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered These consolidated financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the CMB Financial Reporting Standards. The consolidated financial statements have been prepared based on the historical cost conversion excluding the financial assets and liabilities which have been recognized at their fair values.

The preparation of the consolidated financial statements in conformity with CMB Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated interim financial statements are disclosed in Note 2.

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 currencies of foreign subsidiaries are as follows:

		December 31, 2012	December 31, 2011
	Local Currency	**Functional Currency**	Functional Currency
AEH und Co.	EUR	**EUR**	EUR
Oyex	EUR	**EUR**	EUR
Anatolia Energy	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 2011 Consolidated Financial Statements

In order to be consistent with the current period's presentation, second hand leased assets sales revenue amounting to TRL 37.054 in "Cost of sales" account has been reclassified into "Revenue" account in consolidated income statement as of December 31, 2011.

Changes in Accounting Policies

New standards and interpretations

The accounting policies adopted in the preparation of the consolidated financial statements as at December 31, 2012 are consistent with those followed in the preparation of the consolidated financial statements for the year ended 31 December 2011, 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, 2012. These standards do not have an effect on the Group's financial statements:

- IFRS 7 (amendment), "Financial instruments: Disclosures on transfers of assets", is effective for annual periods beginning on or after 1 July 2011. This amendment 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, particularly those involving securitisation of financial assets.

- IFRS 1 (amendment), "First-time adoption of IFRS", is effective for annual periods beginning on or after 1 July 2011. The 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.

- IAS 12 (amendment), "Income taxes" on deferred tax, 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.

The new standards which are issued as of December 31, 2012 but will be effective after January 1, 2013:

- 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. Early adoption is permitted.

- IAS 1 (amendment), "Presentation of financial statements", regarding other comprehensive income 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 reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. Early adoption is permitted.

- IFRS 10, "Consolidated financial statements", is effective for annual periods beginning on or after 1 January 2013. The 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 of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. This new standard might impact the entities that a group consolidates as its subsidiaries.

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

- IFRS 11, "Joint arrangements", is effective for annual periods beginning on or after 1 January 2013. IFRS 11 is 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.

- IFRS 12, "Disclosures of interests in other entities", is effective for annual periods beginning on or after 1 January 2013. The 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 10, 11 and 12 on transition guidance (amendment), is effective for annual periods beginning on or after 1 January 2012. The amendment also provide additional transition relief in IFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosure related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for the periods before IFRS 12 is applied.

- IFRS 13, "Fair value measurement", is effective for annual periods beginning on or after 1 January 2013. The 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 (revised), "Separate financial statements", is effective for annual periods beginning on or after 1 January 2013. The 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 (revised), "Associates and joint ventures", is effective for annual periods beginning on or after 1 January 2013. The standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.

- IFRS 7 (amendment), "'Financial instruments: Disclosures', on offsetting financial assets and financial liabilities", is effective for annual periods beginning on or after 1 January 2013. These new disclosures are intended to facilitate comparison between those entities that prepare IFRS financial statements and those that prepare US GAAP financial statements.

- IAS 32 (amendment), "'Financial instruments: Presentation', on offsetting financial assets and financial liabilities", is effective for annual periods beginning on or after 1 January 2014. The amendment updates the application guidance in IAS 32, 'Financial instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.

- IFRS 1 (amendment), "'First time adoption', on government loans", is effective for annual periods beginning on or after 1 January 2013. The amendment addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRS.

- Annual Improvements to IFRSs 2011 is effective for annual periods beginning on or after 1 January 2013. Amendments affect five standards: IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34.

- IFRS 9, "Financial instruments: Classification and Measurement", is effective for annual periods beginning on or after 1 January 2015. The standard addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments.

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

- IFRS 10, (amendment) "Consolidated Financial Statements", IFRS 12 and IAS 27 for investment entities is effective for annual periods beginning on or after 1 January 2013. These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an "investment entity" definition and which display particular characteristics. Changes have also been made IFRS 12 to introduce disclosures that an investment entity needs to make.

- IFRIC 20, This interpretation sets out the accounting for overburden waste removal (stripping) costs in the production phase of a mine.

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, 2012, impairment test for goodwill is generated by comparing its carrying amount with the recoverable amount. The recoverable amount is determined taking the value in use calculation as basis. As explained in Note 40 and as it is announced in Public Disclosure Platform on March 18, 2013, the Group has signed Share Purchase Agreement for the sale of 70,84% of the shares of ABank for 2 times of the total equity attributable to equity holders of the parent as of 30 June 2013. Related to this share purchase agreement, , as the sales price of ABank exceeds the total of carrying amount of the net assets and the goodwill included in the consolidated financial statements as of December 31, 2012, the Group has concluded that there is no impairment on goodwill as of December 31, 2012.

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 is subject to collection risk considering the current economical conditions. During the impairment test for the receivables, the debtors, other than the key accounts and related parties, are assessed with their prior year performances, their credit risk in the current market, their performance after the balance sheet date up to the issuing date of the financial statements; and also the renegotiation conditions with these debtors are considered. The provision for doubtful receivables is 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.

Provisions for Loans, Non-Performing Receivables and Lease Receivable

The Group reviews its individually significant loans and advances in each balance sheet date to assess whether an impairment loss should be recorded in the income statement. In particular, judgement of management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, the Group makes judgements about the borrower's financial situation and the net realizable value of the collateral. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance. Related allowances for related balance sheet dates are reflected in Note 12.1, 22 and 41.1.

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 its percentage of completion when it is calculated reliably. In the case that it cannot 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, labor 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, 2011: 70%). 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	Lower of lease period or useful life

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 impairment of goodwill

Goodwill represents the excess of the cost of the acquisition over the fair value of identifiable net assets of a subsidiary, associate or joint venture at the date of acquisition. 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 capitalized as part of the cost of that asset. Capitalization 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 recognized 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 cannot be measured reliably are recognized at cost less impairment.

Trade Receivables and Payables

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

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

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

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 cannot 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 certainty 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, investing 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 impairment loss should be recorded in the income statement. In particular, judgement of management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, the Group makes judgements about the borrower's financial situation and the net realizable value of the collateral. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

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

Interest accrual for "loans in arrears" is 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 carried at fair value as of balance sheet dates which are accounted for in accordance with IAS 41 "Agriculture".

NOTE 3 - BUSINESS COMBINATIONS

Transactions for the year of 2012

None.

Transactions for the year of 2011

None.

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

NOTE 4 - JOINT VENTURES

Joint Ventures

			December 31, 2012			December 31, 2011		
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	**64.351**	**37,56**	**487**	67.840	37,56	5.130
Ana Gıda	Production and marketing of olive oil under Kırlangıç, Komili and Madra Brands, sunflower and corn oil	Turkey	**36.968**	**37,57**	**(4.058)**	41.026	37,57	(4.641)
Aslancık	Production of electricity	Turkey	**19.418**	**22,67**	**2.234**	9.435	22,67	(4.046)
D Tes	Wholesale of electricity	Turkey	**74**	**17,00**	**(15)**	89	17,00	(28)
Faber-Castell Anadolu LLC	Trading of all kinds of stationery	Russia	**337**	**19,34**	**(1.619)**	854	19,34	(279)
			121.148		**(2.971)**	119.244		(3.864)

(*) 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, 2012	December 31, 2011
Anadolu Isuzu		
Total assets	**425.819**	352.219
Total liabilities	**259.753**	177.073
Net assets	**166.066**	175.146
Group's interest in net assets	**64.351**	67.840
Revenues	**537.302**	474.008
Net income for the period	**1.269**	13.353
Group's share in net income of the joint venture	**487**	5.130

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

	December 31, 2012	December 31, 2011
Ana Gıda		
Total assets	**171.163**	148.828
Total liabilities	**96.809**	67.128
Net assets	**74.354**	81.700
Group's interest in net assets	**36.968**	41.026
Revenues	**243.702**	214.168
Net loss for the period	**(7.346)**	(8.400)
Group's share in net loss of the joint venture	**(4.058)**	(4.641)

(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, 2012	December 31, 2011
Other joint ventures		
Total assets	**327.480**	185.864
Total liabilities	**268.304**	155.516
Net assets	**59.176**	30.348
Group's interest in net assets	**19.829**	10.378
Revenues	**5.297**	-
Net gain / (loss) for the period	**3.405**	(12.812)
Group's share in net Gain / (loss) of the joint ventures	**600**	(4.353)

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, 2012	**Financial institutions**	**Automotive**	**Retailing**	**Other**	**Unallocated**	**Consolidated**
Sales	936.101	729.493	635.939	58.042	-	2.359.575
Inter-segment sales	1.955	5.661	14.176	10.869	(32.661)	-
Total Sales	**938.056**	**735.154**	**650.115**	**68.911**	**(32.661)**	**2.359.575**
GROSS PROFIT	**491.733**	**143.301**	**136.898**	**37.573**	**(17.724)**	**791.781**
Marketing, selling, and distribution expenses (-)	-	(48.943)	(47.381)	(78)	1.972	(94.430)
General administrative expenses (-)	(187.054)	(33.214)	(48.658)	(59.593)	25.326	(303.193)
Research and development expenses (-)	-	(1.349)	-	-	172	(1.177)
Other operating income	11.324	9.119	1.273	11.334	693.428	726.478
Other operating expense (-)	(191.757)	(3.441)	(9.136)	(2.501)	(177)	(207.012)
OPERATING INCOME	**124.246**	**65.473**	**32.996**	**(13.265)**	**702.997**	**912.447**
Gain/Loss from the investments accounted through equity method (*)	-	-	(1.619)	-	185.715	184.096
Financial income	34.494	16.660	2.451	29.778	(7.055)	76.328
Financial expense (-)	(54.140)	(43.558)	(9.909)	(7.990)	1.638	(113.959)
INCOME BEFORE TAX FROM CONTINUING OPERATIONS	**104.600**	**38.575**	**23.919**	**8.523**	**883.295**	**1.058.912**
Tax Income/(Expense) from Continuing Operations	**(21.722)**	**(7.170)**	**(5.285)**	**(792)**	**(1)**	**(34.970)**
- Current period tax expense (-)	(35.887)	(781)	(6.752)	(737)	-	(44.157)
- Deferred tax income / (expense)	14.165	(6.389)	1.467	(55)	(1)	9.187
NET INCOME FOR THE PERIOD	**82.878**	**31.405**	**18.634**	**7.731**	**883.294**	**1.023.942**
Attributable to:						
- Non-controlling interest	1.597	(512)	-	(128)	115.352	116.309
- Equity holders of the parent	81.281	31.917	18.634	7.859	767.942	907.633
Total Assets (**)	**8.270.158**	**726.620**	**352.744**	**1.786.409**	**692.365**	**11.828.296**
Investments accounted through equity method	-	-	-	-	2.135.356	2.135.356
Total Liabilities	**7.595.316**	**472.583**	**131.742**	**205.134**	**(52.669)**	**8.352.106**
Property, plant and equipment and intangible asset purchases	23.735	186.655	66.568	90.018	(35.589)	331.387
Depreciation and amortization	9.800	36.607	16.677	2.056	(673)	64.467

(*) Income recognized from Anadolu Efes, Anadolu Isuzu and Aslancık amounting to TRL 189.788 and expense recognized from Ana Gıda, D Tes and Faber Castel Anadolu LLC amounting to TRL 5.692 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, 2011	Financial institutions	Automotive	Retailing	Other	Unallocated	Consolidated
Sales	589.910	588.176	535.018	55.325	-	1.768.429
Inter-segment sales	1.050	4.939	10.449	10.530	(26.968)	-
Total Sales	590.960	593.115	545.467	65.855	(26.968)	1.768.429
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 from Ana Gıda, 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)

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

Associate: The Group's effective shareholding rate for Anadolu Efes is 27,66% (December 31, 2011: 36,39%). 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, 2012 and December 31, 2011 are reflected in "gain/loss from the investments accounted through equity method" line of the consolidated income statement as gain amounting to TRL 187.067 and gain amounting to TRL 132.716 respectively.

NOTE 6 - CASH AND CASH EQUIVALENTS

	December 31, 2012	December 31, 2011
Non-Banking	**159.954**	95.946
Banking	**471.008**	377.035
Cash and cash equivalents in the consolidated cash flow statement	**630.962**	472.981
Banking		
-Reserve deposits at Central Bank	**230.065**	254.388
	861.027	727.369

Non-Banking

The details of cash and cash equivalents are as follows:

	December 31, 2012	December 31, 2011
Cash on hand	**1.548**	2.207
Cash in banks	**157.010**	93.336
Other	**1.396**	403
	159.954	95.946

	December 31, 2012			December 31, 2011		
	Amount	**Maturity**	**Interest rate %**	Amount	Maturity	Interest rate %
Cash in banks						
Demand deposit	**25.102**			17.650		
-EUR	**2.095**	-	-	2.844	-	-
-USD	**2.035**	-	-	108	-	-
-GBP	**115**	-	-	99	-	-
-TRL	**20.849**	-	-	14.599	-	-
-GEL	**8**	-	-	-	-	-
Time deposit	**131.908**			75.686		
-EUR	**3.774**	**1 – 59 days**	**0,25 – 1,25**	6.260	11 – 81 days	0,75 – 1,80
-USD	**35.534**	**8 – 36 days**	**3,25 – 12,00**	46.446	1 – 75 days	6,00 – 11,30
-TRL	**92.600**	**1 – 39 days**	**5,00 – 9,00**	22.929	1 – 42 days	5,25 – 12,25
-GEL	**-**	**-**	**-**	51	1 day	8,00 – 12,50
	157.010			93.336		

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

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

Banking

	December 31, 2012	December 31, 2011
Cash on hand	**56.979**	46.021
-Foreign currency	**30.915**	25.928
-TRL	**25.704**	20.093
-Other	**360**	-
Demand deposits at Central Bank	**340.253**	202.620
-Foreign currency	**64.388**	59.725
-TRL	**275.865**	142.895
Reserve deposits at Central Bank	**230.065**	254.388
-Foreign currency	**230.065**	254.388
Cash and balances with the Central Bank	**627.297**	503.029
Deposits with banks and other financial institutions	**73.776**	128.394
	701.073	631.423

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.

The required reserves can be kept in Turkish Lira, American Dollar and/or Euro and standard gold form. The reserve rates for TRL liabilities vary between 5% and 11% for TRL deposits and other liabilities according to their maturities as of December 31, 2012 (December 31, 2011: 5% and 11% for all TRL liabilities) The reserve rates for foreign currency liabilities vary between 6% and 11,5% for deposits and other foreign currency liabilities according to their maturities as of December 31, 2012 (December 31, 2011: 6% and 11% for all foreign currency liabilities) according to the maturity structure.

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, 2012	December 31, 2011
Non-Banking	**31.680**	27.938
Banking	**1.879.008**	1.318.213
	1.910.688	1.346.151

<u>Non-Banking</u>

	December 31, 2012		December 31, 2011	
	Amount	**Effective interest rate %**	Amount	Effective interest rate %
Investment funds	**745**	**-**	767	-
Shares listed on the ISE	**3.642**	**-**	6.518	-
Corporate bonds and bills	**621**	**-**	-	-
Time deposits	**20.213**	**-**	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	
	31.680		27.938	

<u>Banking</u>

	December 31, 2012	December 31, 2011
Financial assets at fair value through profit and loss	**50.255**	199.321
Available for sale financial assets	**783.046**	290.592
Held to maturity financial assets	**1.045.707**	828.300
	1.879.008	1.318.213

Financial assets at fair value through profit and loss

	December 31, 2012	December 31, 2011
Financial assets at fair value through profit and loss		
Debt instruments		
-Government bonds and treasury bills	**6.941**	136.021
-Government bonds and treasury bills sold under repurchase agreements	**439**	25.580
-Other	**22.340**	13.291
	29.720	174.892
Other		
-Listed on the ISE	**20.535**	24.429
	20.535	24.429
Total financial assets at fair value through profit and loss	**50.255**	199.321

(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, 2012	December 31, 2011
Available-for-sale financial assets at fair value		
-Government bonds and treasury bills	**725.869**	290.592
- Corporate bonds and bills	**57.177**	-
Total available-for-sale financial assets	**783.046**	290.592

Held to maturity financial assets

	December 31, 2012	December 31, 2011
Held to maturity financial assets		
Debt instruments		
-Government bonds and treasury bills	**114.575**	311.323
-Corporate bonds and treasury bills	**-**	42.021
-Government bonds and treasury bills sold under repurchase agreements	**931.132**	474.956
Total held to maturity financial assets	**1.045.707**	828.300

Movement of financial assets is as follows:

	December 31, 2012		
	Available for sale financial assets	**Held to maturity financial assets**	**Total**
Balance at January 1, 2012	**290.592**	**828.300**	**1.118.892**
Additions	**13.746.468**	**684.281**	**14.430.749**
Disposals (Sale and/or redemption)	**(13.273.627)**	**(464.809)**	**(13.738.436)**
Change in fair value	**19.613**	**(2.065)**	**17.548**
Balance at the end of the period	**783.046**	**1.045.707**	**1.828.753**

	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

As of December 31, 2012, 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 73.537 and the cost of it is TRL 65.939 (December 31, 2011: TRL 168.316 and TRL 159.991).

Current financial assets is TRL 486.374 (December 31, 2011: TRL 409.753) and non-current financial assets is TRL 1.424.314 (December 31, 2011: TRL 936.398).

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

NOTE 8 - BORROWINGS

	December 31, 2012	December 31, 2011
Non-Banking	**603.721**	414.452
Banking	**196.124**	-
	799.845	414.452

Non-Banking

	December 31, 2012	December 31, 2011
Bank borrowings	**238.849**	145.594
Current portion of long term borrowings	**123.489**	94.784
Short term borrowings	**362.338**	240.378
Bank borrowings	**241.383**	174.074
Long term borrowings	**241.383**	174.074
Total borrowings	**603.721**	414.452

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

NOTE 8 - BORROWINGS (cont'd)

As of December 31, 2012, the Group does not have any secured bank borrowings (December 31, 2011: None).

		December 31, 2012			December 31, 2011	
Short term	**Amount**	**Fixed interest rate**	**Floating interest rate**	Amount	Fixed interest rate	Floating interest rate
Borrowing in Turkish Lira	**199.198**	**5,6% - 13,5%**	**-**	63.783	6,3% - 16,3%	-
Borrowing in foreign currency (EUR)	**120.502**	**2,9% - 6,3%**	**-**	131.323	2,9% - 9,7%	-
Borrowing in foreign currency (USD)	**42.638**	**4,9% - 6,1%**	**Libor + (3,5% - 4,2%)**	45.272	3,6% - 6,0%	Libor + (2,3% - 3,5%)
	362.338			240.378		
Long term	**Amount**	**Fixed interest rate**	**Floating interest rate**	Amount	Fixed interest rate	Floating interest rate
Borrowing in Turkish Lira	**45.333**	**5,6% - 13,5%**	**-**	48.957	10,2% - 13,5%	-
Borrowing in foreign currency (EUR)	**44.952**	**3,7% - 6,3%**	**-**	65.343	2,9% - 9,7%	-
Borrowing in foreign currency (USD)	**151.098**	**5,6% - 6,1%**	**Libor + (3,5% - 4,2%)**	59.774	6,0%	Libor + (3,5%)
	241.383			174.074		
	603.721			414.452		

Repayments schedules of long-term borrowings are as follows:

	December 31, 2012	December 31, 2011
2013	**-**	36.597
2014	**58.694**	83.950
2015	**72.881**	11.662
2016	**18.717**	19.833
2017 and thereafter	**91.091**	22.032
	241.383	174.074

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

NOTE 8 - BORROWINGS (cont'd)

Banking

ABank, the subsidiary of the Company, issued bonds with a maturity of 178 days and redemption dated May 13, 2013. The carrying amount of the bonds amounted to TRL 146.263 as of December 31, 2012 (December 31, 2011: None) Alease, the subsidiary of the Company issued bonds with maturity of 2 years and redemption dated September 15, 2014. (December 31, 2011: None). As of December 2012, short term portion of the related bond's carrying amount is TRL 169 and long-term portion is TRL 49.692 (December 31, 2011: None)

NOTE 9 - OTHER FINANCIAL LIABILITIES

None (December 31, 2011: None).

NOTE 10 - TRADE RECEIVABLES AND TRADE PAYABLES

10.1 Trade Receivables

	December 31, 2012	December 31, 2011
Trade receivables, net	**137.215**	77.197
Notes receivable and post-dated cheques, net	**33.374**	37.160
Less: provision for doubtful trade receivables	**(1.861)**	(1.563)
	168.728	112.794

As of December 31, 2012, the Group has no long term trade receivables (December 31, 2011: None).

Movement of provision for doubtful trade receivables is as follows:

	December 31, 2012	December 31, 2011
Balance at January 1	**1.563**	1.410
Provisions	**320**	422
Reversal of provision (collections)	**(22)**	(269)
Balance at the end of the period	**1.861**	1.563

The aging table of trade receivables as of December 31, 2012 and December 31, 2011 is as follows:

	Total	Neither past due nor impaired trade receivables	Past due but not impaired trade receivables				
			1 - 30 days	1 - 3 months	3 - 12 months	1 - 5 years	More than 5 years
2012	**168.728**	**162.293**	**4.434**	**1.215**	**478**	**308**	**-**
2011	112.794	105.340	2.481	1.605	3.325	43	-

The amount of collaterals taken for the past due but not impaired trade receivables is TRL 2.878 (December 31, 2011: 711). 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, 2012	December 31, 2011
(i) Less than one year	**119.141**	92.833
(ii) Between one year and five years	**91.123**	94.769
	210.264	187.602

10.2 Trade Payables

	December 31, 2012	December 31, 2011
Non-Banking	**106.038**	87.475
Banking	**2.157**	1.430
	108.195	88.905

As of December 31, 2012, the Group has no long term trade payables (December 31, 2011: None).

NOTE 11 - OTHER RECEIVABLES AND PAYABLES

11.1 Other Short Term Receivables

	December 31, 2012	December 31, 2011
<u>Non-Banking</u>	**35.181**	25.655
-Receivables from loans (*)	**32.083**	22.533
-Other	**3.098**	3.122
	35.181	25.655

(*) 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 13.348 (December 31, 2011: TRL 12.899).

11.2 Other Long Term Receivables

	December 31, 2012	December 31, 2011
Non-Banking	**2.855**	2.961
Banking		
-Collaterals given for derivatives and financial assets	**13.180**	27.545
	16.035	30.506

(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, 2012	December 31, 2011
Non-Banking	**22.660**	22.826
Banking	**19.933**	30.619
	42.593	53.445

Non-Banking

	December 31, 2012	December 31, 2011
Taxes payable	**18.072**	17.950
Due to personnel	**3.015**	3.282
Deposits and collaterals taken	**1.484**	1.414
Other	**89**	180
	22.660	22.826

Banking

	December 31, 2012	December 31, 2011
Taxes payable	**14.537**	14.543
Collaterals received for securities	**5.396**	16.076
	19.933	30.619

As of December 31, 2012 the non-current portion of other liabilities is amounting to TRL 349 (December 31, 2011: TRL 408).

NOTE 12 - FINANCIAL LEASE RECEIVABLES AND OBLIGATIONS

12.1 Financial Lease Receivables

Gross investments in finance lease receivables are as follows:

	December 31, 2012	December 31, 2011
Not later than one year	**214.667**	169.787
Later than one year and not later than five years	**196.151**	164.465
Minimum lease payment receivables, gross	**410.818**	334.252
Less: Unearned interest income	**(45.438)**	(38.208)
Net investment in finance leases	**365.380**	296.044
Less: Reserve for doubtful financial lease receivables	**(27.563)**	(22.638)
Minimum lease payment receivables, net	**337.817**	273.406

(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, 2012	December 31, 2011
Not later than one year	**162.216**	129.461
Later than one year and not later than five years	**175.601**	143.945
	337.817	273.406

	December 31, 2012		December 31, 2011	
	Amount	**Interest rate %**	Amount	Interest rate %
EUR	**152.218**	**6,04-16,45**	137.774	7,90-13,27
USD	**93.227**	**5,64-9,64**	82.383	5,84-8,06
TRL	**92.372**	**11,56-29,22**	53.249	15,00-23,07
	337.817		273.406	

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

	December 31, 2012	December 31, 2011
Balance at January 1	**22.638**	15.335
Provision	**10.026**	15.140
Collections (-)	**(5.101)**	(3.009)
Write-off (-)	**-**	(4.828)
Balance at the end of the period	**27.563**	22.638

12.2 Financial Lease Obligations

None (December 31, 2011: None).

NOTE 13 - INVENTORIES

	December 31, 2012	December 31, 2011
Raw materials	**30.242**	26.472
Semi-finished goods	**3.946**	3.556
Finished goods	**29.821**	23.637
Merchandise	**89.037**	81.331
Others	**1.159**	131
Provision for inventories (-)	**(500)**	(716)
	153.705	134.411

(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, 2012	December 31, 2011
Balance at January 1	**716**	336
Provision	**64**	380
Reversal (-)	**(280)**	-
Balance at the end of the period	**500**	716

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

NOTE 14 - 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. As of December 31, 2012 the Group has no biological assets in the consolidated financial statements as the farm has been closed in November 30, 2012 (December 31, 2011 : TRL 10.205) The related farm's shut down has not been accounted within the framework of IFRS 5 "Non-Current Assets Held for Sale and Discountined Operations" on the grounds of materiality.

The movement of biological assets is as follows:

	December 31, 2012	December 31, 2011
Balance at January 1	**10.205**	10.708
Additions	**939**	16.074
Effect arising from physical and price changes	**(192)**	(5.250)
Disposals (-)	**(10.952)**	(11.327)
Balance at the end of the period	**-**	10.205

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

None (December 31, 2011: None).

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

NOTE 16 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD

	December 31, 2012	December 31, 2011
Investment in associate	**2.014.208**	1.264.572
Interest in joint ventures (Note 4)	**121.148**	119.244
	2.135.356	1.383.816

16.1 Associate

			December 31, 2012			December 31, 2011		
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	**2.014.208**	**27,66**	**187.067**	1.264.572	36,39	132.716
			2.014.208		**187.067**	1.264.572		132.716

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

Summary financial information of associate is as follows:

	December 31, 2012	December 31, 2011
Anadolu Efes		
Total assets	**11.644.803**	6.420.709
Total liabilities	**4.858.012**	3.213.829
Net assets	**6.786.791**	3.206.880
Group's interest in net assets	**2.014.208**	1.264.572

	December 31, 2012	December 31, 2011
Anadolu Efes		
Revenues	**6.416.835**	4.761.266
Net income for the period	**606.870**	341.175
Group's share in net income of the associate	**187.067**	132.716
- Non-controlling interests	**12.065**	8.559
- Equity Holders of the Parent	**175.002**	124.157

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

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

16.1 Associate (cont'd)

The movement of carrying value of the associate in the consolidated financial statements as of December 31, 2012 and December 31, 2011 is as follows:

	December 31, 2012	December 31, 2011
Balance at January 1	**1.264.572**	1.106.146
Changes in share of investments accounted through equity method (*)	**706.774**	-
Additions	**-**	11.529
Group's share in net income	**187.067**	132.716
Group's share in currency translation differences	**(44.862)**	114.340
Group's share in revaluation funds	**15.841**	(4.540)
Changes in non-controlling share of investment accounted through equity method	**103**	-
Disposals from currency translation differences	**(26.062)**	-
Disposals from revaluation funds	**(1.600)**	(13)
Disposals from other reserves	**994**	-
Cash flow hedge reserves (**)	**33**	-
Non-controlling interest put option liability reserve (***)	**(2.673)**	-
Dividends received	**(85.979)**	(95.606)
Balance at the end of the period	**2.014.208**	1.264.572

(*) 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). On March 6, 2012, it has been resolved to increase Anadolu Efes's issued capital to TRL 592.105, while the shareholders' right to purchase new shares has been restricted. The newly issued 142.105.263 bearer shares, which are above the nominal values, were allocated on the name of SABMiller AEL), a subsidiary of SABMiller. SABMiller AEL has made the 142.105.263 share purchase transaction for full TRL 23,08 per each share and TRL 142.105 issued capital and TRL 3.137.684 share premium have been recorded in equity in Anadolu Efes 's consolidated financials according to this transaction. As a result of these operations, the Group's effective shareholding rate in Anadolu Efes decreased to 27,66% from 36,39%. With the decrease of the Group's effective shareholding rate in Anadolu Efes, the Group's share in capital increase with share premium amounting to TRL 3.279.789 in Anadolu Efes's equity corresponding to Group's new effective shareholding rate amounting to TRL 706.774 recorded in "other operating income" account in consolidated income statement. (Note 31.1)

(**) Coca-Cola A.Ş. (CCI), joint venture of Anadolu Efes which is the associate of the Group uses aluminum swap contracts in order to offset the possible losses that may arise from anticipated purchases of cans in September which are subject to aluminum price volatility and designates these aluminum swap transactions as hedging instruments for cash flow hedge relation against high probable future outflows as the hedged item. As a result, Group's share in cash flow hedge reserve amounting to TRL 33 was reflected in "group's share in other comprehensive income of investments accounted through equity method" in the consolidated comprehensive income statement.

(***) In February 2012, CCI, a joint venture of Anadolu Efes which is an associate of the Group, has announced that a Share Purchase Agreement has been signed between Waha B.V. and the current shareholders of Al Waha for Soft Drinks, Mineral Water and Juices LLC (Al Waha), who are domiciled in Iraq, for the acquisition of 85% of the shares of Al Waha by Waha B.V. According to the put option signed with European Refreshments (ER), which became effective after the completion of Al Waha acquisition and exercisable between 31 December 2016 and 2021, ER has an option to sell (and CCI will have an obligation to buy) its remaining 23,60% participatory shares in Waha B.V.. The Group's share in difference between the fair value of put option liability and the Group's share of the non-controlling interest calculated over consolidated Waha B.V. and Al Waha net asset value amounting to TRL 2.673 as at December 31, 2012 is accounted for as "non-controlling interest put option liability reserve" under equity.

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

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

16.2 Joint Ventures

			December 31, 2012			December 31, 2011		
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	**64.351**	**37,56**	**487**	67.840	37,56	5.130
Ana Gıda	Production and marketing of olive, sun flower and corn oils under Kırlangıç, Komili and Madra brands	Turkey	**36.968**	**37,57**	**(4.058)**	41.026	37,57	(4.641)
Aslancık	Production of electricity	Turkey	**19.418**	**22,67**	**2.234**	9.435	22,67	(4.046)
D Tes	Wholesale of electricity	Turkey	**74**	**17,00**	**(15)**	89	17,00	(28)
Faber-Castell Anadolu LLC	Trading of all kinds of stationery	Russia	**337**	**19,34**	**(1.619)**	854	19,34	(279)
			121.148		**(2.971)**	119.244		(3.864)

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

NOTE 17 - INVESTMENT PROPERTY

None (December 31, 2011: 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, 2012 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, 2012	52.302	75.724	215.739	303.626	44.372	14.878	111.222	45.863	863.726
Additions	1.734	840	14.143	181.041	7.922	32	5.036	97.655	308.403
Disposals (-)	(15)	(597)	(5.538)	(56.488)	(707)	(176)	(1.969)	(5.124)	(70.614)
Currency translation differences	(120)	(48)	(27)	(16)	(14)	-	-	(2.257)	(2.482)
Transfers	-	1.408	17.607	673	1.811	-	14.828	(36.327)	-
December 31, 2011	53.901	77.327	241.924	428.836	53.384	14.734	129.117	99.810	1.099.033
Accumulated depreciation									
At January 1, 2012	2.450	20.222	155.517	37.339	25.619	13.103	56.824	-	311.074
Depreciation charge for the period	371	1.779	10.118	34.105	5.438	222	8.671	-	60.704
Disposals (-)	-	(21)	(3.206)	(14.813)	(584)	(160)	(362)	-	(19.146)
Currency translation differences	(7)	(11)	-	(3)	-	-	-	-	(21)
December 31, 2012	2.814	21.969	162.429	56.628	30.473	13.165	65.133	-	352.611
Net carrying amount	51.087	55.358	79.495	372.208	22.911	1.569	63.984	99.810	746.422

(*) The carrying amount of motor vehicles in operational fleet leasing business at December 31, 2012 is TRL 367.631

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

The carrying amount of PP&E held under finance leases at December 31, 2012 is TRL 20.925. 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, 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	51.701	74.914	201.191	164.259	33.244	14.786	94.237	5.666	639.998
Additions	214	464	5.348	174.995	10.279	92	8.412	59.229	259.033
Disposals (-)	(167)	(641)	(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	52.302	75.724	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	49.852	55.502	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 transferred 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 collaterals 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, 2012 are as follows:

	Rights	Patents and licenses	Franchise	Other intangible assets	Total
Cost					
January 1, 2012	**52.139**	**5.541**	**1.051**	**1.716**	**60.447**
Additions	**22.414**	**-**	**-**	**570**	**22.984**
December 31, 2012	**74.553**	**5.541**	**1.051**	**2.286**	**83.431**
Accumulated amortization					
January 1, 2012	**39.321**	**5.383**	**364**	**1.264**	**46.332**
Amortization charge for the period	**3.506**	**-**	**53**	**204**	**3.763**
December 31, 2012	**42.827**	**5.383**	**417**	**1.468**	**50.095**
Net carrying amount	**31.726**	**158**	**634**	**818**	**33.336**

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

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

NOTE 20 - GOODWILL

As of December 31, 2012, the goodwill amount of the Group is TRL 35.344 (December 31, 2011: TRL 35.344).

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

NOTE 21 - GOVERNMENT INCENTIVES AND GRANTS

As of December 31, 2012, the Group has no research, development and support premiums received from Tübitak (December 31, 2011: TRL 132). As of December 31, 2012, the Group has investment incentives amounting to TRL 94.675 (December 31, 2011: TRL 114.709).

NOTE 22 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

The provisions as of December 31, 2012 and December 31, 2011 are as follows:

	December 31, 2012	December 31, 2011
Non-Banking	**1.779**	1.625
Banking	**29.420**	15.654
	31.199	17.279

Non-Banking

	December 31, 2012	December 31, 2011
Provision for litigations	**1.338**	1.338
Warranty provisions (*)	**441**	287
	1.779	1.625

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

Banking

	December 31, 2012	December 31, 2011
Loan loss provision	**27.263**	13.891
Provision for litigations	**1.646**	987
Others	**511**	776
	29.420	15.654

As of December 31, 2012, the Group has no long term provisions (December 31, 2011: None).

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

NOTE 23 - COMMITMENTS

Non-Banking

As of December 31, 2012 and December 31, 2011 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:

31.12.2012	**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	**54.835**	41.881	3.805	2.624
B. Total amount of GPMs given in favor of subsidiaries included in full consolidation	**52.880**	24.214	16.081	-
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	-	-	-	-
	107.715	66.095	19.886	2.624

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

As of December 31, 2012, the ratio of other GPMs over the Company's equity is 0%. (December 31, 2011: 0%).

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 133.136, TRL 569, TRL 23.449 and TRL 1.252, respectively (December 31, 2011: TRL 84.122, TRL 1.287, TRL 20.108 and TRL 27.178).

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 subsidiaries 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. "Total amount of GPMs given in favor of subsidiaries included in full consolidation" stated in the table of the letter of guarantees, pledges and mortgages (GPMs) given in favor of the parent company and non-banking subsidiaries included in full consolidation consists of guarantee amounting to TRL 28.666 (December 31, 2011 : None)

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

AEH, subsidiary of the Company, has acted as a guarantor to its joint venture Aslancık's long term project finance loan which was taken in 2011 amounting to USD 160.000.000 in relation to its 120 MW hydro power plant under construction in Giresun. The guarantee is restricted by the completion of the construction period with the ratio in the capital (33,33%).

Based on the Subscription and Shareholders Agreement, AEH, one of the subsidiaries 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, 2012	December 31, 2011
Letters of guarantees and letters of credit	**1.981.033**	1.907.414
Acceptance credits	**28.179**	216.104
Other	**-**	41.121
Total non-cash loans	**2.009.212**	2.164.639
Other commitments (*)	**1.682.246**	709.936
	3.691.458	2.874.575

(*) 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, 2012	**Indefinite**	**Up to 1 year**	**1-5 years**	**More than 5 years**	**Total**
Letters of guarantees and letters of credit	1.675.583	119.402	186.048	-	**1.981.033**
Acceptance credits	-	7.382	20.797	-	**28.179**
Other	-	-	-	-	**-**
	1.675.583	**126.784**	**206.845**	**-**	**2.009.212**

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

As of December 31, 2012, ALease has no letters of guarantees given for funds borrowed from banks and various leasing transactions (December 31, 2011: None).

Blocked Assets

As of December 31, 2012, the fair values of the TRL denominated assets held by ABank in fiduciary, agency or custodian capacities amounted to TRL 1.192.155 (December 31, 2011: TRL 1.099.257) and foreign currency denominated assets amounted to TRL 281.677 (December 31, 2011: TRL 188.375).

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, 2012 and December 31, 2011 are as follows:

	December 31, 2012		December 31, 2011	
	Assets	**Related Liability**	Assets	Related Liability
Financial assets at fair value through profit and loss	**439**	**430**	25.580	25.089
Financial assets	**1.364.566**	**1.435.563**	474.956	633.751
Other assets pledged	**13.180**	**-**	27.545	-
	1.378.185	**1.435.993**	528.081	658.840

NOTE 24 - PROVISIONS FOR THE EMPLOYEE BENEFITS

	December 31, 2012	December 31, 2011
Short term	**25.223**	17.056
Bonus provisions	**18.041**	11.222
Vacation pay liability	**7.182**	5.834
Long term	**24.445**	18.337
Employee termination benefits	**24.445**	18.337
	49.668	35.393

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 3,0340/year at December 31, 2012 and TRL 2,7319/year December 31, 2011, 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, 2012 and December 31, 2011 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, 2012	December 31, 2011
Discount rate – yearly (%)	**2,48**	4,66
Turnover rate to estimate the probability of retirement (%)	**94,95**	94,83

(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 3,1293 effective from 1 January 2013 (1 January 2012: TRL 2,8050) 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, 2012	December 31, 2011
Balance at January 1	**18.337**	16.596
Interest cost	**1.329**	1.655
Charge for the period (net)	**9.307**	4.669
Paid (-)	**(4.528)**	(4.583)
Balance at the end of the period	**24.445**	18.337

NOTE 25 - PENSION PLANS

None (December 31, 2011: None).

NOTE 26 - OTHER ASSETS AND LIABILITIES

26.1 Other Current Assets

	December 31, 2012	December 31, 2011
Non-Banking	**69.769**	45.544
Banking	**15.151**	18.577
	84.920	64.121

Non-Banking

	December 31, 2012	December 31, 2011
VAT receivable	**23.555**	20.628
Advances given	**27.690**	10.607
Prepaid expenses	**10.311**	8.497
Prepaid taxes	**6.567**	4.005
Other current assets	**1.646**	1.807
	69.769	45.544

(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, 2012	December 31, 2011
Prepaid expenses and others	**12.638**	11.158
VAT receivable	**1.180**	5.653
Receivables from insurance policies	**1.140**	591
Prepaid taxes	**193**	1.175
	15.151	18.577

26.2 Other Non-Current Assets

	December 31, 2012	December 31, 2011
Non-Banking	**24.933**	12.679
VAT receivable	**20.597**	10.654
Pre-paid expenses	**4.273**	1.758
Other	**63**	267
Banking	**51.395**	41.960
Assets held for sale	**40.992**	34.510
Prepaid expenses	**8.241**	7.450
Other	**2.162**	-
	76.328	54.639

26.3 Other Current Liabilities

	December 31, 2012	December 31, 2011
Non-Banking	**5.487**	4.453
Banking	**105.471**	71.187
	110.958	75.640

Non-Banking

	December 31, 2012	December 31, 2011
Advances taken	**4.277**	3.760
Deferred income	**1.201**	689
Other payables	**9**	4
	5.487	4.453

(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, 2012	December 31, 2011
Cheques in collection	**51.328**	27.491
Collections regarding assets held for sale	**13.462**	13.295
Advances taken from customers	**4.444**	4.312
Other	**36.237**	26.089
	105.471	71.187

As of December 31, 2012, other non-current liability amounts to TRL 127 (December 31, 2011: TRL 637).

NOTE 27 - EQUITY

Shared Capital / Adjustments to Share Capital and Equity Instruments

	December 31, 2012		December 31, 2011	
	Amount	**%**	Amount	%
Yazıcı Families	**61.203**	**38,25**	62.203	38,88
Kamil Yazıcı Yönetim ve Danışma A.Ş.	**53.600**	**33,50**	53.600	33,50
Publicly traded (*)	**45.197**	**28,25**	44.197	27,62
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, 2012 TRL 4.944 of the publicly traded portion, which is 3,09% of the paid-in share capital, is owned by Kamil Yazıcı Yönetim ve Danışma A.Ş. (December 31, 2011: TRL 4.053 of the publicly traded portion, which is 2,533% of the paid-in share capital).

Movement of paid in share capital as at December 31, 2012 and December 31, 2011 is as follows (historical amounts):

	December 31, 2012		December 31, 2011	
	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 three 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 cannot 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, 2012, the total amount of the distributable profit from the net income of the Company is amounting to TRL 65.952 consisting of net statutory distributable profit of the period TRL 124.890 and other resources subject to profit distribution of TRL 190.842.

	December 31, 2012	December 31, 2011
Revaluation funds	**23.794**	1.298
-Available for sale financial assets	**22.010**	(486)
-Business combinations	**1.784**	1.784

	December 31, 2012	December 31, 2011
Restricted reserves allocated from net profit	**21.832**	18.381

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

NOTE 27 - EQUITY (cont'd)

Retained Earnings

As of December 31, 2012 and December 31, 2011 the summary of equity reserves, extraordinary reserves, other profit reserves, and retained earnings are as follows:

	December 31, 2012	December 31, 2011
Equity reserves	**1.166**	1.166
Extraordinary reserves	**144.998**	119.421
Other profit reserves	**2.558**	2.558
Retained earnings	**1.503.796**	1.431.041
	1.652.518	1.554.186

Non-Controlling Interest

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

NOTE 28 - CONTINUING OPERATIONS

GROSS PROFIT	**December 31, 2012**	December 31, 2011
Non-Banking	**294.980**	264.597
Revenue net off cost of sales	**246.243**	213.766
Service Income (*)	**48.737**	50.831
Banking – Gross profit from financial sector operations	**496.801**	308.674
	791.781	573.271

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

The details of cost of sales realized in years 2012 and 2011 are as follows:

	December 31, 2012	December 31, 2011
Cost of inventories and merchandises	**780.378**	627.146
Payroll expenses	**102.149**	70.519
Rent expenses	**56.903**	46.347
Depreciation and amortization expense	**48.174**	30.325
Other expenses	**140.890**	139.586
	1.128.494	913.923

NOTE 29 - OPERATING EXPENSES

	December 31, 2012	December 31, 2011
Non-Banking	**221.417**	182.272
Banking	**177.383**	158.225
	398.800	340.497

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

NOTE 29 - OPERATING EXPENSES (cont'd)

	December 31, 2012	December 31, 2011
Marketing, selling and distribution expenses	**94.430**	75.601
General administrative expenses	**303.193**	263.078
Research and development expenses	**1.177**	1.818
	398.800	340.497

Non-Banking

	December 31, 2012	December 31, 2011
Marketing, selling and distribution expenses	**94.430**	75.601
General administrative expenses	**125.810**	104.853
Research and development expenses	**1.177**	1.818
	221.417	182.272

	December 31, 2012	December 31, 2011
Marketing, selling and distribution expenses		
Advertisement and promotion expenses	**41.635**	33.640
Payroll expenses	**19.515**	17.661
Transportation expenses	**7.743**	7.097
Services rendered expenses	**6.574**	379
License expenses	**2.013**	1.441
Contribution to dealers' selling expenses	**1.225**	889
Fair expenses	**767**	1.824
Exportation expenses	**664**	438
Depreciation and amortization expenses	**329**	312
Other expenses	**13.965**	11.920
	94.430	75.601

	December 31, 2012	December 31, 2011
General administrative expenses		
Payroll expenses	**91.628**	73.739
Consultancy and services rendered expenses	**9.483**	9.905
Depreciation and amortization expenses	**6.103**	5.455
Taxes and duties	**3.810**	2.215
Transportation expenses	**2.717**	2.646
Utility expenses	**1.547**	1.476
Maintenance and repair expenses	**1.397**	1.108
Insurance expenses	**1.218**	1.358
Other expenses	**8.654**	6.951
	125.810	104.853

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

NOTE 29 - OPERATING EXPENSES (cont'd)

Banking

	December 31, 2012	December 31, 2011
General administrative expenses		
Payroll expenses	**129.745**	105.370
Depreciation and amortization expenses	**9.800**	8.031
Other expenses	**37.838**	44.824
	177.383	158.225

NOTE 30 - EXPENSES BY NATURE

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

	December 31, 2012	December 31, 2011
Depreciation and amortization expenses		
Cost of sales	**48.174**	30.325
General administrative expenses	**15.903**	13.486
Marketing, selling and distribution expenses	**329**	312
Research and development expenses	**61**	8
	64.467	44.131

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

	December 31, 2012	December 31, 2011
Payroll expenses		
General administrative expenses	**221.373**	179.109
Cost of sales	**102.149**	70.519
Marketing, selling and distribution expenses	**19.515**	17.661
Research and development expenses	**893**	1.678
	343.930	268.967

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

NOTE 31 - OTHER OPERATING INCOME/EXPENSE

31.1 Other Operating Income

	December 31, 2012	December 31, 2011
Gain on sale of share in associate (*)	**706.774**	-
Gain on sale of property, plant and equipment	**4.666**	7.450
Income from agreements-financial leasing	**3.352**	4.722
Insurance compensation income	**3.053**	852
Commissions income	**1.637**	1.104
Income from rent agreement transfer	**-**	812
Other	**6.996**	4.336
	726.478	19.276

(*) 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). On March 6, 2012, it has been resolved to increase Anadolu Efes's issued capital to TRL 592.105, while the shareholders' right to purchase new shares has been restricted. The newly issued 142.105.263 bearer shares, which are above the nominal values, were allocated on the name of SABMiller AEL, a subsidiary of SABMiller. SABMiller AEL has made the 142.105.263 share purchase transaction for full TRL 23,08 per each share and TRL 142.105 issued capital and TRL 3.137.684 share premium have been recorded in equity in Anadolu Efes 's consolidated financials according to this transaction. As a result of these operations, the Group's effective shareholding rate in Anadolu Efes decreased to 27,66% from 36,39%. With the decrease of the Group's effective shareholding rate in Anadolu Efes, the Group's share in capital increase with share premium amounting to TRL 3.279.789 in Anadolu Efes's equity corresponding to Group's new effective shareholding rate amounting to TRL 706.774 recorded in "other operating income" account in year-end consolidated income statement.

31.2 Other Operating Expense

	December 31, 2012	December 31, 2011
Other provisions for loan losses and doubtful receivables	**182.931**	93.248
Financial leasing-provision for doubtful receivables	**4.925**	12.131
Financial leasing-agreement expenses	**2.549**	3.612
Donation	**2.249**	2.891
Administrative fine provisions	**-**	2.666
Other	**14.358**	11.845
	207.012	126.393

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

NOTE 32 - FINANCIAL INCOME

	December 31, 2012	December 31, 2011
Foreign exchange gain	**37.580**	20.793
Interest income	**19.271**	46.965
Gain on sale of financial assets	**18.653**	6.439
Other income	**824**	4.210
	76.328	78.407

NOTE 33 - FINANCIAL EXPENSE

	December 31, 2012	December 31, 2011
Interest expense	**59.109**	69.653
Foreign exchange loss	**26.320**	68.855
Losses on derivative financial instruments and financial assets	**25.172**	-
Other expense	**3.358**	4.075
	113.959	142.583

NOTE 34 - ASSETS HELD FOR SALE

The carrying amount of assets held for sale at December 31, 2012 is TRL 16.338 (December 31, 2011: TRL 29.802).

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 (2011: 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% (2011: 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, 2012	December 31, 2011
Deferred tax asset	**53.220**	37.495
Deferred tax liability (-)	**(26.045)**	(19.487)
Total deferred tax asset / (liability), net	**27.175**	18.008

(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, 2012 is as follows:

	Balance December 31, 2011	**Recorded to income statement**	**Balance December 31, 2012**
Property, plant and equipment, and intangibles	**(27.732)**	**(13.504)**	**(41.236)**
Tax loss carried forward (*)	**7.237**	**8.243**	**15.480**
Employee termination benefit	**3.660**	**187**	**3.847**
Financial leases	**(1.083)**	**38**	**(1.045)**
Investment incentive	**19.105**	**(4.306)**	**14.799**
Loan loss provision	**14.282**	**(460)**	**13.822**
Other	**2.539**	**18.969**	**21.508**
Net deferred tax (liability)/asset	**18.008**	**9.167**	**27.175**
Currency translation differences	**-**	**20**	**-**
	18.008	**9.187**	**27.175**

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
Currency translation differences	-	(32)	-
	19.345	(1.369)	18.008

(*) As of December 31, 2012, carry forward tax losses for which no deferred taxes calculated amounting to TRL 16.438 (December 31, 2011: TRL 15.546)

35.2 Tax Expense

	December 31, 2012	December 31, 2011
Income tax expense (-)	**(44.157)**	(16.641)
Deferred tax income/(expense)	**9.187**	(1.369)
	(34.970)	(18.010)

(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, 2012	December 31, 2011
Profit before tax from continuing operations	**1.058.912**	190.333
Tax ratio used by the parent company %20 (2011: %20)	**(211.782)**	(38.067)
Non-deductible expenses	**(29.382)**	(12.518)
Non-taxable income (-)	**31.122**	15.867
Investment incentive	**(3.493)**	24
Effect of investments accounted through equity method	**36.819**	25.770
Differences that are not subject to deferred tax	**141.355**	-
Other	**391**	(9.086)
	(34.970)	(18.010)

35.3 Tax Provision

	December 31, 2012	December 31, 2011
Balance at January 1	**5.344**	1.792
Income tax expense	**44.157**	16.641
Prepaid tax (-)	**(44.405)**	(13.089)
Balance at the end of the period	**5.096**	5.344

NOTE 36 - EARNINGS PER SHARE

	December 31, 2012	December 31, 2011
Net profit	**907.633**	140.299
Weighted average number of shares	**160.000.000**	160.000.000
Earnings per share (full TRL)	**5,67**	0,88

(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, 2012	December 31, 2011
Anadolu Efes (1)	**131.881**	259.681
Real Person (6)	**95.781**	119.509
Tarbes Tarım Ürünleri ve Besicilik San. Tic. A.Ş. (Tarbes) (3)	**37.752**	32.500
Özilhan Sınai Yatırım A.Ş. (5)	**15.961**	16.687
Anadolu Isuzu (2)	**8.442**	12.776
Anadolu Eğitim ve Sosyal Yardım Vakfı (5)	**6.907**	38.247
Coca-Cola Satış ve Dağıtım A.Ş. (3)	**1.052**	1.304
Coca-Cola İçecek A.Ş. (3)	**-**	87.901
Other	**24.623**	19.426
	322.399	588.031

37.2 Due from Related Parties

	December 31, 2012	December 31, 2011
Anadolu Etap Tarım ve Gıda A.Ş. (3)	**9.626**	9.364
Coca-Cola Satış ve Dağıtım A.Ş. (3)	**1.680**	1.621
Anadolu Efes (1)	**1.430**	3.497
ZAO Efes Entertainment (Rusya) (3)	**1.143**	-
Efes Pazarlama Ticaret A.Ş. (Efpa) (3)	**1.068**	1.819
Anadolu Eğitim ve Sosyal Yardım Vakfı Sağlık Tes. İkt. İşl. (5)	**904**	1.588
JSC Efes Karaganda Brewery (Efes Karaganda) (3)	**647**	1.228
Anadolu Isuzu (2)	**309**	1.046
Coca-Cola İçecek A.Ş. (3)	**291**	310
ZAO Moscow Efes Brewery (Efes Moskow) (3)	**6**	555
Other	**2.497**	1.269
	19.601	22.297

As of December 31, 2012, there is loan amounting to TRL 24.131 in "Banking loans" account given to the related parties at consolidated financial statements (December 31, 2011: TRL 1.950). As of December 31, 2012, there is no related party amount included in other liabilities and blocked accounts at the financial statement of the bank (December 31, 2011: TRL 85). As of December 31, 2012, the non-cash loan amount given by the bank to related parties is TRL 41.315 (December 31, 2011: TRL 33.458).

As of December 31, 2012 the short term portion of due from related parties is amounting to TRL 13.087 (December 31, 2011: TRL 15.972), and the long term portion is TRL 6.514 (December 31, 2011: TRL 6.325).

(1) An associate
(2) A joint venture
(3) A Company controlled by an associate
(4) Shareholder of the Company
(5) Other
(6) Family members of the shareholders' of the Group

(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, 2012	December 31, 2011
Dividend payable to shareholders	**39**	32
Anadolu Isuzu (2)	**33**	306
Efpa (3)	**12**	21
Kamil Yazıcı Yönetim ve Danışma A.Ş. (4)	**4**	2
Ana Gıda (2)	**-**	56
Other	**15**	58
	103	475

There is no long term amount of due to related parties as of December 31, 2012 (December 31, 2011: 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 guarantees provided or received for any related party receivables or payables. For the year ended December 31, 2012, the Group has not recorded any impairment of receivables, relating to amounts owned by related parties (December 31, 2011: 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, 2012 and December 31, 2011 are as follows:

	December 31, 2012	December 31, 2011
Sales of goods and services, net		
Efes Breweries International N.V. (3)	**45.775**	21.065
Efpa (3)	**23.960**	23.651
Anadolu Efes (1)	**23.236**	22.971
Coca-Cola Satış ve Dağıtım A.Ş. (3)	**16.497**	13.673
Anadolu Isuzu (2)	**9.594**	9.966
Tarbes (3)	**6.212**	5.621
Anadolu Eğitim ve Sosyal Yardım Vakfı Sağlık Tes. İkt. İşl. (5)	**2.186**	2.318
Ana Gıda (2)	**1.732**	1.663
Other	**6.132**	6.928
	135.324	107.856

	December 31, 2012	December 31, 2011
Purchases of goods and other charges		
Anadolu Eğitim ve Sosyal Yardım Vakfı (5)	**2.104**	2.480
Anadolu Isuzu (2)	**1.400**	1.118
Efpa (3)	**3**	17
Other	**161**	254
	3.668	3.869

(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, 2012	December 31, 2011
Interest and other financial income (banking)		
Anadolu Etap Tarim Ve Gida .A.S. (3)	**1.106**	584
Anadolu Isuzu (2)	**845**	488
Anadolu Efes (1)	**470**	352
Kamil Yazıcı Yönetim ve Danışma A.Ş. (4)	**152**	267
Anadolu Eğitim ve Sosyal Yardım Vakfı Sağlık Tes. İkt. İşl. (5)	**123**	313
Ana Gıda (2)	**63**	138
Other	**241**	212
	3.000	2.354

	December 31, 2012	December 31, 2011
Interest and other financial expense (banking)		
Anadolu Efes (1) (*)	**17.816**	14.142
Coca-Cola İçecek A.Ş. (3)	**4.671**	2.498
Tarbes (3)	**3.312**	2.052
Anadolu Eğitim ve Sosyal Yardım Vakfı Sağlık Tes. İkt. İşl. (5)	**2.835**	86
Özilhan Sınai Yatırım A.Ş. (5)	**1.798**	2.750
Anadolu Isuzu (2)	**677**	1.220
Efpa (3)	**85**	51
Aslancik Üretim Ve Tic. Ltd (2)	**-**	7
Other	**2.064**	3.873
	33.258	26.679

(*) Interest rate range for TRL deposits is between 6,00% and 8,25% and the Group has no time deposit denominated in foreign currency.

	December 31, 2012	December 31, 2011
Various sales included in other income (includes dividends received)		
Coca-Cola Satış ve Dağıtım A.Ş. (3)	**1.015**	9
Efpa (3)	**341**	347
Polinas (5)	**51**	10
Ana Gıda (2)	**46**	35
Coca-Cola İçecek A.Ş. (3)	**10**	8
Anadolu Isuzu (2)	**-**	154
Other	**159**	27
	1.622	590

(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, 2012	December 31, 2011
Interest and other financial expense (non-banking)		
Anadolu Efes (1)	**-**	3
	-	3

(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, 2012 and December 31, 2011 are as follows:

	December 31, 2012	December 31, 2011
Short term benefits provided to key management personnel	**32.911**	28.946
Post-employment benefits	**561**	189
Total gain	**33.472**	29.135
Social Security employer share	**586**	501

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, 2012, donations amount to TRL 2.215 (December 31, 2011: TRL 2.741).

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.

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

	December 31, 2012		December 31, 2011	
	Cash	**Non-cash**	Cash	Non-cash
Trade	**1.362.307**	**437.243**	1.168.142	511.702
Finance	**546.764**	**88.796**	103.159	64.575
Construction	**567.055**	**498.590**	451.216	443.428
Textile	**361.882**	**104.829**	305.461	124.282
Production	**308.822**	**136.938**	327.541	168.646
Iron and steel, non-metal	**198.439**	**162.306**	179.285	189.938
Transportation	**208.263**	**84.019**	215.119	88.163
Mining	**112.657**	**13.997**	111.089	25.454
Food and beverage	**281.065**	**85.205**	191.108	102.739
Automotive	**114.396**	**41.532**	120.046	41.328
Tourism	**111.814**	**9.624**	126.760	4.803
Forest products and agriculture	**163.992**	**37.758**	131.697	48.477
Machinery	**97.877**	**61.915**	88.233	61.239
Chemical	**109.473**	**25.420**	91.734	35.579
Paper	**32.898**	**4.179**	33.154	16.867
Petroleum	**52.592**	**52.386**	51.858	51.880
Electrics and electronics	**21.584**	**13.874**	30.390	6.890
Others	**452.014**	**150.601**	501.813	178.649
	5.103.894	**2.009.212**	4.227.805	2.164.639
Loans in arrears	**234.001**	**-**	214.311	-
Provision for doubtful receivables	**(206.153)**	**-**	(164.271)	-
	5.131.742	**2.009.212**	4.277.845	2.164.639

(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, 2012, the aging of loans past due but not impaired is as follows:

31.12.2012	**Corporate Loans**	**Small business loans**	**Consumer loans**	**Total**
Banking Loans				
1-30 days	24.130	36.246	12.511	72.887
31-60 days	7.008	3.824	4.445	15.277
61-90 days	2.802	6.265	3.413	12.480
	33.940	**46.335**	**20.369**	**100.644**

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

(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 are as follows:

	TRL	USD	EUR	Other	Total
31.12.2012					
Assets					
Cash and balances with the Central Bank	301.929	181.765	79.897	63.706	627.297
Deposits with banks and other financial institutions	18.475	42.095	6.828	6.378	73.776
Financial assets at fair value through profit and loss	49.537	708	10	-	50.255
Derivative financial instruments receivables	7.976	3.360	1.122	50	12.508
Banking loans	3.532.540	981.788	628.983	638	5.143.949
Available for sale financial assets	627.192	155.854	-	-	783.046
Held to maturity financial assets	1.045.707	-	-	-	1.045.707
Financial lease receivables	101.826	93.227	152.218	-	347.271
Investments in Associates	17	-	-	-	17
Assets held for sale	16.338	-	-	-	16.338
Property, plant and equipment	22.074	-	-	-	22.074
Intangible assets	20.438	-	-	-	20.438
Deferred tax assets	47.690	-	-	-	47.690
Other assets	66.523	11.099	2.169	-	79.791
Total Assets	**5.858.262**	**1.469.896**	**871.227**	**70.772**	**8.270.157**
Liabilities					
Customers' deposits	2.986.965	924.553	233.145	9.722	4.154.385
Deposits from other banks	1.360.791	76.116	18	-	1.436.925
Funds borrowed	66.699	853.991	610.888	17.592	1.549.170
Trade payables	1.366	250	541	-	2.157
Derivative financial instruments	16.591	2.939	1.400	94	21.024
Income tax payable	4.959	-	-	-	4.959
Other liabilities and provisions	859.299	26.759	19.332	23	905.413
Issued bonds and bills	196.124	-	-	-	196.124
Total Liabilities	**5.492.794**	**1.884.608**	**865.324**	**27.431**	**8.270.157**
Net on-balance sheet position	**365.468**	**(414.712)**	**5.903**	**43.341**	**-**
Net nominal amount of derivatives	(382.891)	394.663	70.435	(81.646)	561
Net foreign currency position	**(17.423)**	**(20.049)**	**76.338**	**(38.305)**	**561**
31.12.2011					
Total Assets	4.328.145	1.472.922	973.059	2.183	6.776.309
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)	-

(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 (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, 2012	December 31, 2011
USD	+/-%10	**+/- 2.129**	+/- 3.183
EUR	+/-%10	**+/- 5.060**	+/- 6.899

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
31.12.2012						
Assets						
Cash and balances with the Central Bank	-	-	-	-	627.297	627.297
Deposits with banks and other financial institutions	33.947	-	-	-	39.829	73.776
Financial assets at fair value through profit and loss	8.794	13.585	7.197	122	20.557	50.255
Derivative financial instruments receivables	9.970	1.779	456	-	303	12.508
Banking loans	3.771.916	502.948	684.384	156.855	27.846	5.143.949
Available for sale financial assets	730.424	52.622	-	-	-	783.046
Held to maturity financial assets	732.493	313.214	-	-	-	1.045.707
Financial lease receivables	53.640	96.928	182.115	-	14.588	347.271
Investments in Associates	-	-	-	-	17	17
Assets held for sale					16.338	16.338
Property, plant and equipment	-	-	-	-	22.074	22.074
Intangible assets	-	-	-	-	20.438	20.438
Deferred tax assets	-	-	-	-	47.690	47.690
Other assets	417	-	-	-	79.374	79.791
Total Assets	**5.341.601**	**981.076**	**874.152**	**156.977**	**916.351**	**8.270.157**
Liabilities						
Customers' deposits	3.710.171	100.720	7.947	-	335.547	4.154.385
Deposits from other banks	1.435.993	-	-	-	932	1.436.925
Funds borrowed	309.771	891.547	90.362	257.490	-	1.549.170
Trade payables	-	-	-	-	2.157	2.157
Derivative financial instruments	10.237	2.920	7.867	-	-	21.024
Income tax payable	-	-	-	-	4.959	4.959
Other liabilities and provisions	470	-	-	-	904.943	905.413
Issued bonds and bills	49.861	146.263	-	-	-	196.124
Total Liabilities	**5.516.503**	**1.141.450**	**106.176**	**257.490**	**1.248.538**	**8.270.157**
Total interest sensitivity gap	**(174.902)**	**(160.374)**	**767.976**	**(100.513)**	**(332.187)**	**-**
31.12.2011						
On balance sheet interest sensitivity gap	(861.133)	135.067	701.675	337.157	(312.766)	-
Off balance sheet interest sensitivity gap	-	-	-	-	-	-

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

	December 31, 2012			December 31, 2011		
	USD (%)	**EUR (%)**	**TRL (%)**	USD (%)	EUR (%)	TRL (%)
Banking loans	**6,68**	**6,32**	**13,70**	7,72	7,91	17,83
Deposits from other banks	**-**	**-**	**-**	3,9	-	-
Customers' deposits	**3,40**	**3,14**	**8,34**	5,27	4,94	11,54

(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

Ceteris paribus, the possible changes that may occur in case of increase / decrease in TRL and FC interest rates on the reporting date is summarised below:

31 December 2012	**Applied shock (+/- x basis point)**	**Gains/ Losses**
Currency		
1. TRL	(+) 500 bp	(69.825)
2. TRL	(-) 400 bp	62.937
3. USD	(+) 200 bp	742
4. USD	(-) 200 bp	85
5. EUR	(+) 200 bp	(5.729)
6. EUR	(-) 200 bp	7.752
Total (for negative shocks)		**70.774**
Total (for positive shocks)		**(74.812)**

It does not have any effect on the Group's equity. (December 31, 2011: 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;

31.12.2012	**Primary Maturity Segment**		**Secondary Maturity Segment**		**Stock Values**
	FC	**FC + TRL**	**FC**	**FC + TRL**	**FC + TRL**
Average (%)	**167,18**	**155,03**	**130,79**	**120,74**	**13,3**
Highest (%)	**294,05**	**204,65**	**186,82**	**176,75**	**17,11**
Lowest (%)	**120,39**	**126,28**	**103,75**	**107,38**	**11,07**

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

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, 2012 ABank's capital adequacy ratio calculated on consolidated basis based on statutory financial statements is 14,45% (December 31, 2011: 13,68%).

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, 2012	**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)	**10.080**	**168.728**	**-**	**38.036**	**157.010**
- Maximum risk secured by guarantee	-	101.509	-	32.183	-
A. Net book value of financial assets neither overdue nor impaired	10.080	162.293	-	5.382	157.010
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	-	6.401	-	569	-
- Under guarantee	-	2.844	-	100	-
D. Net book value of impaired assets	-	34	-	32.083	-
- Overdue (gross book value)	-	1.895	-	46.865	-
- Impairment (-)	-	(1.861)	-	(14.782)	-
- Net value under guarantee	-	34	-	32.083	-
- Not overdue (gross book value)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Net value under guarantee	-	-	-	-	-
E. Off- balance sheet items having 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	-	-	-	-	-

(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, 2012	Receivables				
	Trade receivables		Other receivables		
	Related party	Other party	Related party	Other party	Deposits in banks
1-30 days past due	-	**4.434**	-	-	-
1-3 month past due	-	**1.215**	-	-	-
3-12 month past due	-	**478**	-	-	-
1-5 year past due	-	**308**	-	**569**	-
Over 5 years past due	-	-	-	**32.083**	-
Amount secured with guarantee	-	**2.878**	-	**32.183**	-

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 guarantee	-	711	-	22.633	-

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, 2011	Average exchange buying rate in the period	Exchange buying rate at December 31, 2012
TRL /USD	Turkey	1,8889	1,7922	1,7826
TRL /EUR	Turkey	2,4438	2,3041	2,3517

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. 2012	TRL Equivalent (Functional currency)	Thousand USD	Thousand EUR	Thousand GBP	Thousand JPY
1. Trade receivables	2.860	532	813	-	-
2a. Monetary financial assets (cash and cash equivalents included)	37.696	21.076	7	38	
2b. Non - monetary financial assets	-	-	-	-	-
3. Other	-	-	-	-	-
4. Current assets (1+2+3)	**40.556**	**21.608**	**820**	**38**	**-**
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)	**40.556**	**21.608**	**820**	**38**	**-**
10. Trade payables	537	172	98	-	-
11. Short - term borrowings and current portion of long - term borrowings	163.139	23.919	51.240	-	-
12a. Monetary other liabilities	40	16	5	-	-
12b. Non - monetary other liabilities	-	-	-	-	-
13. Current liabilities (10+11+12)	**163.716**	**24.107**	**51.343**	**-**	**-**
14. Trade payables	-	-	-	-	-
15. Long - term borrowings	196.051	84.763	19.115	-	-
16 a. Monetary other liabilities	-	-	-	-	-
16 b. Non - monetary other liabilities	-	-	-	-	-
17. Non - current liabilities (14+15+16)	**196.051**	**84.763**	**19.115**	**-**	**-**
18. Total liabilities (13+17)	**359.767**	**108.870**	**70.458**	**-**	**-**
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)	**(319.211)**	**(87.262)**	**(69.638)**	**38**	**-**
21. Monetary items net foreign currency asset / (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	**(319.211)**	**(87.262)**	**(69.638)**	**38**	**-**
22. Total fair value of financial instruments used to manage the foreign currency position	-	-	-	-	-
23. Export	**18.556**	**4.091**	**20.671**	**-**	**-**
24. Import	**462.901**	**43.041**	**212.334**	**101**	**48**

(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>Non-Banking</u> (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)

	Foreign currency position sensitivity analysis	
	December 31, 2012	
	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	(15.555)	15.555
2- USD denominated hedging instruments(-)	-	-
3- Net effect in USD (1+2)	**(15.555)**	**15.555**
Change in the EUR against TRL by 10% +/-:		
4- Euro denominated net asset / liability	(16.376)	16.376
5- Euro denominated hedging instruments(-)	1	(1)
6- Net effect in Euro (4+5)	**(16.375)**	**16.375**
Change in the other foreign currencies against TRL by 10% +/-:		
7- Other foreign currency denominated net asset / liability	11	(11)
8- Other foreign currency hedging instruments(-)	-	-
9- Net effect in other foreign currency (7+8)	**11**	**(11)**
TOTAL (3+6+9)	**(31.919)**	**31.919**

	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

(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, 2012**	December 31, 2011
	Financial instruments with fixed interest rate		
Financial assets	Financial assets at fair value through profit & loss	**621**	-
	Available for sale marketable securities	**-**	-
Financial liabilities		**465.407**	343.343
	Financial instruments with floating interest rate		
Financial assets		**-**	-
Financial liabilities		**138.314**	71.109

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, 2012**	December 31, 2011
%1 increase	**264**	(48)

(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, 2012

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	**732.768**	**761.693**	**252.059**	**261.122**	**176.139**	**72.373**
Borrowings	603.721	632.321	122.743	261.076	176.129	72.373
Financial lease payables	-	-	-	-	-	-
Trade payables	106.038	106.107	106.061	46	-	-
Other payables	23.009	23.265	23.255	-	10	-

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 to12 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	-	-	-

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.

NOTE 40 - SUBSEQUENT EVENTS

a) As mentioned in the Company's announcement dated December 24, 2012, AEH, a subsidiary of the Company and Commercial Bank of Qatar ("CBQ") had agreed upon starting talks regarding the sale AEH's controlling stake in ABank. In this respect, subsidiaries AEH, Çelik Motor, Anadolu Motor, indirect participation Efes Pazarlama ve Dağıtım Ticaret A.Ş. ("Efpa") and also AEH's other shareholder Özilhan Sınai Yatırım ve Ticaret A.Ş. ("Özilhan Sınai") have signed a share purchase agreement with CBQ, regarding the sale of 70,84% of the total shares of ABank to CBQ, subject to required regulatory approvals in Qatar and Turkey. The purchase price will be calculated as 70,84% of the total transaction value, which will be determined by 2 times of the total equity excluding minority interests based on audited IFRS financials of ABank as of June 30, 2013. Following the completion of the share transfers, Çelik Motor, Anadolu Motor, Efpa and Özilhan Sınai will have sold all of their total shares in ABank, while AEH will remain holding shares with nominal TRL 105.000 value, representing a 25% stake. Subject to the completion of the sale of ABank shares to CBQ, the parties also agreed for the sale of 95,82% shares of AEH in Alease. The purchase price will be calculated as 95,82% of the total transaction value, which will be determined by 1,8 times of the total equity excluding minority interests based on audited IFRS financials of Alease as of June 30, 2013. ABank's total equity excluding minority interests as of December 31, 2012 has been reported as TRL 585,08 million.

   Total assets and liabilities belonging to ABank and Alease amount to TRL 8.257.952 and TRL 7.556.814 respectively in the consolidated financial statements as of December 31, 2012."Interest and other income" belonging to ABank and Alease amounts to TRL 936.101 in the consolidated income statement for the year ended December 31, 2012. The Group has goodwill belonging to ABank amounting to TRL 35.344 in the consolidated financial statements as of December 31, 2012.

b) Adel, a subsidiary of the Company, has obtained valuation service from 3 Independent Valuation Companies authorized by Capital Market Board for tangibles subject to sale in Istanbul Kartal. The Valuation Companies apprised about VAT excluded TRL 22 Million-TRL 27 Million for the related tangible. Adel's management was authorized by the Board of Directors meeting dated March 8, 2013 for the execution of the transactions and the process of sale of related tangible "in cash through auction" with taking into account the legal process and plan of moving of management and production centers to land in Şekerpınar Köyü , Çayırova İlçesi, Kocaeli İli which is in the Property, Plant and Equipment of the Company.

c) Anadolu Isuzu, a joint venture of the Company, has obtained valuation service from 3 Independent Valuation Companies authorized by Capital Market Board for tangibles subject to sale in Istanbul Kartal. The Valuation Companies apprised about VAT excluded TRL 108 Million-TRL 130 Million for the related tangible. Anadolu Isuzu's management was authorized by the Board of Directors meeting dated February 19, 2013 for the execution of the transactions and the process of sale of related tangible "in cash through auction".

d) ABank, a subsidiary of the Company, has applied to Capital Markets Board of Turkey for a bond issuance of TRL 100.000 with 371 days maturity. Furthermore, the Bank has signed an intermediation agreement with A Yatırım regarding the related bond issuance.

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

NOTE 40 - SUBSEQUENT EVENTS (cont'd)

e) ABank, a subsidiary of the Company, finalized a bond issuance of TRL 100.000 with 175 days maturity and another bond issuance of TRL 50.000 with 728 days maturity which are approved by CMB's decision dated January 11, 2013 and numbered 2/20 and the related bonds have been sold to qualified investors without public offering on January 16, 2013.

f) Alternatif Portföy Yönetimi A.Ş. was established with a paid in capital of TRL 1.000 and registration of incorporation was declared in the Trade Registry on February 1, 2013. Alternatif Portföy Yönetimi A.Ş. is wholly owned by A Yatırım which is a subsidiary of the Company. In the forthcoming days following the registration, all required applications will be made to Capital Markets Board of Turkey for operational permissions.

g) Adel, a subsidiary of the Company, has decided in Board of Director's Meeting dated February 4, 2013 numbered 2013/4-A to be involved in the capital increase amounting to RUB 48.000.000 of Faber Castell Anadolu LLC, a joint venture of the Company, with 50% participation amounting to RUB 24.000.000 and paid the related amount on February 4, 2013.

h) Çelik Motor, a subsidiary of the Company, has decided in the Board of Directors Meeting dated February 13, 2013 to issue a bond to qualified investors without public offering, amounting to TRL 50.000 with 2 years maturity and fixed coupon payment in every 6 months.

NOTE 41 - OTHER ISSUES

41.1 Banking Loans

31.12.2012	**Corporate loans**	**SME loans**	**Consumer loans**	**Credit cards**	**Total**
Performing loans	2.136.210	2.604.165	190.895	5.979	4.937.249
Loans under close monitoring	67.489	80.710	18.118	328	166.645
Loans under legal follow – up	105.444	127.617	940	-	234.001
Total loans	**2.309.143**	**2.812.492**	**209.953**	**6.307**	**5.337.895**
Specific allowance for impairment (-)	(79.217)	(24.862)	(1.630)	-	(105.709)
Collective allowance for impairment(-)	(34.581)	(48.972)	(16.552)	(339)	(100.444)
Total Provisions (-)	**(113.798)**	**(73.834)**	**(18.182)**	**(339)**	**(206.153)**
	2.195.345	**2.738.658**	**191.771**	**5.968**	**5.131.742**

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

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

NOTE 41 - OTHER ISSUES (cont'd)

41.1 Banking Loans (cont'd)

The carrying amount of restructured loans is as follows:

	December 31, 2012	December 31, 2011
Banking loans		
Corporate loans	**66.986**	6.707
SME loans	**-**	16
	66.986	6.723

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

	December 31, 2012	December 31, 2011
Balance at January 1	**164.271**	82.236
Charge for the allowance for probable losses	**182.951**	90.320
Collections (-)	**(14.422)**	(8.285)
Loans written-off during the year as uncollectible (-) (*)	**(126.647)**	-
Balance at the end of the period	**206.153**	164.271

(*) A part of impaired loans amounting to TRL 93.082 have been sold to Girişim Varlık Yönetim A.Ş. for a total consideration of TRL 18.000 on June 22, 2012 and provision for that portfolio amounting to TRL 74.189 has been reversed and another part of impaired loans amounting to TRL 58.434 have been sold to Final Varlık Yönetim A.Ş. for a total consideration of TRL 7.750 on December 12, 2012 and provision for that portfolio amounting to TRL 51.033 has been reversed.

As of December 31, 2012, allowance for impaired loans also includes allowance provided for a portfolio amounting to TRL 100.447 (December 31, 2011: TRL 56.141).

As of December 31, 2012, loans and advances for which interest accrual has not been calculated or interest is remitted is amounting to TRL 234.001 (December 31, 2011: 214.311).

The TRL 4.275.494 amount of Banking Loans covers (December 31, 2011: TRL 3.498.586) current loans and TRL 856.248 amount covers (December 31, 2011: TRL 779.259) non-current loans.

As of December 31, 2012 and December 31, 2011, information with regard to rating concentration of the financial liabilities is as follows:

	December 31, 2012	December 31, 2011
High grade (A, B)	**55,38%**	49,32%
Standard grade (C)	**37,30%**	46,26%
Sub standard grade (D)	**4,04%**	3,59%
Impaired (E)	**0,50%**	0,65%
Not Traded	**2,78%**	0,17%

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

NOTE 41 - OTHER ISSUES (cont'd)

41.2 Banking Customers' Deposits

	December 31, 2012	December 31, 2011
Deposits from other banks	**1.436.925**	660.555
Customers' deposits	**4.116.277**	3.528.861
	5.553.202	4.189.416

Deposits from other banks

	December 31, 2012		December 31, 2011	
	Demand	**Time**	Demand	Time
Foreign currency:				
Domestic banks	**886**	**-**	329	26.626
Foreign banks	**-**	**-**	-	5.720
Funds deposited under repurchase agreements	**-**	**75.249**	-	-
	886	**75.249**	329	32.346
TRL:				
Domestic banks	**46**	**-**	19	6.507
Funds deposited under repurchase agreements	**-**	**1.360.744**	-	621.354
	46	**1.360.744**	19	627.861
	932	**1.435.993**	348	660.207

Customers' deposits

	December 31, 2012		December 31, 2011	
	Demand	**Time**	Demand	Time
Foreign currency deposits:				
Saving deposits	**24.317**	**590.042**	28.495	492.945
Commercial deposits	**113.986**	**427.068**	127.680	531.828
	138.303	**1.017.110**	156.175	1.024.773
TRL:				
Saving deposits	**49.568**	**1.479.241**	42.552	1.223.473
Commercial deposits	**145.984**	**1.285.367**	133.955	937.078
Funds deposited under repurchase agreements	**-**	**704**	-	10.855
	195.552	**2.765.312**	176.507	2.171.406
	333.855	**3.782.422**	332.682	3.196.179

As of December 31, 2012, the current portion of the deposits is amounting to TRL 5.545.254 (December 31, 2011: TRL 4.189.331) and the non-current portion is amounting to TRL 7.948 (December 31, 2011: TRL 85).

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

NOTE 41 - OTHER ISSUES (cont'd)

41.3 Funds Borrowed

	December 31, 2012	December 31, 2011
Foreign institutions and banks		
Syndication loans	**365.522**	415.025
Subordinated debt	**257.489**	274.470
Other	**543.435**	410.021
Total foreign	**1.166.446**	1.099.516
Total domestic	**382.724**	523.139
	1.549.170	1.622.655

There is no letters of guarantee denominated in foreign currency given to the lending institutions as collateral against the loans obtained (December 31, 2011: None).

Funds borrowed amounting to TRL amount of 1.043.139 covers (December 31, 2011: TRL 1.026.703) current funds borrowed and TRL 506.031 amount covers (December 31, 2011: TRL 595.952) non-current funds borrowed.

41.4 Derivative Financial Instruments

Banking

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

The fair value of derivative financial instruments is calculated by using forward exchange rates at the balance sheet date. In the absence of reliable forward 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.

31.12.2012		**Fair values**	
	Contract / Notional amount	**Assets**	**Liabilities**
Derivatives held for trading			
Foreign exchange derivatives:			
Currency forwards	322.471	565	1.369
Currency swaps	1.268.377	7.383	12.116
OTC currency options	1.670.540	4.560	4.242
Interest rate swaps	442.208	-	3.088
Marketable security option	71.104	-	207
Total derivatives held for trading	**3.774.700**	**12.508**	**21.022**
Short term		8.054	20.005
Long term		4.454	1.017
		12.508	**21.022**

(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
Short term		36.373	25.312
Long term		9.360	-
		45.733	25.312

Non-Banking

Fair Value Hedge Accounting

Çelik Motor, a subsidiary of the Group, started to apply fair value hedge accounting from 1 January, 2012. Çelik Motor hedges its foreign exchange risk on commitments to provide operational leasing services resulting from off balance sheet foreign currency denominated operating lease receivables (hedged item) with foreign currency denominated loans (hedging instrument). Fair value changes resulting from the exchange risk of the hedged item has been accounted in "derivative financial instruments" as an asset or liability on the balance sheet, current year fair value changes has been accounted for under foreign exchange gain/losses in "financial income/expense" accounts in the statement of income, prior period's fair value changes has been accounted under "revenue". Fair value of derivative financial instruments as of December 31, 2012 is as follows:

		December 31, 2012		December 31, 2011	
		Fair values		Fair values	
	Contract / Notional amount	**Assets**	**Liabilities**	Assets	Liabilities
Derivatives held for hedging:					
Receivables from operating leases	**234.559**	**-**	**1.064**	-	-
	234.559	**-**	**1.064**	-	-
Short term			**1.028**		
Long term			**36**		
			1.064	-	-

The Group documented the relationship between hedging instruments and hedged items at the beginning of the hedge transaction and also documented risk management objectives and the strategy for performing a variety of hedging transactions. Group, both at the beginning of the process of hedging transaction and on a regular basis of the hedging transaction, documented the assessment whether instruments used in hedging transactions are effective in high-level balancing changes in values of hedged items.

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

NOTE 41 - OTHER ISSUES (cont'd)

41.4 Derivative Financial Instruments (cont'd)

Non-Banking (cont'd)

Although the Group's functional currency is Turkish Lira, due to a significant portion of lease receivables denominated in foreign currencies, the Group is exposed to currency risk. Lease receivables represented in Turkish Lira. As a result, changes in exchange rates affect both the Group's financial position and net income.

In accordance with the Group's currency risk strategy, currency risk arising from future operating lease receivables has been taken under protection with foreign currency loans.

Type of hedging relationship is fair value hedges. The Group's currency risk arising from operating lease receivables based on the commitments to provide operating leasing has been begun to take under protection with foreign currency loans as of January 1, 2012.

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.

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, 2012		December 31, 2011	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
Cash and cash equivalents	**73.776**	**73.776**	128.394	128.394
Held to maturity financial assets	**1.045.707**	**1.074.978**	828.300	823.689
Banking loans	**5.131.742**	**5.040.621**	4.277.845	4.627.427
Financial lease receivables	**337.817**	**337.818**	273.406	270.631
	6.589.042	**6.527.193**	5.507.945	5.850.141
Financial Liabilities				
Borrowings	**799.845**	**864.124**	414.452	430.547
Deposits from other banks	**1.436.925**	**1.436.925**	660.555	660.666
Customer deposits	**4.116.277**	**4.088.394**	3.528.861	3.543.561
Funds borrowed	**1.549.170**	**1.533.043**	1.622.655	1.756.599
	7.902.217	**7.922.486**	6.226.523	6.391.373

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

NOTE 41 - OTHER ISSUES (cont'd)

41.5 Fair Values (cont'd)

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, 2012	**Level 1**	**Level 2**	**Level 3**
Financial assets at fair value through profit and loss	**53.897**	**53.897**	**-**	**-**
Available for sale financial assets	**783.046**	**783.046**	**-**	**-**
Derivative financial assets	**12.508**	**-**	**12.508**	**-**
Derivative financial liabilities	**22.086**	**-**	**22.086**	**-**

	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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