AYGAZ A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDIT REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2009

(translated into English from the original copy)

CONVENIENCE TRANSLATION OF THE REPORT AND THE FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

To the Board of Directors of
Aygaz A.Ş

We have audited the accompanying consolidated financial statements of Aygaz A.Ş. (the "Company") and its subsidiaries (together the "Group"), which comprise the consolidated balance sheet as at 31 December 2009, and the consolidated income statement, consolidated comprehensive income statement, consolidated statement of changes in equity and consolidated cash flows statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Financial Reporting Standards issued by Capital Market Board. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of 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

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards issued by Capital Market Board. Those standards 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 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

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with Financial Reporting Standards issued by Capital Market Board.

Istanbul, 8 March 2010

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of **DELOITTE TOUCHE TOHMATSU**

Gaye Şentürk
Partner

Explanatory notes on consolidated financial statements **Page**

AYGAZ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2009

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated

ASSETS	Notes	Current Year 31 December 2009	Previous Year 31 December 2008
CURRENT ASSETS			
Cash and cash equivalents	6	407.893.247	405.430.998
Trade receivables		336.541.175	263.372.756
-Due from related parties	37	*19.230.388*	*16.696.464*
-Other trade receivables	10	*317.310.787*	*246.676.292*
Other receivables	11	6.322.688	3.999.048
Inventories	13	89.180.125	84.083.574
Other current assets	26	22.002.553	42.156.974
Total Current Assets		**861.939.788**	**799.043.350**
NON-CURRENT ASSETS			
Trade receivables	10	799.929	844.262
Other receivables	11	3.240.442	2.505.847
Financial assets	7	196.924.453	203.749.145
Equity investments	16	809.935.935	740.455.267
Investment property	17	-	-
Property, plant and equipment	18	711.409.985	672.004.351
Intangible assets	19	3.957.462	3.816.737
Other non-current assets	26	19.884.035	42.561.305
Total Non-Current Assets		**1.746.152.241**	**1.665.936.914**
TOTAL ASSETS		**2.608.092.029**	**2.464.980.264**

The accompanying notes form an integral part of these financial statements.

AYGAZ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2009

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated

LIABILITIES AND EQUITY	**Notes**	**Current Year 31 December 2009**	**Previous Year 31 December 2008**
SHORT TERM LIABILITIES			
Financial borrowings	8	259.223.320	392.089.457
Trade payables		167.612.425	314.330.323
-Due to related parties	37	*53.444.394*	*43.425.448*
-Other trade payables	10	*114.168.031*	*270.904.875*
Other payables	11	3.816.482	12.173.170
Provisions	22	3.595.753	1.360.541
Current tax liabilities	35	10.683.167	2.071.059
Other short term liabilities	26	113.718.295	100.657.442
Total Current Liabilities		**558.649.442**	**822.681.992**
LONG TERM LIABILITIES			
Financial borrowings	8	176.229.600	55.672.300
Other long term payables	11	52.634.711	49.748.518
Provision for employment termination benefits	24	14.931.011	13.283.700
Deferred tax liabilities	35	48.359.425	49.688.789
Other long-term liabilities	26	-	209.990
Total Non-Current Liabilities		**292.154.747**	**168.603.297**

The accompanying notes form an integral part of these financial statements.

AYGAZ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2009

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated

EQUITY(cont'd)	Not	**Current Year 31 December 2009**	**Previous Year 31 December 2008**
EQUITY			
Share capital	27	300.000.000	300.000.000
Inflation adjustment to share capital	27	71.503.640	71.503.640
Reciprocal adjustment to share capital		(7.442.000)	(7.329.200)
Valuation fund on financial assets	27	99.491.082	80.648.444
Currency translation reserve		378.200	774.380
Restricted reserves	27	364.730.345	360.035.114
Risk hedge fund		(6.384.000)	(12.969.800)
Retained earnings		577.247.077	581.673.305
Net profit for the period		314.604.096	25.765.471
Equity attributable to equity holders of the parent		**1.714.128.440**	**1.400.101.354**
Minority interest	27	43.159.400	73.593.621
Total Equity		**1.757.287.840**	**1.473.694.975**
TOTAL LIABILITIES AND EQUITY		**2.608.092.029**	**2.464.980.264**

The accompanying notes form an integral part of these financial statements.

AYGAZ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2009

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated

	Notes	Current Year 1 January- 31 December 2009	Previous Year 1 January- 31 December 2008
CONTINUING OPERATIONS			
Sales revenue	28	3.786.758.483	3.579.293.435
Cost of sales	28	(3.233.360.114)	(3.103.181.745)
GROSS PROFIT		**553.398.369**	**476.111.690**
Marketing sales and distribution expenses	29	(131.447.155)	(125.196.542)
General administrative expenses	29	(127.366.766)	(105.743.231)
Research and development expenses	29	(1.553.868)	(1.086.790)
Other operating income	31	81.133.252	21.231.315
Other operating expenses	31	(30.946.160)	(12.498.631)
OPERATING PROFIT		**343.217.672**	**252.817.811**
Profit / (loss) from equity participations	16	53.883.070	(87.919.636)
Financial income	32	33.515.274	53.128.385
Financial expense	33	(56.393.456)	(154.694.835)
PROFIT BEFORE TAXATION FOR THE PERIOD FROM CONTINUING OPERATIONS		**374.222.560**	**63.331.725**
Continuing operations tax income / (expense)			
- Tax (expense) for the period	35	(50.538.620)	(25.981.117)
- Deferred tax income / (expense)	35	2.896.130	(4.655.785)
NET PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**326.580.070**	**32.694.823**
DISCONTINUED OPERATIONS			
Discontinued operations profit / (loss) after tax	34	(53.485)	9.155.248
NET PROFIT FOR THE PERIOD		**326.526.585**	**41.850.071**
Profit for the period attributable to:			
Minority interest	27	11.922.489	16.084.600
Parent company share		314.604.096	25.765.471
		326.526.585	**41.850.071**
Earnings per share			
Diluted earnings per share	36	1,048680	0,085885
-From continuing operations	36	1,048859	0,055367
-From discontinuing operations	36	(0,000179)	0,030518

The accompanying notes form an integral part of these financial statements.

AYGAZ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD YEAR ENDED 31 DECEMBER 2009

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated

	Current Year 1 January- 31 December 2009	Previous Year 1 January- 31 December 2008
PROFIT FOR THE PERIOD	**326.526.585**	**41.850.071**
Comprehensive Income/(Loss)		
Change in valuation fund on financial assets	18.842.638	(29.500.806)
Change in financial hedge fund	6.585.800	(8.855.800)
Change in currency translation reserve	(396.180)	1.272.302
OTHER COMPREHENSIVE INCOME / (LOSS) (AFTER TAX)	**25.032.258**	**(37.084.304)**
TOTAL COMPREHENSIVE INCOME	**351.558.843**	**4.765.767**
Attributable to:		
Minority share	11.922.489	16.084.600
Parent company share	339.636.354	(11.318.833)
	351.558.843	**4.765.767**

The accompanying notes form an integral part of these financial statements.

AYGAZ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2009

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated

					Other Comprehensive Income / (Loss)							
	Share Capital	Inflation Adjustments of Shareholders Equity Items	Reciprocal Adjustments of Shareholders Equity	Restricted Reserves	Valuation Fund on Financial Assets	Risk Hedge Fund	Currency Translation Reserve	Retained Earnings	Net profit / (Loss)	The Equities Attributable to Parent Company	Minority Interest	Total Equities
Balance at 1 January 2008	**250.695.318**	**71.503.640**	**(7.329.200)**	**277.818.135**	**110.149.250**	**(4.114.000)**	**(497.922)**	**280.269.868**	**439.527.287**	**1.418.022.376**	**80.545.228**	**1.498.567.604**
Capital increase	49.304.682	-	-	-	-	-	-	-	(49.304.682)	-	-	-
Transfers to reserves	-	-	-	82.216.979	-	-	-	308.005.626	(390.222.605)	-	-	-
Transactions with minority shares (note 3)	-	-	-	-	-	-	-	(6.602.189)	-	(6.602.189)	(23.036.207)	(29.638.396)
Comprehensive income / (loss) for the period	-	-	-	-	(29.500.806)	(8.855.800)	1.272.302	-	25.765.471	(11.318.833)	16.084.600	4.765.767
Balance at 31 December 2008	**300.000.000**	**71.503.640**	**(7.329.200)**	**360.035.114**	**80.648.444**	**(12.969.800)**	**774.380**	**581.673.305**	**25.765.471**	**1.400.101.354**	**73.593.621**	**1.473.694.975**
Balance at 1 January 2009	**300.000.000**	**71.503.640**	**(7.329.200)**	**360.035.114**	**80.648.444**	**(12.969.800)**	**774.380**	**581.673.305**	**25.765.471**	**1.400.101.354**	**73.593.621**	**1.473.694.975**
Dividends paid	-	-	-	-	-	-	-	(30.000.000)	-	(30.000.000)	(315.800)	(30.315.800)
Transfers to reserves	-	-	-	4.695.231	-	-	-	21.070.240	(25.765.471)	-	-	-
Change in reciprocal adjustment	-	-	(112.800)	-	-	-	-	-	-	(112.800)	-	(112.800)
Transactions with minority shares (note 3)	-	-	-	-	-	-	-	4.503.532	-	4.503.532	(42.040.910)	(37.537.378)
Comprehensive income / (loss) for the period	-	-	-	-	18.842.638	6.585.800	(396.180)	-	314.604.096	339.636.354	11.922.489	351.558.843
Balance as of 31 December 2009	**300.000.000**	**71.503.640**	**(7.442.000)**	**364.730.345**	**99.491.082**	**(6.384.000)**	**378.200**	**577.247.077**	**314.604.096**	**1.714.128.440**	**43.159.400**	**1.757.287.840**

The accompanying notes form an integral part of these financial statements.

AYGAZ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2009

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated

	Footnote References	Current Year 1 January- 31 December 2009	Previous Year 1 January- 31 December 2008
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the period		326.526.585	41.850.071
Adjustments to reconcile net income to net cash provided by operating activities:			
Profit on equity investments	16	(53.883.070)	87.919.636
Depreciation of property, plant and equipment	18	95.410.139	91.917.710
Depreciation of intangible assets	19	1.826.621	1.829.269
Profit on financial asset sale	31	(39.872.144)	-
Sundry provisions	22,26	17.296.448	15.113.705
The amortization investment property	17	-	7.980
Negative goodwill income	31	(2.662.915)	-
Impairment (profit) / loss on financial assets	7	(158.808)	(26.048)
Provision for retirement pay	24	4.039.895	3.638.689
(Profit) / loss of sales of tangible assets (net)	31,32	(296.004)	(608.659)
Allowances for doubtful receivables	10	3.862.894	3.125.044
Interest income	32	(11.787.581)	(26.460.771)
Interest expense	33	18.826.679	16.012.683
(Profit)/loss from termination of joint venture	34	53.485	(13.890.199)
Dividend Income	31	(10.963)	(3.141.857)
Translation loss/(gain)		-	(1.788.272)
Unrealized foreign exchange (gain) / loss on loans		(33.416.534)	86.900.000
Tax provision	35	47.642.490	30.636.902
Operating cash flow before changes in working capital		373.397.217	333.035.883
Changes in working capital:			
Trade receivables	10	(69.704.117)	4.117.506
Due from related parties	37	(2.134.317)	2.058.761
Inventories	13	(4.873.912)	21.611.834
Other receivables and current assets	11,26	13.485.493	(28.654.024)
Trade payables	10	(160.049.693)	96.970.890
Due to related parties	37	9.941.365	(9.054.219)
Other payables and liabilities	11,26	(8.510.375)	(3.554.476)
		151.551.661	416.532.155
Income taxes paid	35	(41.926.512)	(38.310.911)
Retirement pay paid	24	(2.415.952)	(2.517.147)
Cash generated from operations		107.209.197	375.704.097
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	32	11.787.581	26.460.771
Changes in financial assets held for trading(net)		-	7.944.591
Cash paid for equity investment capital increase	16	(9.400.000)	-
Purchases for subsidairy shares	3	(52.254.762)	(29.638.396)
Purchases for financial assets		-	(10.374.193)
Proceeds for joint venture disposal	34	83.866	4.049.235
Cash received from sale of financial assets	7	66.690.000	-
Purchases for property,plant and equipment	18	(126.744.483)	(73.467.565)
Purchases for intangible assets	19	(1.821.809)	(959.879)
Proceeds of sale tangible and intangible assets	18,19,31,32	7.747.946	4.843.382
Dividends received	31	10.963	3.141.857
Changes in other investing activities	26	27.188.532	(27.055.761)
Net cash used investing activities		(76.712.166)	(95.055.958)
CASH FLOWS FROM FINANCING ACTIVITIES			
Changes in financial liabilities	8	2.281.018	35.746.380
Dividends paid		(30.315.800)	-
Net cash generated by / (used in) financing activities		(28.034.782)	35.746.380
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		2.462.249	316.394.519
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	6	405.430.998	89.036.479
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6	407.893.247	405.430.998

The accompanying notes form an integral part of these financial statements.

1. ORGANIZATION AND OPERATIONS OF THE COMPANY

The main activity of Aygaz Anonim Şirketi ("the Company") is the purchase of liquid petroleum gas (LPG) in bulk from domestic refineries and the overseas market and delivery to retailers for distribution to customers. As a result of the merger in 2001 with Gaz Aletleri A.Ş., the Company started to manufacture LPG cylinders, LPG tanks, LPG stoves and other supplementary materials which support the Company's main business and which are necessary equipment for the end-user. In addition, the Company owns LPG vessels and provides transportation service on behalf of other LPG companies. Koç Holding A.Ş. is the ultimate and controlling shareholder of the Company.

The shares of the Company are quoted to İstanbul Stock Exchange Market (ISE).

The address of the company's registered office and principal place of business is as follows:

Büyükdere Cad. No: 145/1 Aygaz Han, Zincirlikuyu, 34394 / İstanbul

As of 31 December 2009, number of personnel of Aygaz and its subsidiaries ("the Group") is 1.402 (31 December 2008: 1.431).

Subsidiaries

Mogaz Petrol Gazları A.Ş. ("Mogaz"), a subsidiary of the company, is a LPG distribution company. The group has purchased 8,93% share of Mogaz Petrol Gazları A.Ş. ("Mogaz") in 2008 and raised Group's effective ownership to 97,90%.

Entek Elektrik Üretimi A.Ş. ("Entek") operates as electricity producer with its 3 facilities in Bursa, İzmit and İstanbul. In 2009, 15,51% of shares were purchased by the Group and this purchase raised Group's effective ownership to 86,01%.

Akpa reached to its current structure with the merger of four subsidiaries of Koç Holding Energy Group at the end of 2001. Before the merger, four companies were operating separately from each other in Bursa, Eskişehir, Ankara and Antalya. Merged company name was Bursa Gaz ve Ticaret A.Ş, but it was changed to "Akpa Dayanıklı Tüketim Lpg ve Akaryakıt Ürünleri Pazarlama Anonim Şirketi" with the decision of Board of Directors meeting held on March 17, 2005.

Aygaz Doğal Gaz Toptan Satış A.Ş. (previously "Koç Statoil Gaz Toptan Satış A.Ş.") and Aygaz Doğal Gaz İletim A.Ş. (previously "Koç Statoil Gaz İletim A.Ş.") (together "Aygaz Doğal Gaz") were established in April 2004 with equal shares distribution as a result of the joint venture agreement between Koç Group and Norwegian Statoil Hydro ASA which is one of the leading companies in international fuel and natural gas market. The Group has acquired 50% shares of Aygaz Doğalgaz Toptan Satış A.Ş. and Aygaz Doğalgaz İletim A.Ş., which were the joint ventures accounted with proportionate consolidation method with effective ownership of 47,99%, from Statoil Hydro ASA paying TL 17.224.245 for these shares and increased the effective control to 97,99%. As of 31 December 2009, Aygaz Doğal Gaz Toptan Satış A.Ş. and Aygaz Doğal Gaz İletim A.Ş, which were previously accounted with proportionate consolidation method as joint ventures as of 31 December 2008, are accounted as subsidiaries in the accompanying financial statements after acquisition of additional shares.

1. ORGANIZATION AND OPERATIONS OF THE COMPANY (cont'd)

Subsidiaries (cont'd)

The details of the Group's subsidiaries are as follows:

		Ownership interest			
Subsidiaries	Place of incorporation and operation	31 December 2009	31 December 2008	Voting power right	Principal Activity
Akpa	Turkey	99,99%	99,99%	99,99%	Marketing
Mogaz	Turkey	97,90%	97,90%	97,90%	LPG
Entek	Turkey	86,01%	70,50%	86,01%	Electricity
Aygaz Doğal Gaz Toptan Satış A.Ş.	Turkey	97,99%	-	97,99%	LNG
Aygaz Doğal Gaz İletim A.Ş.	Turkey	97,99%	-	97,99%	LNG

Joint Ventures

Opet Aygaz BV was established in May 2003 as a corporation with a joint management in order to perpetuate the cooperative activities of Aygaz and Opet Petrolcülük A.Ş ("Opet"). Opet Aygaz BV signed a share transfer agreement at 19 June 2008 regarding the sale of total shares of Opet Aygaz Bulgaria EAD and discontinued its ongoing operations in Bulgaria since 2003 on 31 October 2008. Then, Group Management decided liquidation of Opet Aygaz BV in 2009 (Note 34). According to the decision, Opet Aygaz BV has been liquidated on 30 December 2009.

The details of the Group's joint ventures are as follows:

		Ownership interest			
Joint Ventures	Place of incorporation and operation	31 December 2009	31 December 2008	Voting power right	Principal Activity
Aygaz Doğal Gaz Toptan Satış A.Ş. (*)	Turkey	-	47,99%	-	LNG
Aygaz Doğal Gaz İletim A.Ş. (*)	Turkey	-	47,99%	-	LNG
Opet Aygaz BV	Holland	-	50,00%	-	LPG

(*) Consolidated as a subsidiary upon share purchase in 2009.

Investments in associates

In December 2005, Enerji Yatırımları A.Ş. was established to acquire 51% block shares of Türkiye Petrol Rafinerileri A.Ş, to participate in the Tüpraş's management and its operational decisions as well to operate in oil refinery related sectors in Turkey.

1. ORGANIZATION AND OPERATIONS OF THE COMPANY (cont’d)

Investments in associates (cont’d)

The details of the Group’s associates are as follows:

		Ownership interest			
Investments in associates	Place of incorporation and operation	31 December 2009	31 December 2008	Voting power right	Principal Activity
Zinerji A.Ş. (*)	Turkey	55,83%	55,83%	55,83%	Energy
Enerji Yatırımları A.Ş.	Turkey	20,00%	20,00%	20,00%	Energy

(*) Zinerji A.Ş. is accounted with equity pick-up consolidation method in the accompanying financial statements even though The Group owns 55,83% of the entity since the Company is dormant.

Approval of Financial Statements

The consolidated financial tables for the period ended 31 December 2009 are approved on the Board of Directors meeting held on 8 March 2010 to be published and are signed by Assistant General Manager (Finance) Gökhan Tezel and Subsidiaries and Accounting Director Nurettin Demirtaş. The accompanying financial tables will become final after the approval of General Assembly.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Accounting Standards

The Company and its Turkish subsidiaries maintain their books of account and prepare their statutory financial statements in accordance with accounting principles in the Turkish Commercial Code (“TCC”) and tax legislation. Subsidiaries operating in foreign countries maintain their books of account in the currencies of those countries and prepare their statutory financial statements in accordance with the legislation effective in those countries.

Capital Market Board (“CMB”) published a comprehensive set of accounting principles in accordance with the Decree Serial: XI, No: 29 on “The Decree for Capital Markets Accounting Standards”. This decree is applicable for the first interim financial statements ended subsequent to 1 January 2008 period. The supplementary decree Serial: XI, No: 29 was issued as an amendment to Decree Serial: XI, No: 25 and states that, the financial statements will be prepared in accordance with the International Financial Reporting Standards (“IAS/IFRS”) as conceded by the European Union (EU). International Financial Reporting Standards (“IAS/IFRS”) will be applied till the time the differences between the International Financial Reporting Standards (“IAS/IFRS”) and the Turkish Accounting/Financial Reporting Standards (“TAS/TFRS”) are declared by the Turkish Accounting Standards Committee (TASC). Therefore, the Turkish Accounting/Financial Reporting Standards (“TAS/TFRS”) which are in complaint with the applied standards will be adopted.

The consolidated financial statements are prepared in Turkish Lira (“TL”) based on the historical cost conversion except for the financial assets and liabilities which are expressed with their fair values.

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

2.2 Preparation of Financial Statements in Hyperinflationary Periods:

CMB, with its resolution dated 17 March 2005 declared that companies operating in Turkey which prepare their financial statements in accordance with CMB Accounting Standards, effective 1 January 2005, will not be subject to the application of inflation accounting. Consequently, in the accompanying financial statements IAS 29 "Financial Reporting in Hyperinflationary Economies" was not applied.

2.3 Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled or jointly controlled by the Company (its subsidiaries).

Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

2.4 Comparative Information and Restatement of Prior Period Financial Statements

Consolidated financial statements of the Group have been prepared comparatively with the prior period in order to give information about financial position and performance. If the presentation or classification of the financial statements is changed, in order to maintain consistency, financial statements of the prior periods are also reclassed in line with the related changes.

The prior year's financial statements are restated due to the acquisition of subsidiaries constituting the equity holders of the parent. The restated balances are explained in note 3.

While preparing its financial statements in line with the Capital Market Board (CMB) issued Decree No XI-29, the Group reclassified its previous period financial statements accordingly in order to compare with the current period financial statement. Since there has been changes in the presentation and classification of financial statements. The classifications have no affect on previous terms equity and retained earnings. The significant classifications are explained in note 41.

2.5 Offsetting

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

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

2.6 Adoption of New and Revised International Financial Reporting Standards

The following new and revised standards and interpretations were implemented in the current period and this implementation had an impact on the reported amounts and disclosures of financial statements. Other standards and interpretations that implemented in the financial statements but had no effect on reported amounts are also explained in the further parts of this article.

<u>Standards and Interpretations affecting reported results or financial position of 2009</u>

IAS 1, (as revised in 2007) *"Presentation of Financial Statements"*	IAS 1(2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. The Group presents in the consolidated statement changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income.
IFRS 8, *"Operating Segments"*	IFRS 8 is a disclosure Standard that has resulted in a redesignation of the Group's reportable segments (see note 5).
Improving Disclosures about Financial Instruments *(Amendments to IFRS 7, "Financial Instruments: Disclosures")*	The amendments to IFRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk.

<u>Standards and Interpretations that are effective in 2009 with no impact on the 2009 financial statements</u>

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions or arrangements.

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

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

Amendments to IFRS 1, "*First-time Adoption of International Financial Reporting Standards"* and IAS 27, "*Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate"*	The amendments deal with the measurement of the cost of investments in subsidiaries, jointly controlled entities and associates when adopting IFRSs for the first time and with the recognition of dividend income from subsidiaries in a parent's separate financial statements.
Amendments to IFRS 2, "*Share-based Payment - Vesting Conditions and Cancellations"*	The amendments clarify the definition of vesting conditions for the purposes of IFRS 2, introduce the concept of 'non-vesting' conditions, and clarify the accounting treatment for cancellations.
IAS 23, (as revised in 2007) *"Borrowing Costs"*	The principal change to the Standard was to eliminate the option to expense all borrowing costs when incurred. This change has had no impact on these financial statements because it has always been the Group's accounting policy to capitalise borrowing costs incurred on qualifying assets.
IAS 32,"Financial Instruments: Presentation" and IAS 1, "Presentation of Financial Statements-	Amendment in IAS 32 resulted change in classification of liability / equity by allowing reclassification of financial instruments (or components of instruments) to be exchanged with third parties under proportionate liquidation of net assets as equity under certain circumstances.
Amendments to IAS 39, *"Financial Instruments: Recognition and Measurement – Eligible Hedged Items"*	The amendments provide clarification on two aspects of hedge accounting: identifying inflation as a hedged risk or portion, and hedging with options.
Embedded Derivatives *(Amendments to IFRIC 9 and IAS 39)*	The amendments clarify the accounting for embedded derivatives in the case of a reclassification of a financial asset out of the 'fair value through profit or loss' category as permitted by the October 2008 amendments to IAS 39, "Financial Instruments: Recognition and Measurement".

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

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

IFRIC 15, "*Agreements for the Construction of Real Estate"*	The Interpretation addresses how entities should determine whether an agreement for the construction of real estate is within the scope of IAS 11, "Construction Contracts" or IAS 18, "Revenue" and when revenue from the construction of real estate should be recognized.
IFRIC 16, "*Hedges of a Net Investment in a Foreign Operation"*	The Interpretation provides guidance on the detailed requirements for net investment hedging for certain hedge accounting designations.
IFRIC 18, "*Transfers of Assets from Customers"*	The Interpretation addresses the accounting by recipients for transfers of property, plant and equipment from 'customers' and concludes that when the item of property, plant and equipment transferred meets the definition of an asset from the perspective of the recipient, the recipient should recognize the asset at its fair value on the date of the transfer, with the credit recognized as revenue in accordance with IAS 18, "Revenue".
IFRIC 13, "*Customer Loyalty Programmes"*	Under IFRIC 13, customer loyalty programs should be recognized as a separately identifiable component of the sales transaction(s). A portion of the fair value of the consideration received in respect of the initial sale shall be allocated to the award credits and the consideration allocated to award credits should be recognized as revenue when awards credits are redeemed.

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

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

Amendments to IAS 38, "*Intangible Assets*"	As part of Improvements to IFRSs (2008), IAS 38 has been amended to state that an entity is permitted to recognize a prepayment asset for advertising or promotional expenditure only up to the point at which the entity has the right to access the goods purchased or up to the point of receipt of services.
Amendments to IAS 40, "*Investment Property*"	As part of Improvements to IFRSs (2008), IAS 40 has been amended to include within its scope investment property in the course of construction.
Amendments to IAS 20, "Accounting for Government Grants and Disclosure of Government Assistance"	As part of Improvements to IFRSs (2008), IAS 20 has been amended to require that the benefit of a government loan at a below-market rate of interest be treated as a government grant. This accounting treatment was not permitted prior to these amendments.
Amendments to IAS 39, "Financial Instruments: Recognition and Measurement" and IFRS 7, "Financial Instruments: Disclosures regarding reclassifications of financial assets"	The amendments to IAS 39 permit an entity to reclassify non-derivative financial assets out of the 'fair value through profit or loss' (FVTPL) and 'available-for-sale' (AFS) categories in very limited circumstances. Such reclassifications are permitted from 1 July 2008. Reclassifications of financial assets made in periods beginning on or after 1 November 2008 take effect only from the date when the reclassification is made.
Improvements to IFRSs (2008)	In addition to the changes affecting amounts reported in the financial statements described above, the Improvements have led to a number of changes in the detail of the Group's accounting policies – some of which are changes in terminology only, and some of which are substantive but have had no material effect on amounts reported. The majority of these amendments are effective from 1 January 2009.

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

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

Standards and Interpretations that are issued but not yet effective in 2009 and have not been early adopted

IFRS 3 (as revised in 2008) ***"Business Combinations"***

IFRS 3(2008) is effective for business combinations where the acquisition date is on or after the beginning of the first annual period beginning on or after 1 July 2009. The main impact of the adoption will be as follows:

a) to allow a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as 'minority' interests) either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquire.

b) to change the recognition and subsequent accounting requirements for contingent consideration.

c) to require that acquisition-related costs be accounted for separately from the business combination, generally leading to those costs being recognized as an expense in profit or loss as incurred.

The Group will apply IFRS 3 (revised) prospectively to all business combinations from 1 January 2010.

IFRS 9 "*Financial Instruments: Classification and Measurement*"

In November 2009, the first part of IFRS 9 relating to the classification and measurement of financial assets was issued. IFRS 9 will ultimately replace IAS 39, *"Financial Instruments: Recognition and Measurement*". The standard requires an entity to classify its financial assets on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset, and subsequently measure the financial assets as either at amortized cost or at fair value. The new standard is mandatory for annual periods beginning on or after 1 January 2013.

The Group has not had an opportunity to consider the potential impact of the adoption of this standard on the financial statements.

IAS 24 (revised 2009) "*Related Party Disclosures"*

In November 2009, IAS 24, *"Related Party Disclosures"* was revised. The revision to the standard provides government-related entities with a partial exemption from the disclosure requirements of IAS 24. The revised standard is mandatory for annual periods beginning on or after 1 January 2011. The Group has not yet had an opportunity to consider the potential impact of the adoption of this revised standard.

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

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

IAS 27 (as revised in 2008) "*Consolidated and Separate Financial Statements*"

IAS 27 (revised) is effective for annual periods beginning on or after 1 July 2009. The revisions to IAS 27 principally affect the accounting for transactions or events that result in a change in the Group's interests in its subsidiaries.

The revised standard requires that ownership decreases or increases that do not result in change in control to be recorded in equity.

The Group has already applied IAS 27 (revised) with non-controlling interests starting from 1 January 2007.

IFRIC 17 "*Distributions of Non-cash Assets to Owners*"

IFRIC 17 is effective for annual periods beginning on or after 1 July 2009. The interpretation provides guidance on the appropriate accounting treatment when an entity distributes assets other than cash as dividends to its shareholders. The Group has not yet had an opportunity to consider the potential impact of the adoption of this interpretation.

IFRIC 19 "*Extinguishing Financial Liabilities with Equity Instruments*"

IFRIC 19 is effective for annual periods beginning on or after 1 July 2010. IFRIC 19 addresses only the accounting by the entity that issues equity instruments in order to settle, in full or part, a financial liability. The Group has not yet had an opportunity to consider the potential impact of the adoption of this interpretation.

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

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

Amendments related to Annual Improvements to IFRS (2009)

As part of the Annual Improvement project, in addition to the amendments mentioned above, other amendments were made to various standards and interpretations. These amendments are effective for annual periods beginning on or after 1 January 2010. The Group has not yet had an opportunity to consider the potential impact of the adoption of these amendments.

As part of Improvements to IFRSs 2009 issued in April 2009, the International Accounting Standards Board ("IASB") amended the requirements of IAS 17 "Leases" regarding the classification of leases of land. Prior to amendment, IAS 17 Leases generally required leases of land with an indefinite useful life to be classified as operating leases. This was inconsistent with the general principles of the Standard, and the relevant guidance has been removed due to concerns that it could lead to accounting that did not reflect the substance of arrangements. Following the amendments, leases of land are classified as either 'finance' or 'operating' using the general principles of IAS 17. These amendments are effective for annual periods beginning on or after 1 January 2010, and they are to be applied retrospectively to unexpired leases at 1 January 2010 if the necessary information was available at the inception of the lease. Otherwise, the revised Standard will be applied based on the facts and circumstances existing on 1 January 2010 (i.e. the date of adoption of the amendments) and the Group will recognize assets and liabilities related to land leases newly classified as finance leases at their fair values on that date; any difference between those fair values will be recognized in retained earnings.

Management anticipates that these amendments to IAS 17 will be adopted in the Group's financial statements for the annual period beginning 1 January 2010. It is likely that the changes will affect the classification of some of the Group's leases of land. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed. In particular, the directors will be considering the extent to which information is available for retrospective application.

2.7 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, and other similar allowances.

Sale of goods:

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

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

- 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; and

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

2.7 Revenue recognition (cont'd)

- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services:

Revenue is recognized by when it is probable that the economic benefits associated with the transaction will flow to the entity. When an uncertainty occurs about the collectability of revenue recognized, the uncollected revenue is not deducted from the revenue. Instead, it is recognized as expense in the financial statements.

The assumptions for the reliability of revenue recognition after the agreement of third parties is as follows:

- Contractual rights of each parties under sanction according to the agreement
- Service fee
- Payment terms and conditions

Dividend and interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Dividend revenue from investments is recognized when the shareholders' rights to receive payment have been established.

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

2.8 Inventories

Inventories are stated at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make a sale.

2.9 Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated and carried at cost less accumulated impairment.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. For qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method. 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.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

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

2.10 Intangible Assets

Intangible assets acquired separately

Intangible assets acquired separately are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis

Trademarks and licenses

Acquired trademarks and licenses are shown at historical cost. Trademarks and licenses have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives (5 years).

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (three to five years).

2.11 Impairment of assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Other borrowing costs are recorded directly to profit and loss statement.

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

2.13 Financial instruments

2.13.1 Financial assets

Investments are recognized and derecognized on a trade date where the purchase or sale of an investments under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets as 'at fair value through profit or loss' (FVTPL), 'held-to-maturity investments', 'available-for-sale' (AFS) financial assets and 'loans and receivables'.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognized on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

Financial assets at FVTPL

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

Held-to-maturity investments

Investments in debt securities with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortized cost using the effective interest method less impairment, with revenue recognized on an effective yield basis.

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

2.13 Financial instruments (cont'd)

2.13.1 Financial assets(cont'd)

Available-for-sale financial assets

Quoted equity investments and quoted certain debt securities held by the Group that are traded in an active market are classified as being available- for-sale financial assets and are stated at fair value. The Group also has investments in unquoted equity investments that are not traded in an active market but are also classified as available-for-sale financial assets and stated at fair value. Similarly, investments in unquoted equity investments that are not traded in an active market but are also classified as available-for-sale financial assets and stated at cost since the fair value of these investments can not be measured reliably. Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognized in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortized cost using the effective interest method less any impairment.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of available-for-sale equity securities, any increase in fair value subsequent to an impairment loss is recognized directly in equity.

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

2.13 Financial instruments (cont’d)

2.13.1 Financial assets(cont’d)

Cash and cash equivalents

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

2.13.2 Financial liabilities

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability. Fair value is determined in the manner described in note 8.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

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

2.13 Financial instruments (cont'd)

2.13.3 Derivative financial instruments and hedge accounting

The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates. The Group uses derivative financial instruments (primarily foreign currency forward contracts) to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognized directly in equity and the ineffective portion is recognized immediately in profit or loss.

2.14 Business combinations

The acquisition of subsidiaries and businesses are accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquire, plus any costs directly attributable to the business combination. The acquirer's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3, "Business Combinations" are recognized at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5, "Non-Current Assets Held for Sale and Discontinued Operations", which are recognized and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If, after reassessment, the Group's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in profit or loss.

The interest of minority shareholders in the acquire is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognized.

Since there is no guidance in IFRS 3 or IFRS for accounting of entities under common control, Aygaz decided to implement an accounting policy paralleled with "pooling of interests" for accounting of entities under common control, which is consistent with other generally accepted accounting principles, with the assumption that this method presents economic base of this transaction fairly.

Partial share sale and purchase transactions settled with minority shareholders

The Group evaluates the share transactions realized with minorities as transaction between the shareholders. Consequently, the difference between the purchase cost and the net asset purchased from other shareholders are accounted under shareholders' equity in subsidiary share purchase transactions whereas subsidiary share sale transactions are accounted as "transactions with minority shares".

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

2.15 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 TL, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

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

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

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

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

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

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

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

2.16 Earnings per share

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

In Turkey, companies can raise their share capital by distributing "Bonus Shares" to shareholders from 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.

2.17 Subsequent events

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

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

2.18 Provisions, contingent liabilities, contingent assets

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

2.19 Change in accounting policies, accounting estimates and errors

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

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

2.20 Related parties

In the accompanying financial statements, shareholders of Aygaz A.Ş., consolidated and non-consolidated group companies, their managers and any groups to which they are known to be related are considered and referred to as related companies. The ordinary transactions made with these companies are generally realized with market prices.

2.21 Segmental information

The Group management assumes three operating segments to evaluate performance and source utilisation decisions. These segments are gas and petroleum products, electricity and other operations. These operating segments are managed separately as the risk and return of these segments are affected by different economic conditions and geographical locations. The Group Management believes that financial results prepared according to IFRS are the best approach to evaluate performance of these operating segments (Note 5).

2.22 Discontinued operations

Discontinued operations are part of a group which either are classified as held-for-sale or have been disposed of and whose activities and cash flow can be treated separable from the Group's whole activities and cash flows. Discontinued operations; represent separate business or geographical segment, are parts of the plans to sell or dispose thereof, or is a subsidiary acquired for selling. The Group's discontinued operations have been valued with the lower of the book values of related asset and liabilities of the discontinued operations, or fair value less costs to sell (Note 34).

2.23 Investment properties

Investment properties, which are properties, held to earn rentals and/or for capital appreciation are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the year in which they arise.

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

2.24 Taxation and deferred tax

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

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

Cooperate tax

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

Deferred tax

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

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

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

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

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

Deferred Tax (cont'd)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

2.25 Employment Benefits / Retirement pay provision

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per International Accounting Standard No. 19 (revised) "Employee Benefits" ("IAS 19").

The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses.

The Group recognizes a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.26 Statement of cash flows

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

2.27 Share capital and dividends

Common shares are classified as equity. Dividends on common shares are recognized in equity in the period in which they are approved and declared.

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

2.28 Equity investments

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognized.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

2.29 Joint ventures

Where a group entity undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other ventures are recognized in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognized when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using proportionate consolidation, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5. The Group's share of the assets, liabilities, income and expenses of jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

Any goodwill arising on the acquisition of the Group's interest in a jointly controlled entity is accounted for in accordance with the Group's accounting policy for goodwill arising on the acquisition of a subsidiary (note 2.14).

Where the Group transacts with its jointly controlled entities, unrealized profits and losses are eliminated to the extent of the Group's interest in the joint venture.

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

2.30 Critical accounting estimates and assumptions

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Useful lives of property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are amortized through their useful lives.

(b) Fair value of assets available for sale

Group management considers market value of publicly traded available for sale financial instruments while estimating the fair value of these financial assets. Fair value of other available-for-sale financial assets is evaluated according to generally accepted valuation principles together with current economic indicators, industry trends and expectations.

3. BUSINESS COMBINATIONS

The Group purchased 3,87% shares of Entek, a subsidiary of the group, in 2008 and paid TL 6.965.236. In 2009, the Group purchased 15,51% shares of Entek and paid TL 38.030.393 in cash.

The Group has purchased 8,93% shares of Mogaz Petrol Gazları A.Ş, a subsidiary of the group, from Hilal Madeni Eşya Ticaret Sanayi ve Yatırım A.Ş, a subsidiary of the Group's Partner Liquid Petroleum Dev.Co, in 2008 and paid TL 22.673.160.

These transactions are evaluated as a transaction between the shareholders. Consequently, when shares are purchased from non parent company the difference between the purchase cost and net asset purchased are accounted as "the transactions with minority shares".

The Group has acquired 50% shares of Aygaz Doğal Gaz Toptan Satış A.Ş. and Aygaz Doğal Gaz İletim A.Ş., which are the joint ventures accounted with proportionate consolidation method with effective ownership of 47,99%, from Statoil Hydra ASA and paid TL 17.224.245 for these shares on January 9, 2009. As a result of this acquisition, Aygaz Doğal Gaz Toptan Satış A.Ş. and Aygaz Doğal Gaz İletim A.Ş., which were consolidated according to proportionate consolidation method as of 31 December 2008, are accounted with purchase accounting method according to IFRS 3 "Business Combinations".

Fair value of purchased assets and liabilities taken over of Aygaz Doğal Gaz Toptan Satış A.Ş. and Aygaz Doğal Gaz İletim A.Ş. and their purchase value with purchase accounting method are shown below:

3. BUSINESS COMBINATIONS (cont'd)

	9 January 2009 Fair value
Cash and cash equivalents	5.999.751
Trade receivables	9.398.573
Due from related parties	778.395
Inventories	436.547
Other current assets	1.717.036
Property, plant and equipment	30.410.583
Intangible assets	274.353
Trade payables	(6.495.783)
Due to related parties	(152.120)
Other payables	(242.584)
Deferred tax liabilities	(1.127.543)
Other liabilities	(1.222.888)
Total net assets	**39.774.320**
Percentage of the entity acquired	50%
Net assets acquired (A)	19.887.160
Amount paid in cash (B)	17.224.245
Cash and cash equivalents acquired (C)	2.999.876
Total net cash paid (B-C)	**14.224.369**
Negatif goodwill income (A-B)	**2.662.915**

Net assets and negative goodwill income, are accounted under 'Other Operating Income' in Income Statement.

4. JOINT VENTURES

The Group's joint ventures are included in the enclosed financial statements according to the proportional consolidation method. The detail of the partnerships and the off-balance sheet liabilities undertaken by the group related to guarantees given of the partnerships is shown below:

	Ownership interest		Guarantees given	
Joint Ventures	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Aygaz Doğal Gaz Toptan Satış A.Ş. (*)	97,90%	47,99%	-	466.975
Aygaz Doğal Gaz İletim A.Ş. (*)	97,90%	47,99%	-	-
Opet Aygaz BV (**)	-	50,00%	-	-

(*) Accounted as subsidiary upon the share purchase in 2009.
(**) Liquidated on 30 December 2009.

5. SEGMENTAL INFORMATION

The Group has started to apply IFRS 8 since 1 January 2009. The segmental operations are specified according to the internal reports reviewed regularly by the authority entitled to making decision for the Group's operations.

The Group's decision making authority evaluates operations and results according to industrial segments for the purpose of making decisions for assigning resources to the segments and evaluating the segmental performances. The distribution of segmental operations with respect to industrial segments is as follows:

- Gas and petroleum products
- Electricity
- Other

The Group also evaluated disclosure of geographical distribution of revenues for the period in addition to industrial segments. However, the Groups concluded that there is no geographical reporting segments as each segment is operating in different geographical areas. The Group Management evaluates financial results and performance based of IFRS financial statements. Therefore, IFRS financial statements are the basis of segmental reporting.

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated

5. SEGMENTAL INFORMATION (cont'd)

As of 31 December 2009 and 31 December 2008, assets and liabilities according to industrial segments are as follows:

	Gas and petroleum products	Electricity	Other	Eliminations	Total
	31 December 2009	31 December 2009	31 December 2009	31 December 2009	31 December 2009
ASSETS					
Current Assets	596.462.186	186.845.444	87.060.275	(8.428.117)	861.939.788
Non-current Assets	1.770.964.056	247.441.463	5.934.454	(278.187.732)	1.746.152.241
TOTAL ASSETS	**2.367.426.242**	**434.286.907**	**92.994.729**	**(286.615.849)**	**2.608.092.029**
LIABILITIES					
Short term liabilities	469.386.628	80.947.876	16.743.055	(8.428.117)	558.649.442
Long term liabilities	209.782.249	73.683.599	3.452.526	5.236.373	292.154.747
Equity	1.688.257.365	279.655.432	72.799.148	(283.424.105)	1.757.287.840
TOTAL EQUITY AND LIABILITY	**2.367.426.242**	**434.286.907**	**92.994.729**	**(286.615.849)**	**2.608.092.029**

	Gas and petroleum products	Electricity	Other	Eliminations	Total
	31 December 2008	31 December 2008	31 December 2008	31 December 2008	31 December 2008
ASSETS					
Current Assets	614.564.369	137.652.273	58.964.083	(12.137.375)	799.043.350
Non-current Assets	1.723.275.938	234.549.313	17.060.752	(308.949.089)	1.665.936.914
TOTAL ASSETS	**2.337.840.307**	**372.201.586**	**76.024.835**	**(321.086.464)**	**2.464.980.264**
LIABILITIES					
Short term liabilities	752.025.492	62.426.541	20.367.334	(12.137.375)	822.681.992
Long term liabilities	91.308.714	70.337.363	2.712.565	4.244.655	168.603.297
Equity	1.494.506.101	239.437.682	52.944.936	(313.193.744)	1.473.694.975
TOTAL EQUITY AND LIABILITY	**2.337.840.307**	**372.201.586**	**76.024.835**	**(321.086.464)**	**2.464.980.264**

5. SEGMENTAL INFORMATION (cont'd)

As of 31 December 2009 and 31 December 2008, income and loss according to industrial segments are as follows:

	Gas and petroleum products	Electricity	Other	Eliminations	Total
	1 January-31 December 2009	1 January-31 December 2009	1 January-31 December 2009	1 January-31 December 2009	1 January-31 December 2009
OPERATING INCOME					
Sales Revenue (net)	3.307.889.796	376.073.956	196.436.017	(93.641.286)	3.786.758.483
Cost of Sales (-)	(2.821.198.887)	(327.566.920)	(176.218.772)	91.624.465	(3.233.360.114)
GROSS PROFIT	**486.690.909**	**48.507.036**	**20.217.245**	**(2.016.821)**	**553.398.369**
Marketing Sales and Distribution Expenses	(126.373.026)	-	(5.074.129)	-	(131.447.155)
General Administration Expense	(94.064.182)	(27.103.071)	(6.983.295)	783.782	(127.366.766)
Research and Development Expense	(1.553.868)	-	-	-	(1.553.868)
Other Operating Income	59.288.615	622.455	23.101.987	(1.879.805)	81.133.252
Other Operating Expense	(34.619.613)	(17.798)	(1.567.667)	5.258.918	(30.946.160)
OPERATING PROFIT	**289.368.835**	**22.008.622**	**29.694.141**	**2.146.074**	**343.217.672**
Profit on equity investments	-	-	-	53.883.070	53.883.070
Financial Income	32.336.010	21.390.207	2.523.375	(22.734.318)	33.515.274
Financial Expense	(51.612.088)	(3.684.012)	(1.234.707)	137.351	(56.393.456)
Profit Before Tax from Continuing Operations	**270.092.757**	**39.714.817**	**30.982.809**	**33.432.177**	**374.222.560**
Taxation	(45.328.478)	(2.096.055)	(3.114.087)	-	(50.538.620)
Deferred Tax Income / (Expense)	311.652	2.598.988	(14.510)	-	2.896.130
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	**225.075.931**	**40.217.750**	**27.854.212**	**33.432.177**	**326.580.070**
Profit/(loss) from discontinued operations	**-**	**-**	**-**	**(53.485)**	**(53.485)**
Profit for the period	**225.075.931**	**40.217.750**	**27.854.212**	**33.378.692**	**326.526.585**
Attributable to:					
Minority share	900.731	11.018.972	2.786	-	11.922.489
Equity holders of the parent	224.175.200	29.198.778	27.851.426	33.378.692	314.604.096

5. SEGMENTAL INFORMATION (cont'd)

	Gas and petroleum products	Electricity	Other	Eliminations	Total
	1 January-31 December 2008	1 January-31 December 2008	1 January-31 December 2008	1 January-31 December 2008	1 January-31 December 2008
OPERATING INCOME					
Sales Revenue (net)	3.118.960.632	382.774.379	200.367.138	(122.808.714)	3.579.293.435
Cost of Sales (-)	(2.723.959.775)	(316.567.773)	(179.710.778)	117.056.581	(3.103.181.745)
GROSS PROFIT	**395.000.857**	**66.206.606**	**20.656.360**	**(5.752.133)**	**476.111.690**
Marketing Sales and Distribution Expenses	(120.321.446)	-	(4.875.096)	-	(125.196.542)
General Administration Expense	(88.422.555)	(14.268.566)	(8.123.853)	5.071.743	(105.743.231)
Research and Development Expense	(1.086.790)	-	-	-	(1.086.790)
Other Operating Income	33.878.043	555.021	1.332.805	(14.534.554)	21.231.315
Other Operating Expense	(9.059.752)	(1.732.124)	(1.707.523)	768	(12.498.631)
OPERATING PROFIT	**209.988.357**	**50.760.937**	**7.282.693**	**(15.214.176)**	**252.817.811**
Profit on equity investments	-	-	-	(87.919.636)	(87.919.636)
Financial Income	42.486.136	4.539.207	5.825.025	278.017	53.128.385
Financial Expense	(150.903.001)	(4.152.439)	(2.244.090)	2.604.695	(154.694.835)
Profit Before Tax from Continuing Operations	**101.571.492**	**51.147.705**	**10.863.628**	**(100.251.100)**	**63.331.725**
Taxation	(23.904.608)	-	(2.076.509)	-	(25.981.117)
Deferred Tax Income / (Expense)	5.410.336	(10.131.955)	65.834	-	(4.655.785)
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	**83.077.220**	**41.015.750**	**8.852.953**	**(100.251.100)**	**32.694.823**
Profit/(loss) from discontinued operations	**-**	**-**	**-**	**9.155.248**	**9.155.248**
Profit for the period	**83.077.220**	**41.015.750**	**8.852.953**	**(91.095.852)**	**41.850.071**
Attributable to:					
Minority share	2.277.082	13.806.633	885	-	16.084.600
Equity holders of the parent	80.800.138	27.209.117	8.852.068	(91.095.852)	25.765.471

5. SEGMENTAL INFORMATION (cont'd)

The amortization and depreciation expense for the industrial segmental assets as of 31 December 2009 and 31 December 2008 is as follows:

	1 January- 31 December 2009	1 January- 31 December 2008
Gas and petroleum products	68.296.402	67.188.125
Electricity	28.490.607	26.072.629
Other	449.751	486.225
	97.236.760	93.746.979

The investment expenditures for the industrial segmental assets as of 31 December 2009 and 31 December 2008 is as follows:

	1 January- 31 December 2009	1 January- 31 December 2008
Gas and petroleum products	59.633.338	64.603.078
Electricity	68.239.668	9.684.815
Other	693.286	139.551
	128.566.292	74.427.444

6. CASH AND CASH EQUIVALENTS

	31 December 2009	31 December 2008
Cash on hand	166.853	110.705
Cash at banks	403.135.263	401.047.434
Demand deposits	*19.917.961*	*21.422.348*
Time deposits	*383.217.302*	*379.625.086*
Receivables from credit cards	4.591.131	4.272.859
	407.893.247	405.430.998

7. FINANCIAL ASSETS

The long term financial assets identified as available-for-sale financial assets are as follows as of 31 December 2009 and 31 December 2008.

	31 December 2009		31 December 2008	
	Participation Amount	Participation Rate %	Participation Amount	Participation Rate %
Koç Finansal Hizmetler A.Ş. (*)	195.030.000	1,97	133.960.000	1,97
Opet Petrolcülük A.Ş.(**)	-	-	68.053.500	4,00
Ram Dış Ticaret A.Ş.(***)	1.739.527	2,50	1.739.527	2,50
Eltek Elektrik Top. Tic . A.Ş. (****)	780.517	64,60	780.517	57,76
Tanı Paz. ve İletişim Hiz. A.Ş.(****)	540.312	10,00	540.312	10,00
Tat Konserve Sanayi A.Ş. (***)	236.085	0,08	236.085	0,08
Other	23.277	-	23.277	-
Impairment reserve (-)	(1.425.265)	-	(1.584.073)	-
	196.924.453		203.749.145	

(*) Stated at fair value, the difference between the acquision cost and fair value are accounted as valuation fund under equity.

(**) Sold for TL 66.690.000 in current period. Profit on sale amounted TL 39.872.144 is recorded under "Other operating income".

(***) Stated at fair value, impairments are accounted as "Impairment reserve" and impairment loss under financial assets.

(****) Even though the entity is a subsidiary of the Group, it is shown at cost value due to immateriality both quantitatively and qualitatively

8. FINANCIAL BORROWINGS

	31 December 2009	31 December 2008
Short term bank borrowings	259.223.320	392.089.457
Total short term financial borrowings	259.223.320	392.089.457
Long term bank borrowings	176.229.600	55.672.300
Total long term financial borrowings	176.229.600	55.672.300
Total financial borrowings	435.452.920	447.761.757

Analysis of the total borrowing repayments is as follows:

	31 December 2009	31 December 2008
To be paid within 1 year	259.223.320	392.089.457
To be paid between 1-2 years	42.159.600	-
To be paid between 2-3 years	134.070.000	13.327.900
To be paid between 3-4 years	-	42.344.400
	435.452.920	447.761.757

8. FINANCIAL BORROWINGS (cont')

	Weighted Average	31 December 2009	
Currency Type	Effective Interest Rate	Current	Non-current
TL	0%	5.448.264	-
TL	7,25%	117.558.361	-
USD	Libor+2,50	121.164.089	-
USD	2,82%	13.785.437	61.733.700
EUR	Euribor+4,49	1.267.169	114.495.900
		259.223.320	176.229.600

	Weighted Average	31 December 2008	
Currency Type	Effective Interest Rate	Current	Non-current
TL	0%	106.965	-
USD	Libor+1,00	377.894.568	-
USD	4,32%	14.087.924	55.672.300
		392.089.457	55.672.300

9. OTHER FINANCIAL LIABILITIES

None.

10. TRADE RECEIVABLES AND PAYABLES

The Group's receivables as of the balance sheet date are as follows:

Current trade receivables	31 December 2009	31 December 2008
Trade receivables	278.182.228	204.488.399
Notes receivable	53.621.555	53.547.234
Allowance for doubtful receivables (-)	(14.492.996)	(11.359.341)
	317.310.787	246.676.292

Non-Current trade receivables	31 December 2009	31 December 2008
Notes receivable	799.929	844.262

The allowance for doubtful receivables is determined on the past experience of non-collections.

Movement of allowance for doubtful receivables of the Group is as follows:

Movement of Allowance for Doubtful Receivables	31 December 2009	31 December 2008
Balance at beginning of the year	11.359.341	8.740.389
Amounts written off during the year	3.862.894	3.125.044
Amounts recovered during the year	(769.322)	(534.410)
Translation gain/loss	-	28.318
Change in consolidation scope (note 3)	40.083	-
Closing balance	14.492.996	11.359.341

The Group has disclosed the credit risk and related information in credit risk section of note 38.

As of the balance sheet date, details of Group's trade payables are as follows:

Short term trade payables	31 December 2009	31 December 2008
Trade payables	114.037.529	270.746.257
Other trade payables	130.502	158.618
	114.168.031	270.904.875

11. OTHER TRADE RECEIVABLES AND PAYABLES

Other current receivables	31 December 2009	31 December 2008
Guarantees and deposits given	4.114.892	2.301.564
Other receivables	2.179.940	1.592.847
Due from personnel	27.856	104.637
	6.322.688	3.999.048

Other Non-Current Assets	31 December 2009	31 December 2008
Guarantees and deposits given	3.240.442	2.505.847

Other short term payables	31 December 2009	31 December 2008
Due to personnel	3.608.865	9.790.225
Other sundry payables	207.617	2.382.945
	3.816.482	12.173.170

Other long term payables	31 December 2009	31 December 2008
Cylinder deposits received	52.634.711	49.748.518

12. RECEIVABLES AND PAYABLES FROM FINANCIAL SECTOR OPERATIONS

None.

13. INVENTORIES

	31 December 2009	31 December 2008
Raw materials	16.560.169	19.043.855
Work in process	506.319	394.315
Finished goods	600.220	4.169.607
Trade goods	63.148.942	53.417.281
Other inventory	8.716.655	7.058.516
Allowance for impairment on inventory	(352.180)	-
	89.180.125	84.083.574

Movement of allowance for impairment on inventory of the Group is as follows:

Movement of allowance for impairment on inventory	1 January-31 December 2009	1 January-31 December 2008
Opening balance	-	-
Charge for the year	352.180	-
Closing balance	352.180	-

14. BIOLOGICAL ASSETS

None.

15. RECEIVABLES FROM ONGOING CONSTRUCTION CONTRACTS AND ACCRUED INCOME

None.

16 . EQUITY INVESTMENTS

	31 December 2009		31 December 2008	
	Participation Amount	Participation rate %	Participation Amount	Participation rate %
Enerji Yatırımları A.Ş. acquisition value	669.400.000		660.000.000	
Reciprocal adjustments of shareholders equity	(7.442.000)		(7.329.200)	
Change in translation reserve	378.200		653.600	
Legal Reserves	2.254.000		2.254.000	
Risk hedge fund	(6.384.000)		(12.969.800)	
The share of the Group in the profit after the acquisition date	151.368.000		97.489.600	
	809.574.200	20%	740.098.200	20%
Zinerji Enerji Sanayi ve Tic A.Ş.	738.268		738.268	
Impairment reserve (-)	(376.533)		(381.201)	
	361.735	55,83%	357.067	55,83%
Total	809.935.935		740.455.267	

Financial information on Enerji Yatırımları A.Ş., which is consolidated in the Group's financial tables according to equity pick-up method is set out below:

	31 December 2009	31 December 2008
Total assets	15.720.995.000	14.229.288.000
Total liabilities	(8.606.932.000)	(7.540.244.000)
Minority interest	(3.066.192.000)	(2.988.553.000)
Net assets	4.047.871.000	3.700.491.000
Group's share	20%	20%
Group's share in associates' net assets	809.574.200	740.098.200

	1 January- 31 December 2009	1 January- 31 December 2008
Revenue	20.389.883.000	30.404.009.000
Profit / (loss) for the period	269.392.000	(439.687.000)
Group's share in associates' profit / (loss) for the period	53.878.400	(87.937.400)

17. INVESTMENT PROPERTY

As of 31 December 2009 the Group has no investment property. Movement of investment property as of 31 December 2008 is as follows:

Cost Value	Buildings
Opening balance as of 1 January 2008	672.294
Transfers (*)	(672.294)
Closing balance as of 31 December 2008	-
Accumulated Amortization	
Opening balance as of 1 January 2008	152.089
Charge of the period	7.980
Transfers (*)	(160.069)
Closing balance as of 31 December 2008	-
Carrying value as of 31 December 2008	-

(*) Investment property has transferred to tangible fixed assets during 2008.

18. PROPERTY, PLANT AND EQUIPMENT

Acquisition Cost	1 January 2009	Change in consolidation scope (note 3)	Additions	Transfers	Disposals	31 December 2009
Land	29.267.385	-	367.964	-	-	29.635.349
Land Improvements	95.615.974	615.729	23.678	4.421.290	(103.185)	100.573.486
Buildings	71.761.662	48.402	123.100	732.889	(40.461)	72.625.592
Machinery and Equipment	886.932.935	14.055.849	25.977.447	55.851.295	(29.632.305)	953.185.221
LPG Cylinders	850.800.386	-	22.512.895	-	(20.539.072)	852.774.209
Vehicles	25.381.629	3.161.053	853.342	342.966	(1.701.528)	28.037.462
Vessels	145.722.387	-	60.870	1.069.001	(17.525.476)	129.326.782
Furniture and Fixtures	45.212.094	287.138	2.000.047	250.560	(893.641)	46.856.198
Leasehold improvements	23.135.135	576.040	31.623	-	(741.531)	23.001.267
Contruction in progress	11.346.692	116.486	74.793.517	(79.515.621)	-	6.741.074
	2.185.176.279	18.860.697	126.744.483	(16.847.620)	(71.177.199)	2.242.756.640

Accumulated Depreciation	1 January 2009	Change in consolidation scope (note 3)	Charge for the period	Transfers	Disposals	31 December 2009
Land Improvements	37.249.048	69.918	3.686.014	-	(51.971)	40.953.009
Buildings	39.082.511	10.738	2.167.142	-	-	41.260.391
Machinery and Equipment	547.115.073	1.422.231	46.713.092	(16.839.120)	(22.742.952)	555.668.324
LPG Cylinders	693.839.543	-	33.743.586	-	(20.476.279)	707.106.850
Vehicles	21.742.693	1.632.876	2.226.723	-	(1.642.958)	23.959.334
Vessels	120.262.514	-	1.643.255	-	(17.358.532)	104.547.237
Furniture and Fixtures	34.571.586	84.165	3.419.304	-	(713.919)	37.361.136
Leasehold improvements	19.308.960	111.922	1.811.023	-	(741.531)	20.490.374
	1.513.171.928	3.331.850	95.410.139	(16.839.120)	(63.728.142)	1.531.346.655
Net Book Value	672.004.351					711.409.985

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

Acquisition Cost	1 January 2008	Translation reserve	The effect of Opet Aygaz Bulgaria EAD Disposal	Additions	Transfers	Disposals	31 December 2008
Land	29.283.997	-	-	-	199.741	(216.353)	29.267.385
Land Improvements	91.640.328	35.321	(175.602)	260.472	3.868.755	(13.300)	95.615.974
Buildings	81.784.156	3.223.085	(16.024.106)	114.420	2.664.107	-	71.761.662
Machinery and Equipment	864.067.075	733.501	(3.595.250)	2.791.500	32.612.275	(9.676.166)	886.932.935
LPG Cylinders	852.585.014	434.680	(2.185.698)	26.103.175	-	(26.136.785)	850.800.386
Vehicles	26.604.201	489.230	(2.431.443)	611.071	653.336	(544.766)	25.381.629
Vessels	145.522.191	-	-	-	200.196	-	145.722.387
Furniture and Fixtures	42.794.819	-	-	1.914.457	1.422.510	(919.692)	45.212.094
Leasehold improvements	22.893.628	-	-	233.607	7.900	-	23.135.135
Construction in progress	10.903.753	-	-	41.438.863	(40.995.924)	-	11.346.692
	2.168.079.162	4.915.817	(24.412.099)	73.467.565	632.896	(37.507.062)	2.185.176.279

Accumulated Depreciation	1 January 2008	Translation reserve	The effect of Opet Aygaz Bulgaria EAD Disposal	Charge for the period	Transfers	Disposals	31 December 2008
Land Improvements	33.622.500	6.956	(54.338)	3.684.569	-	(10.639)	37.249.048
Buildings	37.807.165	243.213	(1.489.149)	2.361.213	160.069	-	39.082.511
Machinery and Equipment	512.128.679	261.807	(1.503.152)	42.160.648	-	(5.932.909)	547.115.073
LPG Cylinders	685.544.796	-	-	34.345.252	-	(26.050.505)	693.839.543
Vehicles	20.881.049	227.572	(1.383.970)	2.479.873	-	(461.831)	21.742.693
Vessels	118.626.913	-	-	1.635.601	-	-	120.262.514
Furniture and Fixtures	32.018.516	-	-	3.375.006	-	(821.936)	34.571.586
Leasehold improvements	17.433.412	-	-	1.875.548	-	-	19.308.960
	1.458.063.030	739.548	(4.430.609)	91.917.710	160.069	(33.277.820)	1.513.171.928
Net book value	710.016.132						672.004.351

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

The amortization period for tangible assets is set out below:

	Useful Life
Buildings	25-50 years
Land Improvements	25-50 years
LPG cylinders	10 years
Machinery and Equipment	15 years
Vessels	20 years
Vehicles	4-5 years
Furniture and Fixtures	6-8 years
Leasehold improvements	5 years

The amount of capitalized borrowing costs related to qualifying assets is TL 2.055.354 (2008: TL 3.899.164).

As of 31 December 2009 and 31 December 2008, the details of amortization expenses are as follows:

	1 January- 31 December 2009	1 January- 31 December 2008
Cost of sales	81.194.891	78.231.158
Marketing, sales and distribution expenses	3.050.320	1.347.176
Administrative expense	10.845.124	11.114.906
Capitalized on stock	41.977	487.785
Capitalized on cylinders	277.827	736.685
	95.410.139	91.917.710

19. INTANGIBLE ASSETS

Acquisition Cost	Rights	Other intangible assets	Total
Opening balance as of 1 January 2009	13.288.755	605.209	13.893.964
Additions	1.784.959	36.850	1.821.809
Change in consolidation scope (note 3)	236.678	2	236.680
Transfers	8.500	-	8.500
Disposals	(12.525)	-	(12.525)
Ending balance as of 31 December 2009	15.306.367	642.061	15.948.428
Accumulated Depreciation			
Opening balance as of 1 January 2009	9.655.145	422.082	10.077.227
Charge for the period	1.775.339	51.282	1.826.621
Change in consolidation scope (note 3)	96.758	-	96.758
Disposals	(9.640)	-	(9.640)
Ending balance as of 31 December 2009	11.517.602	473.364	11.990.966
Carrying value as of 31 December 2009	3.788.765	168.697	3.957.462

Acquisition Cost	Rights	Other intangible assets	Total
Opening balance as of 1 January 2008	12.605.043	529.347	13.134.390
Translation reserve	57.000	-	57.000
Additions	894.702	65.177	959.879
The effect of Opet Aygaz Bulgaria EAD Disposal	(283.384)	-	(283.384)
Transfers	28.713	10.685	39.398
Disposals	(13.319)	-	(13.319)
Ending balance as of 31 December 2008	13.288.755	605.209	13.893.964
Accumulated Depreciation			
Opening balance as of 1 January 2008	8.106.782	367.808	8.474.590
Translation reserve	54.206	-	54.206
Charge for the period	1.774.995	54.274	1.829.269
The effect of Opet Aygaz Bulgaria EAD Disposal	(273.000)	-	(273.000)
Transfers	(7.838)	-	(7.838)
Ending balance as of 31 December 2008	9.655.145	422.082	10.077.227
Carrying value as of 31 December 2008	3.633.610	183.127	3.816.737

19. INTANGIBLE ASSETS (cont'd)

As of 31 December 2009 and 31 December 2008, the details of amortization expenses of intangible assets are as follows:

	1 January- 31 December 2009	1 January- 31 December 2008
Administrative expense	1.826.621	1.829.269

20. GOODWILL

The Group has acquired 50% shares of Aygaz Doğal Gaz Toptan Satış A.Ş. and Aygaz Doğal Gaz İletim A.Ş., which are the joint ventures accounted with proportionate consolidation method with effective ownership of 47,99%, from Statoil Hydra ASA and paid TL 17.224.245 on January 9, 2009 for these shares. Net assets and negative goodwill income, are accounted under 'Other Operating Income' in Income Statement (note 3).

21. GOVERNMENT INCENTIVES AND GRANTS

Entek Elektrik Üretimi A.Ş., a subsidiary of the Group, has investment allowance amount of TL 179.462.331 with withholding tax, and TL 30.572.738 without withholding tax. The entity can use the investment allowance in the following period.

22. PROVISIONS, CONTINGENT LIABILITIES, CONTINGENT ASSETS

Details of provisions as of 31 December 2009 and 31 December 2008 is as follows:

Provisions	31 December 2009	31 December 2008
Provisions costs for lawsuits	3.595.753	1.360.541

Details of contingent liabilities as of 31 December 2009 and 31 December 2008 is as follows:

Guarantees Given	31 December 2009	31 December 2008
Letter of guarantees given to customs for gas import	21.603.000	21.408.000
Other letter of guarantees given	18.526.633	119.163.477
	40.129.633	140.571.477

22. PROVISIONS, CONTINGENT LIABILITIES, CONTINGENT ASSETS (cont'd)

The Liability for Environmental Pollution:

According to the the effective environmental laws, the Group is responsible for the environmental pollution it causes as a result of its operational activities without seeking a reason of defaulting. The group may be fined with indemnity if the group causes an environmental pollution. As of the balance sheet date, there is no case opened against the Group.

National inventory reserve liability:

Oil refineries, licenced oil and LPG distributers should carry at least equivalent of 20 times their average daily sales of inventory in their tankers or the rented tankers of licenced third parties.

Commitments of EYAŞ resulting from acquisition of TÜPRAŞ:

The agreements of EYAŞ related with the loans taken for TÜPRAŞ acquisition have certain covenants regarding dividend distribution of EYAŞ and usage of dividend payments of TÜPRAŞ. Moreover, EYAŞ has various financial and non-financial commitments related to these loans and acquisition of TÜPRAŞ. If these commitments are not met by EYAŞ, the financial institutions have rights to recall these loans.

The detail of the Company's and its subsidiaries' guarantees given or contingent liabilities on the behalf of each other, related parties, parent company or third parties within the context of business operations or other purposes are as follows:

	31 December 2009	31 December 2008
A. Given on behalf of its own legal entity	40.129.633	140.571.477
B. Given in favor of partnership within full scope of consolidation	-	-
C. Given for the third parties that are in the context of commercial activities	-	-
-In favor of the parent company	-	-
-Given in favor of group companies that are not in the scope of clauses B and C	-	-
-Given in favor of the third parties that are not in the scope of clause C	-	-
D. Other	-	-
	40.129.633	140.571.477

23. COMMITMENTS

None.

24. EMPLOYEE BENEFITS

	31 December 2009	31 December 2008
Retirement Pay Provision	14.931.011	13.283.700

Retirement Pay Provision:

Under Turkish Labor Law, the Company is required to pay employment termination benefits to each employee who has qualified. Also, employees who retired by gaining right to receive retirement pay provisions are to be paid their retirement pay provisions according to current 506 numbered Social Insurance Law's 6 March 1981 dated, 2422 numbered, 25 August 1999 dated and 4447 numbered with 60^{th} article that has been changed. The amount payable consists of one month's salary limited to a maximum of TL 2.365,16 as of 31 December 2009 (31 December 2008: TL 2.173,19).

Employment termination benefits are not subject to any kind of funding.

The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees. IAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2009, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 4,80% and a discount rate of 11%, resulting in a real discount rate of approximately 5,92% (31 December 2008: 6,26% real discount rate).The anticipated rate of forfeitures is considered. As the maximum liability is revised semi annually, the maximum amount of TL 2.427,04 effective from 1 January 2010 has been taken into consideration in calculation of provision from employment termination benefits (31 December 2008: TL 2.260,05). The movement of retirement pay provision for the period ended 31 December 2009 and 31 December 2008 is as follows:

	1 January- 31 December 2009	1 Ocak- 31 December 2008
Opening balance at 1 January	13.283.700	12.162.158
Charge for the period	3.636.939	4.180.451
Actuarial gain	402.956	(541.762)
Change in consolidation scope (note 3)	23.368	-
Retirement pay paid	(2.415.952)	(2.517.147)
Closing Balance at 31 December	14.931.011	13.283.700

25. RETIREMENT BENEFITS

None.

26. OTHER SHORT/LONG TERM ASSETS AND SHORT/LONG TERM LIABILITIES

Other Current Assets	31 December 2009	31 December 2008
Order advances given for inventories	4.200.637	23.528.301
Prepaid expenses	11.514.912	10.568.043
Income accruals	313.827	-
Prepaid tax	4.549.707	3.987.477
VAT deductible	385.209	3.155.511
VAT carried forward	951.911	697.046
Other current assets	86.350	220.596
	22.002.553	42.156.974

Other Non-Current Assets	31 December 2009	31 December 2008
Advances given for tangible asset acquisions	-	27.188.532
Prepaid expenses	19.884.035	15.372.773
	19.884.035	42.561.305

Other Short Term Liabilities	31 December 2009	31 December 2008
Taxes and funds payables	96.720.097	83.354.214
Expense accruals	13.700.695	13.753.164
Social security premiums payables	1.826.932	1.811.760
Advances received	744.008	1.546.082
Unearned revenue	169.362	138.934
Other liabilities	557.201	53.288
	113.718.295	100.657.442

Other Long Term Liabilities	31 December 2009	31 December 2008
Unearned revenues	-	76.494
Other borrowings and expense accruals	-	133.496
	-	209.990

27. SHARE CAPITAL

As of 31 December 2009 and 31 December 2008 the share capital held is as follows:

Shareholders	Participation rate	31 December 2009	Participation rate	31 December 2008
Koç Holding A.Ş.	40,68%	122.053.514	40,68%	122.053.514
Temel Ticaret A.Ş.	5,29%	15.883.936	4,82%	14.456.082
Koç Family	5,24%	15.705.118	5,71%	17.132.972
Liquid Petroleum Dev. Co.	24,52%	73.545.662	24,52%	73.545.662
Other	24,27%	72.811.770	24,27%	72.811.770
Nominal Capital	100%	300.000.000	100%	300.000.000
Inflation adjustment		71.503.640		71.503.640
Adjusted capital		371.503.640		371.503.640

<u>Restricted Reserves Assorted from the Profit</u>

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions. According to Turkish Commercial Code, legal reserves may only be used as long as it does not exceed 50% of the paid capital. It may not be used under any circumstances.

According to corporate tax law, the 75% of the gain on sale of subsidiaries holding a place in the actives for at least two years is exempted from corporate tax. To be able to benefit from this exemption, the part of the gain on sales benefited from the exemption should be held in a special fund account until the end of the fifth year following the sale.

The details of the restricted reserves are stated below:

	31 December 2009	31 December 2008
Legal Reserves	64.658.853	59.963.622
Gain on sale of subsidiary share and property, recognized in equity	300.071.492	300.071.492
	364.730.345	360.035.114

27. SHARE CAPITAL (cont’d)

Profit Distribution:

Public companies pay dividend according to Capital Market Board Standards as explained below:

In accordance with the Capital Markets Board’s (the “Board”) Decree issued as of 27 January 2010, in relation to the profit distribution of earnings derived from the operations in 2009, minimum profit distribution is not required for listed companies (31 December 2008: 20%), and accordingly, profit distribution should be made based on the requirements set out in the Board’s Communiqué Serial:IV, No: 27 “Principles of Dividend Advance Distribution of Companies That Are Subject To The Capital Markets Board Regulations”, terms of articles of corporations and profit distribution policies publicly disclosed by the companies.

Furthermore, based on the afore-mentioned decree, companies that are required to prepare consolidated financial statements should calculate their net distributable profits, to the extend that they can be recovered from equity in their statutory records, by considering the net profit for the period in the consolidated financial statements which are prepared and disclosed in accordance with the Communiqué Serial: XI, No: 29.

Sources subject to profit distribution:

The sources that can be distributable is TL 859.409.075 in total. This amount consists of equity inflation adjustment excluding retained earnings inflation adjustment, extraordinary reserves, net profit and retained earnings. If distributed as dividend, TL 494.154.348 of the distributable sources consists of inflation adjustments subject to taxation.

Revaluation Fund

The detail of the financial revaluation fund is as follows:

	31 December 2009	31 December 2008
Koç Finansal Hizmetler A.Ş.	99.491.082	41.474.582
Opet Petrolcülük A.Ş.	-	39.173.862
	99.491.082	80.648.444

Risk Hedge Fund:

As of 31 December 2009, fair value of losses resulting from the interest rate swap agreements made for hedging against interest rate risks relating to the loan used by Enerji Yatırımları A.Ş. for the purchase of 51% of TÜPRAŞ shares is shown as “Risk Hedge Fund” in consolidated financial statements.

27. SHARE CAPITAL (cont'd)

Minority Interests:

	1 January- 31 December 2009	1 January- 31 December 2008
Opening balance	73.593.621	80.545.228
Change in consolidation scope	-	(23.036.207)
Minority interest on current year profit	11.922.489	16.084.600
Transactions with minority shares (note 3)	(42.040.910)	-
Dividends paid to minority interest	(315.800)	-
Closing balance	43.159.400	73.593.621

28. SALES AND COST OF GOODS SOLD

Sales:	1 January- 31 December 2009	1 January- 31 December 2008
Domestic sales	3.744.530.323	3.558.192.111
International sales	210.234.547	172.860.564
Sales returns (-)	(18.210.584)	(19.052.335)
Sales discounts (-)	(149.795.803)	(132.706.905)
	3.786.758.483	3.579.293.435

Cost of sales:	1 January- 31 December 2009	1 January- 31 December 2008
Raw materials used	2.841.198.498	2.728.403.553
Personnel expenses	14.580.844	13.712.921
Production overheads	104.791.655	98.255.912
Depreciation expenses	81.194.891	78.231.158
Change in work-in-progress inventories	112.004	(442.827)
Change in finished goods inventories	(3.569.387)	2.725.137
	3.038.308.505	2.920.885.854
Cost of merchandises sold	188.260.144	177.756.965
Cost of services rendered	6.791.465	4.538.926
	3.233.360.114	3.103.181.745

29. RESEARCH AND DEVELOPMENT EXPENSES, MARKETING, SALES AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES

	1 January- 31 December 2009	1 January- 31 December 2008
Marketing sales and distribution expenses	131.447.155	125.196.542
General administrative expenses	127.366.766	105.743.231
Research and development expenses	1.553.868	1.086.790
	260.367.789	232.026.563

29. RESEARCH AND DEVELOPMENT EXPENSES, MARKETING, SALES AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES (cont'd)

a) Detail of Marketing, Sales and Distrubution expenses

	1 January- 31 December 2009	1 January- 31 December 2008
Transportation, distrubution and warehousing expenses	53.021.381	54.372.351
Sales expenses	23.275.613	23.828.182
Payroll expenses	19.934.340	19.973.257
Advertising and Promotion expenses	18.969.146	12.249.448
Transportation expenses	4.338.198	3.454.050
Depreciation and amortization expenses	3.050.320	1.347.176
License expenses	1.936.414	1.991.543
Insurance expenses	1.068.009	981.390
Maintenance expenses	404.326	545.088
Lawsuit, consultancy and auditing expenses	338.703	317.208
Communication expenses	327.505	327.364
Rent expenses	249.434	227.274
Tax expenses	174.835	298.137
Other marketing, sales and distrubution expenses	4.358.931	5.284.074
	131.447.155	125.196.542

29. RESEARCH AND DEVELOPMENT, MARKETING, SALES AND DISTRIBUTION EXPENSE, GENERAL ADMINISTRATION EXPENSE (cont'd)

b) Detail on General Administrative expenses

	1 January- 31 December 2009	1 January- 31 December 2008
Payroll expenses	67.998.501	50.247.962
Depreciation and amortization expenses	12.671.745	12.944.175
Consultancy expenses	5.641.195	4.827.756
Donation and aids	4.791.996	2.300.818
Transportation expenses	4.429.245	3.229.214
Information technology expenses	4.166.568	3.548.728
Tax expenses	3.231.141	3.808.821
Insurance expenses	3.021.564	3.016.781
Communication expenses	2.046.518	4.185.913
Maintenance expenses	2.033.333	2.273.000
Lawsuit, consultancy and auditing expenses	1.931.061	2.967.388
Rent expenses	1.375.807	1.287.041
Post office expenses	1.023.482	1.210.983
Public relations activities expenses	529.876	1.710.551
Project expenses	26.175	41.210
Other admimistration expenses	12.448.559	8.142.890
	127.366.766	105.743.231

c) Detail of Research & Development expenses

	1 January- 31 December 2009	1 January- 31 December 2008
Outsourced research and development expenses	1.540.050	903.071
Project expenses	13.818	183.719
	1.553.868	1.086.790

30. EXPENSES RELATED TO THEIR NATURE

	1 January- 31 December 2009	1 January- 31 December 2008
Payroll expenses	87.932.841	70.221.219
Transportation, distrubution and warehousing expenses	53.021.381	54.372.351
Sales expenses	23.275.613	23.828.182
Advertising and promotion expenses	18.969.146	12.249.448
Depreciation and amortization expenses	15.722.065	14.291.351
Transportation expenses	8.767.442	6.683.264
Consultancy expenses	5.641.195	4.827.756
Donation and aids	4.791.996	2.300.818
Information technology expenses	4.166.568	3.548.728
Insurance expenses	4.089.572	3.998.171
Tax expenses	3.405.975	4.106.958
Maintenance expenses	2.437.659	2.818.088
Communication expenses	2.374.023	4.513.277
Lawsuit, consultancy and auditing expenses	2.269.764	3.284.596
License expenses	1.936.414	1.991.543
Rent expenses	1.625.241	1.514.315
Outsourced research and development expenses	1.540.050	903.071
Public relations activities expenses	529.876	1.710.551
Project expenses	39.992	224.929
Other	17.830.976	14.637.947
	260.367.789	232.026.563

31. OTHER OPERATING INCOME / EXPENSES

Other operating income and gain for the years ended 31 December 2009 and 31 December 2008 are as follows:

	1 January- 31 December 2009	1 January- 31 December 2008
Income from sale of financial asset	39.872.144	-
Vessel service income	20.743.474	6.434.852
Commission income	7.611.121	2.071.994
Negative goodwill income (note 3)	2.662.915	-
Income from port services	2.316.923	1.821.449
LPG pipeline usage income	1.612.060	1.455.156
Rent income	1.292.914	1.156.025
Reversal of unnecessary provision	769.077	425.473
Gain on sale of property, plant and equipment	492.639	2.279.389
Insurance and incentive income	233.866	-
Dividend income	10.963	3.141.857
Other income and profits	3.515.156	2.445.120
	81.133.252	21.231.315

Other operating expense and loss for the period ended 31 December 2009 and 31 December 2008 are as follows:

	1 January- 31 December 2009	1 January- 31 December 2008
Vessel service expenses	21.883.384	6.423.980
Upfront fee paid to gas stations	3.571.021	-
Provision expense	2.598.753	3.125.043
Expense to port services	717.653	418.660
Loss on sale of property, plant and equipment	196.635	1.670.730
Commission expense	140.211	230.214
Other expenses and losses	1.838.503	630.004
	30.946.160	12.498.631

32. FINANCIAL INCOME

Financial income for the period ended 31 December 2009 and 31 December 2008 are as follows:

	1 January-31 December 2009	1 January-31 December 2008
Interest income	11.787.540	26.344.168
Profit on sale of marketable securities	41	116.603
Income generated from maturity differences of sales made on credit	21.727.693	26.667.614
	33.515.274	53.128.385

33. FINANCIAL EXPENSE

Financial expense for the period ended 31 December 2009 and 31 December 2008 are as follows:

	1 January-31 December 2009	1 January-31 December 2008
Expense from maturity differences purchases on credit	3.290.344	16.587.229
Foreign exchange translation loss	30.311.292	117.239.352
Interest expense	18.826.679	16.012.683
Credit commission expense	3.217.470	4.070.508
Hedging expense	-	353.314
Other financial expense	747.671	431.749
	56.393.456	154.694.835

34. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

The Company and Opet Petrolcülük A.Ş ("Opet") established Opet Aygaz BV as a joint venture to continue their common operations abroad. Opet Aygaz BV, the Group's joint venture, located in Netherlands signed a share transfer agreement at 19 June 2008 regarding the sale of the Opet Aygaz Bulgaria EAD and share transfer had been completed on 31 October 2008. Accordingly, Opet Aygaz BV has been liquidated on 30 December 2009.

34. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (cont'd)

The income statements related to discontinued operations is as follows:

	1 January- 31 December 2009	1 January- 31 December 2008
Sales Revenue	-	26.128.236
Cost of Sales	-	(24.288.558)
GROSS PROFIT	**-**	**1.839.678**
General Administration Expense	(47.274)	(4.348.589)
Other Operating Income	-	64.146
OPERATING PROFIT / LOSS	**(47.274)**	**(2.444.765)**
Finance Income	195.893	120.825
Finance Expense	-	(2.411.011)
PROFIT BEFORE TAX FROM DISCONTINUED OPERATIONS	**148.619**	**(4.734.951)**
Taxation income/expense for discontinued operations		
Current tax income/(expense)	(24.188)	-
Deferred fax income/(expense)	-	-
PROFIT / (LOSS) FROM DISCONTINUED OPERATIONS	**124.431**	**(4.734.951)**
Profit / (loss) from disposal of joint venture	(177.916)	13.890.199
DISCONTINUED OPERATIONS PROFIT / (LOSS) FOR THE PERIOD	**(53.485)**	**9.155.248**

While abandoning of Opet Aygaz BV, cash and cash equivalents amounting to TL 83.866 has been transferred to the Group's accounts and intercompany finance income of Opet Aygaz BV amounting to TL 137.351 has been eliminated from consolidated financial statements. As a result of these transactions, loss amounting to TL 53.485 is recognized as "Loss on disposal of joint venture" in the accompanying financial statements.

35. TAX ASSETS AND LIABILITIES

	31 December 2009	31 December 2008
Current tax liability		
Current corporate tax provision	50.538.620	25.981.117
Less: Prepaid taxes and funds	(39.855.453)	(23.910.058)
	10.683.167	2.071.059

Tax expense in income statement:

From continuing operations	1 January-31 December 2009	1 January-31 December 2008
Current tax liability		
Current corporate tax expense	(50.538.620)	(25.981.117)
Deferred tax income / (loss)	2.896.130	(4.655.785)
	(47.642.490)	(30.636.902)

From discontinued operations	1 January-31 December 2009	1 January-31 December 2008
Current tax liability		
Current corporate tax provision	(24.188)	-
Deferred tax expense / (income)	-	-
	(24.188)	-

Corporate Tax

The Company is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Group's results for the years and periods.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

The effective rate of tax in 2009 is 20% (2008: 20%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate in 2009 is 20% (2008: 20%). Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. Tax carry back is not allowed.

35. TAX ASSETS AND LIABILITIES (cont'd)

Corporate Tax (cont'd)

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for IFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of income and expenses in different reporting periods for IFRS and tax purposes and they are given below.

Income Withholding Tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 10% starting from 24 April 2003. This rate was changed to 15% commencing from 23 July 2006. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

Withholding tax at the rate of 19,8% is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Subsequent to this date, companies can deduct 40% of the investments within the scope of the investment incentive certificate and that are directly related to production facilities of the Company. The investments without investment incentive certificates do not qualify for tax allowance.

Investment Incentives Certificates

Investment incentive certificates are revoked commencing from 1 January 2006. If companies cannot use investment incentive due to inadequate profit, such outstanding investment incentive can be carried forward to following years so as to be deducted from taxable income of subsequent profitable years. However the companies can deduct the carried forward outstanding allowance from 2006, 2007 and 2008 taxable income. The investment incentive amount that cannot be deducted from 2008 taxable income will not be carried forward to following years.

Upon the resolution made by the Constitutional Court on 15 October 2009, the legal arrangement, which proposes to eliminate the vested rights was revoked on the basis of being contradictory to the constitution. Deadline of the investment incentive period is, thereby, ceased as of the reporting date. The related resolution was published in the Official Gazette on 8 January 2010.

Entek Elektrik Üretimi A.Ş., Group's subsidiary has investment incentives with withholding tax amounting to 179.462.331 TL and investment incentives without withholding tax amounting to 30.572.738 TL. Upon the resolution made by the Constitutional Court on 15 October 2009, which proposes to eliminate the vested rights was revoked on the basis of being contradictory to the constitution, deferred tax assets are recognized as 20% of investment incentives without withholding tax and 0,2% of investment incentives with withholding tax. When the investment incentives with withholding tax is expected to be utilised after utilisation of current deferred tax assets and liabilities, tax rate 0f 20% is applied for all other deferred tax assets and liabilities.

35. TAX ASSETS AND LIABILITIES (cont'd)

Deferred tax assets and Liabilities

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between the financial statements as reported for IFRS purposes and financial statements prepared in accordance with the tax legislation. These differences arise from the differences in accounting periods for the recognition of income and expenses in accordance with IFRS and tax legislation.

The rate applied in the calculation of deferred tax assets and liabilities is 20% for 2009.(2008: 20%)

As the entities can not declare consolidated corporate tax, deferred tax assets of subsidiaries can not be offset with deferred tax liabilities of other subsidiaries and presented separately.

Deferred tax (assets)/ liabilities:	31 December 2009	31 December 2008
Restatement and depreciation / amortization differences of property, plant and equipment and other intangible assets	52.139.406	51.554.873
Provision for employment termination benefits	(2.986.202)	(2.656.740)
Tax losses carried forward	-	(1.933.221)
Valuation of Inventories	950.817	(1.492.169)
Effective interest method adjustment	217.942	42.388
Revaluation fund on financial assets	5.236.373	4.244.656
Investment allowance	(6.473.472)	-
Other	(725.439)	(70.998)
	48.359.425	49.688.789

Movement of deferred tax from continuing operations is as follows:

Movement of deferred tax (assets)/liabilities :	1 January- 31 December 2009	1 January- 31 December 2008
Opening balance at 1 January	49.688.789	46.585.677
Defered tax expense / (income)	(2.896.130)	4.655.785
Deferred tax associated with financial asset revaluation fund	991.718	(1.552.673)
Change in consolidation scope effect	575.048	-
Closing balance at 31 December	48.359.425	49.688.789

35. TAX ASSETS AND LIABILITIES (cont'd)

Expiration schedule of carryforward tax losses is as follows :

	31 December 2009	31 December 2008
Expiring in 2012	-	9.666.105

	1 January- 31 December 2009	1 January- 31 December 2008
Profit/ (loss) from continuing operations before tax	374.222.560	63.331.725
Tax at the domestic income tax rate of 20% (2008:20%)	20%	20%
Expected tax loss	74.844.512	12.666.345
Tax effects of:		
- Revenue that is exempt from taxation	(13.605.936)	(310.610)
- Expenses that are not deductible in determining taxable profit	586.531	756.958
- Consolidation eliminations without tax effect	(6.695.343)	18.219.171
- Investment incentive certificates not accounted in the prior periods	(6.473.472)	-
- Other	(1.013.802)	(694.962)
Tax expense in statement of income	47.642.490	30.636.902

36. EARNINGS PER SHARE

	1 January- 31 December 2009	1 January- 31 December 2008
Average number of ordinary shares outstanding during the period (one thousand)	300.000.000	300.000.000
Net profit for the year attributable to equity holders of the parent company	314.604.096	25.765.471
Less: Profit/ (loss) for the year from discontinued operations	(53.485)	9.155.248
Net profit for the purposes of basic earnings per share from continuing operations	314.657.581	16.610.223
Basic earnings per share from continuing and discontinued operations(one thousand shares)	1,048680	0,085885
Basic earnings per share from continuing operations -Per one thousand of ordinary shares (TL)	1,048859	0,055367
Basic earnings per share from discontinued operations -Per one thousand of ordinary shares (TL)	(0,000179)	0,030518

37. TRANSACTIONS WITH RELATED PARTIES

	31 December 2009			
	Receivables		Payables	
Balances with related parties	Trade	Non-Trade	Trade	Non -Trade
Türkiye Petrol Rafinerileri A.Ş.	14.161.008	-	20.300.523	-
Zinerji Enerji Sanayi ve Ticaret A.Ş.	1.126.209	-	-	-
Tofaş Türk Otomobil Fabrikası A.Ş.	1.104.519	-	221.982	-
Ford Otomotiv Sanayi A.Ş.	891.262	-	-	-
Vehbi Koç Vakfı Koç Üniversitesi	340.800	-	55	-
Demir Export A.Ş.	338.661	-	-	-
Arçelik A.Ş.	206.390	-	7.476.941	-
Otokar Otobüs Karoseri Sanayi A.Ş.	178.146	-	-	-
Harranova Besi ve Tarım Ürünleri A.Ş.	152.432	-	-	-
Arçelik LG Klima San. ve Tic. A.Ş.	130.646	-	-	-
RMK Marine Gemi Yapım San. ve Deniz Taş. İşl. A.Ş.	124.993	-	-	-
Otokoç Otomotiv Tic. ve San. A.Ş.	123.675	-	331.602	-
Yapı Kredi Kültür Sanat Yayıncılık Tic.ve San. A.Ş.	80.647	-	1.796	-
Opet Petrolcülük A.Ş.	74.514	-	10.159.217	-
Kanel Kangal Elektrik A.Ş.	63.832	-	-	-
Türk Traktör ve Ziraat Makinaları A.Ş.	40.937	-	-	-
Altınyunus Çeşme Turistik Tesisler. A.Ş.	29.069	-	-	-
Rahmi Koç Vakfı Müzesi	20.000	-	-	-
Eltek Elektrik İthalat İhracat ve Toptan Ticaret A.Ş.	13.466	-	-	-
Palmira Turizm Ticaret A.Ş.	12.409	-	33.544	-
Tat Konserve Sanayi A.Ş.	9.027	-	-	-
Beldesan Otomotiv Yan Sanayii ve Tic. A.Ş.	5.367	-	-	-
Koçtaş Yapı Marketleri Ticaret A.Ş.	1.782	-	116.562	-
Marmaris Altınyunus Turistik Tesisleri A.Ş.	597	-	3.043	-
Ram Dış Ticaret A.Ş.	-	-	8.175.539	-
Zer Merkezi Hizmetler ve Ticaret A.Ş.	-	-	3.611.981	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	-	1.250.731	-
Koç Holding A.Ş.	-	-	440.430	-
Ram Sigorta Aracılık Hizmetleri A.Ş.	-	-	376.722	-
Setair Hava Taşımacılığı ve Hizm. A.Ş.	-	-	273.115	-
Düzey Tüketim Malları Pazarlama A.Ş.	-	-	173.488	-
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	-	-	136.865	-
Setur Servis Turistik A.Ş.	-	-	120.773	-
Opet-Fuchs Madeni Yağlar	-	-	110.324	-
Koçnet Haberleşme Teknoloji ve İlet. Hizm. A.Ş.	-	-	104.509	-
Promena Elektronik Ticaret A.Ş.	-	-	18.963	-
Yapı Kredi Bankası A.Ş.	-	-	3.134	-
Vehbi Koç Vakfı Amerikan Hastanesi	-	-	2.555	-
	19.230.388	-	53.444.394	-

37. TRANSACTIONS WITH RELATED PARTIES (cont'd)

	31 December 2008			
	Receivables		Payables	
Balances with related parties	Trade	Non-Trade	Trade	Non -Trade
Türkiye Petrol Rafinerileri A.Ş.	6.573.641	-	11.539.059	-
Tofaş Türk Otomobil Fabrikası A.Ş.	2.649.519	-	-	-
Zinerji Enerji Sanayi ve Ticaret A.Ş.	870.275	-	-	-
Arçelik A.Ş.	643.279	-	13.439.941	-
Vehbi Koç Vakfı Koç Üniversitesi	392.261	-	174	-
Demir Export A.Ş.	236.336	-	-	-
Harranova Besi ve Tarım Ürünleri A.Ş.	233.225	-	-	-
Ford Otomotiv Sanayi A.Ş.	200.454	-	-	-
Otokar Otobüs Karoseri Sanayi A.Ş.	138.469	-	-	-
RMK Marine Gemi Yapım San. ve Deniz Taş. İşl. A.Ş.	125.932	-	-	-
Otokoç Otomotiv Tic. ve San. A.Ş.	102.613	-	289.786	-
Kanel Kangal Elektrik A.Ş.	59.030	-	-	-
Arçelik LG Klima San. ve Tic. A.Ş.	37.751	-	-	-
Palmira Turizm Ticaret A.Ş.	1.358	-	24.773	-
Beldeyama Motorlu Vasıtalar San. A.Ş.	303	-	-	-
Ram Dış Ticaret A.Ş.	-	-	6.512.863	-
Opet Petrolcülük A.Ş.	4.304.591	-	5.564.128	-
Zer Merkezi Hizmetler ve Ticaret A.Ş.	-	-	2.215.144	-
Ram Sigorta Aracılık Hizmetleri A.Ş.	-	-	2.082.091	-
Koç Sistem Bilgi ve İletişim Hizm. A.Ş.	-	-	609.831	-
TBS Denizcilik ve Petrol Ürünleri Dış Ticaret A.Ş. (*)	-	-	270.588	-
Koç Holding A.Ş.	-	-	251.677	-
Tanı Pazarlama ve İletişim A.Ş.	-	-	240.319	-
Koçtaş Yapı Marketleri Sanayi ve Ticaret A.Ş.	-	-	136.809	-
Koçnet Haberleşme Teknoloji ve İletişim Hizm. A.Ş.	-	-	64.057	-
Türk Traktör ve Ziraat Makinaları A.Ş.	-	-	7.254	-
Tat Konserve Sanayi A.Ş.	62.623	-	-	-
Altınyunus Çeşme Turistik Tesisler. A.Ş.	23.995	-	-	-
Eltek Elektrik İthalat İhracat ve Toptan Ticaret A.Ş.	15.902	-	-	-
RMK Müzecilik ve Kültür Vakfı	5.443	-	-	-
Beldesan Otomotiv Yan Sanayii ve Tic. A.Ş.	4.986	-	-	-
Yapı Kredi Kültür Sanat Yayıncılık Tic.ve San. A.Ş.	4.385	-	-	-
Marmaris Altınyunus Turistik Tesisleri A.Ş.	1.575	-	-	-
Küsel Ltd. Şti.	1.101	-	-	-
Düzey Tüketim Malları Pazarlama A.Ş.	210	-	45.652	-
Opet-Fuchs Madeni Yağlar	-	-	19.578	-
Promena Elektronik Ticaret A.Ş.	-	-	10.461	-
Setur Servis Turistik A.Ş.	-	-	93.536	-
Yapı Kredi Bankası A.Ş.	-	-	2.239	-
Oriente Klassik Giyim San.ve Tic. A.Ş.	-	-	201	-
Other	7.207	-	5.287	-
	16.696.464	-	43.425.448	-

(*) This company is sold on 22 April 2009 and is no longer a related party.

37. TRANSACTIONS WITH RELATED PARTIES (cont'd)

	1 January - 31 December 2009			
Transactions with related parties	Purchases (Good)	Sales (Good)	Purchases (Service)	Sales (Service)
Türkiye Petrol Rafinerileri A.Ş.	318.263.795	190.007.174	1.298.499	-
Opet Petrolcülük A.Ş. (*)	58.593.050	1.405.693	2.489.547	647.787
Arçelik A.Ş.	56.790.118	6.400.544	48.725	22.402
Ram Dış Ticaret A.Ş.	13.201.691	38.764	29.689	-
Zer Merkezi Hizmetler ve Ticaret A.Ş.	8.004.470	3.474.697	24.963.488	7.161
TBS Denizcilik ve Petrol Ürünleri Ticaret A.Ş. (**)	4.105.267	-	-	-
Koçtaş Yapı Marketleri Ticaret A.Ş.	1.116.225	325.557	37.845	-
Arçelik LG Klima San. ve Tic. A.Ş.	801.517	362.489	-	-
Otokoç Otomotiv Tic. ve San. A.Ş.	596.088	2.210.855	3.172.904	4.176
Beldeyama Motorlu Vasıtalar San. A.Ş.	465.751	1.800	-	-
Opet-Fuchs Madeni Yağlar	344.471	-	-	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	300.656	10.815	3.437.555	-
Koç Holding A.Ş.	256.331	-	1.591.944	-
Koçnet Haberleşme Teknoloji ve İlet. Hizm. A.Ş.	216.763	14.193	1.197.299	-
Setur Servis Turistik A.Ş.	67.445	22.334	1.413.943	626
Temel Ticaret ve Yatırım A.Ş.	48.660	-	-	-
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	36.334	15.546	1.487.512	-
Düzey Tüketim Malları Pazarlama A.Ş.	17.639	1.509	668.234	-
Vehbi Koç Vakfı Amerikan Hastanesi	16.949	-	2.964	-
Oriente Klassik Giyim San.ve Tic.A.Ş.	10.344	-	-	-
Demir Export A.Ş.	9.080	8.177.971	-	-
Ford Otomotiv Sanayi A.Ş.	7.888	6.583.012	-	200
Otokar Otobüs Karoseri Sanayi A.Ş.	7.589	1.207.465	157.279	-
Vehbi Koç Vakfı	7.523	205	-	-
Grundig Elektronik A.Ş. (***)	3.596	45.809	-	-
Palmira Turizm Ticaret A.Ş.	3.060	20.252	41.598	1.400
Yapı Kredi Kültür Sanat Yayıncılık Tic.ve San. A.Ş.	1.829	78.028	3.846	-
Marmaris Altınyunus Turistik Tesisleri A.Ş.	334	222.529	12.738	-
Rahmi Koç Vakfı Müzesi	185	-	-	-
Tofaş Türk Otomobil Fabrikası A.Ş.	-	15.463.128	304.367	352.143
Vehbi Koç Vakfı Koç Üniversitesi	-	2.758.953	123.719	-
Harranova Besi ve Tarım Ürünleri A.Ş.	-	1.901.255	-	-
Türk Traktör ve Ziraat Makinaları A.Ş.	-	746.367	-	-
RMK Marine Gemi Yapım San. ve Deniz Taş. İşl. A.Ş.	-	736.085	9.264	-
Altınyunus Çeşme Turistik Tesisler. A.Ş.	-	346.024	-	8.737
Tat Konserve Sanayi A.Ş.	-	83.061	-	-
Yapı Kredi Bankası A.Ş.	-	66.992	21.730	-
Beldesan Otomotiv Yan Sanayii ve Tic. A.Ş.	-	18.053	-	-
Zinerji Enerji Sanayi ve Ticaret A.Ş.	-	2.851	-	-
Setair Hava Taşımacılığı ve Hizm. A.Ş.	-	-	2.414.109	-
Promena Elektronik Ticaret A.Ş.	-	-	149.137	-
Koç Yönder	-	-	42.184	-
Yapı Kredi Yatırım Menkul Değerler A.Ş.	-	-	24.363	-
Yapı Kredi Sigorta A.Ş.	-	-	2.382	-
Deniz İşletmeciliği ve Ticaret A.Ş.	-	-	137	-
Eltek Elektrik İthalat İhracat ve Toptan Ticaret A.Ş.	-	-	-	11.412
	463.294.648	242.750.010	45.147.001	1.056.044

(*) Commission expense regarding gas sold at Opet stations as of 31 December 2009 is TL 73.429.183 (31 December 2008 is TL 55.068.065). The commission expense mentioned above is evaluated as part of sales and accounted under income statement as sales deductions.
(**) This company is sold on 22 April 2009 and is no longer a related party.
(***) Merged with Arçelik A.Ş. as of June 2009.

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated

37. TRANSACTIONS WITH RELATED PARTIES (cont'd)

	1 January - 31 December 2008			
Transactions with related parties	Purchases (Good)	Sales (Good)	Purchases (Service)	Sales (Service)
Türkiye Petrol Rafinerileri A.Ş.	242.982.739	899.057	1.097.672	446.384
Arçelik A.Ş.	61.322.092	12.568.568	59.413	125.051
Opet Petrolcülük A.Ş.	57.945.512	1.793.198	3.245.309	851.025
Ram Dış Ticaret A.Ş.	23.095.671	-	459.481	-
TBS Denizcilik ve Petrol Ürünleri Ticaret A.Ş. (**)	5.687.619	-	-	-
Zer Merkezi Hizmetler ve Ticaret A.Ş.	1.653.732	1.454.746	18.159.938	5.081
Koçtaş Yapı Marketleri Ticaret A.Ş.	1.526.862	218.556	69.837	-
Beldeyama Motorlu Vasıtalar San. A.Ş.	400.550	77.438	-	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	89.682	-	2.431.657	100
Otokoç Otomotiv Tic. ve San. A.Ş.	33.608	1.575.854	2.898.791	3.601
Palmira Turizm Ticaret A.Ş.	28.870	49.570	1.137.047	-
Netsel Turizm Yatırımları A.Ş.	24.059	-	2.354	-
Düzey Tüketim Malları Pazarlama A.Ş.	23.988	2.356	499.024	-
Koçnet Haberleşme Teknoloji ve İlet. Hizm. A.Ş.	23.164	195	1.656.216	-
Ford Otomotiv Sanayi A.Ş.	12.144	8.244.279	-	-
Türk Traktör ve Ziraat Makinaları A.Ş.	9.791	1.780.520	-	-
Otokar Otobüs Karoseri Sanayi A.Ş.	3.775	1.257.855	157.382	-
Grundig Elektronik A.Ş. (**)	1.595	154.417	-	-
Koç Holding A.Ş.	-	-	3.679.913	-
Setur Servis Turistik A.Ş.	-	17.063	2.948.994	-
Setair Hava Taşımacılığı ve Hizm. A.Ş.	-	-	1.823.740	-
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	-	-	1.738.906	-
Vehbi Koç Vakfı Koç Üniversitesi	-	2.470.965	159.956	-
RMK Marine Gemi Yapım San. ve Deniz Taş. İşl. A.Ş.	-	630.675	42.501	-
Tofaş Türk Otomobil Fabrikası A.Ş.	-	30.859.123	39.675	-
Vehbi Koç Vakfı Amerikan Hastanesi	-	4.489	1.079	-
Sanal Merkez Ticaret A.Ş(*)	-	-	196	-
Eltek Elektrik İthalat İhracat ve Toptan Ticaret A.Ş.	-	-	-	15.000
Demir Export A.Ş.	-	11.685.420	-	-
Harranova Besi ve Tarım Ürünleri A.Ş.	-	1.628.628	-	-
Arçelik LG Klima San. ve Tic. A.Ş.	-	706.267	-	-
Marmaris Altınyunus Turistik Tesisleri A.Ş.	-	248.711	-	1.552
Tat Konserve Sanayi A.Ş.	-	151.896	-	-
Yapı Kredi Finansal Kiralama A.O.	-	25.027	-	-
Beldesan Otomotiv Yan Sanayii ve Tic. A.Ş.	-	16.673	-	-
Ark İnşaat A.Ş.	-	6.350	-	-
Vehbi Koç Vakfı	-	1.189	-	-
Migros Türk T.A.Ş. (*)	-	82.473	-	1.867
Altınyunus Çeşme Turistik Tesisler. A.Ş.	-	205.998	-	5.226
Opet Aygaz Bulgaria E.A.D. (*)	-	1.749.161	-	-
Koç Statoil Gaz A.Ş.	-	-	2.186	-
Opet-Fuchs Madeni Yağlar	68.629	-	-	-
Demrad Döküm Ürünleri Sınai ve Tic. A.Ş. (*)	-	99.803	4.481	-
Yapı Kredi Bankası A.Ş.	-	48.439	70.357	-
Koç Allianz Sigorta T.A.Ş. (*)	-	-	7.932	-
Koç Tüketici Finansmanı A.Ş.	-	-	11.963	-
Promena Elektronik Ticaret A.Ş.	-	-	104.115	-
Yapı Kredi Sigorta A.Ş.	-	-	2.307	-
Yapı Kredi Yatırım Menkul Değerler A.Ş.	-	-	25.878	-
Orriente Klassik Giyim San.ve Tic.AŞ	-	-	5.996	-
RMK Müzecilik ve Kültür Vakfı	-	-	-	51.426
	394.934.082	80.714.959	42.544.296	1.506.313

(*) These companies are sold on 2008 and are no longer related parties.
(**) These companies are sold on 2009 and are no longer related parties.

37. TRANSACTIONS WITH RELATED PARTIES (cont'd)

	1 January - 31 December 2009			
Tangible asset and rent transactions with related parties	Rent income	Rent expense	Fixed assets purchases	Fixed asset sales
Opet Petrolcülük A.Ş.	375.060	15.582	-	-
Zinerji Enerji Sanayi ve Ticaret A.Ş.	1.680	-	-	-
Küsel Ltd.Şti.	1.680	-	-	-
Otokoç Otomotiv Tic. ve San. A.Ş.	-	83.297	78.893	-
Temel Ticaret ve Yatırım A.Ş.	-	48.660	-	-
Yapı Kredi Bankası A.Ş.	-	145.743	-	-
Koç Family members	-	131.902	-	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	-	1.339.989	-
Koçnet Haberleşme Teknoloji ve İlet. Hizm. A.Ş.	-	-	249.738	-
Koçtaş Yapı Marketleri Ticaret A.Ş.	-	-	15.612	-
Bilkom Bilişim Hizmetleri A.Ş.	-	-	3.281	-
Ford Otomotiv Sanayi A.Ş.	-	-	268.100	-
	378.420	425.184	1.955.613	-

	1 January - 31 December 2008			
Tangible asset and rent transactions with related parties	Rent income	Rent expense	Fixed assets purchases	Fixed asset sales
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	-	766.895	1.362.074
Otokoç Otomotiv Tic. ve San. A.Ş.	-	76.503	84.958	267.303
Koçnet Haberleşme Teknoloji ve İlet. Hizm. A.Ş.	-	-	131.628	-
Koçtaş Yapı Marketleri Ticaret A.Ş.	-	-	43.432	-
Arçelik A.Ş.	-	-	2.726	-
Yapı Kredi Bankası A.Ş.	-	100.220	-	-
Temel Ticaret ve Yatırım A.Ş.	-	133.350	-	-
Opet Petrolcülük A.Ş.	349.034	14.085	-	-
Küsel Ltd. Şti.	1.560	-	-	-
Koç Family members	-	54.618	-	-
Vehbi Koç Vakfı	-	8.500	-	-
	350.594	387.276	1.029.639	1.629.377

37. TRANSACTIONS WITH RELATED PARTIES (cont'd)

	1 January - 31 December 2009			
Financial and other transactions with related parties	Financial income	Financial expense	Other income	Other expense
Koç Holding A.Ş.	-	32.461.523	-	-
Yapı Kredi Bankası A.Ş.	11.805.479	301.649	-	-
Türkiye Petrol Rafinerileri A.Ş.	143.547	154.264	-	-
Koçnet Haberleşme Teknoloji ve İlet. Hizm. A.Ş.	12.565	-	-	-
Zinerji Enerji Sanayi ve Ticaret A.Ş.	2.413	-	-	-
Arçelik A.Ş.	2.320	-	-	-
RMK Marine Gemi Yapım San. ve Deniz Taş. İşl. A.Ş.	1.257	-	-	-
Ford Otomotiv Sanayi A.Ş.	956	-	-	-
Marmaris Altınyunus Turistik Tesisleri A.Ş.	316	-	-	-
Türk Traktör ve Ziraat Makinaları A.Ş.	216	-	-	-
Yapı Kredi Portföy Yönetimi A.Ş.	200	-	-	-
Demir Export A.Ş.	188	-	-	-
Tat Konserve Sanayi A.Ş.	49	-	-	-
Tofaş Türk Otomobil Fabrikası A.Ş.	47	-	-	-
Setur Servis Turistik A.Ş.	21	-	-	-
Opet Petrolcülük A.Ş.	-	7.547.012	85.058	3.415.866
Koç Family members	-	-	39.872.144	-
Vehbi Koç Vakfı	-	-	-	3.075.000
Vehbi Koç Vakfı Koç Üniversitesi	-	-	-	1.250
Rahmi M.Koç Müzecili ve Kültür Vakfı	-	-	-	50.000
	11.969.574	40.464.448	39.957.202	6.542.116

	1 January - 31 December 2008			
Financial and other transactions with related parties	Financial income	Financial expense	Other income	Other expense
Koç Holding A.Ş.	-	104.740.213	-	-
Yapı Kredi Bankası A.Ş.	20.917.926	354.151	-	-
Opet Aygaz Bulgaria E.A.D. (*)	464.343	-	-	-
Arçelik A.Ş	24.231	-	-	-
Türkiye Petrol Rafinerileri A.Ş. (Tüpraş)	17.240	3.246.745	-	-
Opet Petrolcülük A.Ş.	-	806.048	1.700.000	-
Eltek Elektrik İthalat İhracat ve Toptan Ticaret A.Ş.	-	-	13.476	-
Ford Otomotiv Sanayi A.Ş.	286	-	-	-
Otokoç Otomotiv Tic. ve San. A.Ş.	7.305	-	-	-
Demrad Döküm Ürünleri Sınai ve Tic. A.Ş. (*)	237	-	-	-
Palmira Turizm Ticaret A.Ş.	301	-	-	-
RMK Marine Gemi Yapım San. ve Deniz Taş. İşl. A.Ş.	2.146	-	-	-
Marmaris Altınyunus Turistik Tesisleri A.Ş.	1.307	-	-	-
Setur Servis Turistik A.Ş.	156	-	-	-
Tat Konserve Sanayi A.Ş.	346	-	-	-
Tofaş Türk Otomobil Fabrikası A.Ş.	225	-	-	-
Türk Traktör ve Ziraat Makinaları A.Ş.	1.817	-	-	-
RMK Müzecilik ve Kültür Vakfı	577	-	-	-
	21.438.443	109.147.157	1.713.476	-

(*) These companies are sold on 2008 and are no longer related parties.

37. TRANSACTIONS WITH RELATED PARTIES (cont’d)

Deposits at banks	31 December 2009	31 December 2008
Yapı Kredi Bankası A.Ş.	332.818.526	350.301.671

	31 December 2009				
Loans from related parties	Original Currency	Maturity	Interest Rate %	Current liabities	Non-current liabilities
Yapı Kredi Bankası	TL	Spot	0,00%	4.054.838	-
Consortium loan	USD	16 January 2010	Libor +2,50	121.164.089	-
Consortium loan	EUR	16 January 2012	Euribor +4,50	1.267.169	114.495.900
				126.486.096	114.495.900

	31 December 2008				
Loans to related parties	Original Currency	Maturity	Interest Rate %	Current liabities	Non-current liabilities
Syndication loan	USD	26 January 2009	Libor +1,00	377.894.568	-
				377.894.568	-

<u>Benefits to Key Management:</u>

The Group has determined senior manager squad as board directors members, general manager and vice general managers.

Total of the benefit provided to senior management of the Group as of 31 December 2009 is TL 14.398.759 (2008: TL 11.163.049).

38. NATURE AND THE LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS

a) Capital risk management

The Company's objectives when managing capital are to safeguard the Company'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. In order to maintain or rearrange capital structure, the Company can return back capital to shareholders, issue new shares and sale assets in order to decrease debt requirement.

The Group controls its capital using the net debt/total capital ratio parallel to other companies in the sector. This ratio is the calculated as net debt divided by the total capital amount. Net debt is calculated as total liability amount (comprises of financial liabilities, leasing , trade payables and payables to related parties as presented in the balance sheet) less cash and cash equivalents. Total capital is calculated as shareholders' equity plus the net debt amount as presented in the balance sheet.

The Group's Treasury Function provides services to the business, coordinates access to domestic and international markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyses exposures by degree and magnitude of risk. These risks include market risk (including currency risk, fair value interest rate risk and price risk) credit risk, liquidity risk and cash flow interest rate risk.

	31 December 2009	31 December 2008
Total Liabilities	603.065.345	762.092.080
Less:Cash and cash equivalents (Notes 6)	(407.893.247)	(405.430.998)
Net Debt	195.172.098	356.661.082
Shareholders' Equity	1.757.287.840	1.473.694.975
Total Capital	1.952.459.938	1.830.356.057
Debt Capital Ratio	0,10	0,19

b) Financial risk factors

The risks of the Group, resulted from operations, include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's risk management program generally seeks to minimize the effects of uncertainty in financial market on financial performance of the Group. The Group uses derivative financial instruments in order to safeguard itself from different financial risks.

b.1) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.The Group manages this risk by the credit limits up to the guarantees received from customers. The usage of credit limits are monitored by the Group according to the customer's credibility is evaluated continuously.

Trade receivables consist of many customers that operate in various industries and locations. Credit risk of the receivables from counterparties are evaluated perpetually.

38. NATURE AND THE LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

b.1) Credit risk management (cont'd)

Credit Risk of Financial Instruments	**Receivables**				**Cash and Cash Equivalents**	
	Trade Receivables		**Other Receivables**			
31 December 2009	**Related Party**	**Third Party**	**Related Party**	**Third Party**	**Deposits in Banks**	**Credit Card Receivables**
Maximum net credit risk as of balance sheet date	19.230.388	318.110.716	-	9.563.130	403.135.263	4.591.131
The part of maximum risk under guarantee with collateral etc. (*)	-	109.540.852	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	19.230.388	218.764.170	-	9.563.130	403.135.263	4.591.131
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	99.346.546	-	-	-	-
- The part under guarantee with collateral etc	-	3.263.146	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	14.492.996	-	-	-	-
- Impairment (-)	-	(14.492.996)	-	-	-	-
-The part of net value under guarantee with collateral etc	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
-The part of net value under guarantee with collateral etc.	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-

(*) Consists of guarantees, pledges and mortgages.

38. NATURE AND THE LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

b.1) Credit risk management (cont'd)

Credit Risk of Financial Instruments	**Receivables**				**Cash and Cash Equivalents**	
	Trade Receivables		**Other Receivables**			
31 December 2008	**Related Party**	**Third Party**	**Related Party**	**Third Party**	**Deposits in Banks**	**Credit Card Receivables**
Maximum net credit risk as of balance sheet date	16.696.464	247.520.554	-	6.504.895	401.047.434	4.272.859
The part of maximum risk under guarantee with collateral etc. (*)	-	146.039.234	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	16.696.464	189.018.531	-	6.504.895	401.047.434	4.272.859
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired						
- The part under guarantee with collateral etc	-	58.502.023	-	-	-	-
	-	14.819.234	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	11.359.341	-	-	-	-
- Impairment (-)	-	(11.359.341)	-	-	-	-
-The part of net value under guarantee with collateral etc	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
-The part of net value under guarantee with collateral etc.	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-

(*) Consists of guarantees, pledges and mortgages.

38. NATURE AND THE LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

b.1) Credit risk management (cont'd)

31 December 2009	Trade Receivables	Other Receivables	Deposits in banks	Derivative Instruments	Other	Total
Past due 1-30 days	50.508.218	-	-	-	-	50.508.218
Past due 1-3 months	45.654.453	-	-	-	-	45.654.453
Past due 3-12 months	3.086.772	-	-	-	-	3.086.772
Past due 1-5 years	97.103	-	-	-	-	97.103
Past due more than 5 years	-	-	-	-	-	-
Total past due receivables	99.346.546	-	-	-	-	99.346.546
The part under guarantee with collateral	3.263.146	-	-	-	-	3.263.146

38. NATURE AND THE LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

b.1) Credit risk management (cont'd)

31 December 2008	Trade Receivables	Other Receivables	Deposits in banks	Derivative Instruments	Other	Total
Past due 1-30 days	50.370.564	-	-	-	-	50.370.564
Past due 1-3 months	3.987.520	-	-	-	-	3.987.520
Past due 3-12 months	4.130.700	-	-	-	-	4.130.700
Past due 1-5 years	13.239	-	-	-	-	13.239
Past due more than 5 years	-	-	-	-	-	-
Total past due receivables	58.502.023	-	-	-	-	58.502.023
The part under guarantee with collateral	14.819.234	-	-	-	-	14.819.234

38. NATURE AND THE LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

b.2) Liquidity risk management

Liquidity risk management responsibility mainly belongs to the Board of Directors. The Board of Directors has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profile of financial assets and liabilities.

The following table presents the maturity of Group's derivative and non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Derivative financial liabilities are presented according to undiscounted net cash inflow and cash outflow. The table has been drawn up based on the undiscounted net cash inflows/(outflows) on the derivative instrument that settle on a net basis and the undiscounted gross inflows and (outflows) on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the reporting date.

38. NATURE AND THE LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

31 December 2009 Contractual Maturity Analysis	**Carrying Value**	**Total Cash Flowout according to the contract (I+II+III+ IV)**	**Less than 3 months (I)**	**3-12 months (II)**	**1-5 years (III)**	**More than 5 years (IV)**
Non-derivative financial liabilities						
Bank borrowings	435.452.920	450.417.442	246.102.630	17.182.039	187.132.773	-
Trade payables	114.168.031	114.168.031	114.168.031	-	-	-
Payables to related parties	53.444.394	53.444.394	53.444.394	-	-	-
Total liabilities	**603.065.345**	**618.029.867**	**413.715.055**	**17.182.039**	**187.132.773**	**-**

31 December 2008 Contractual Maturity Analysis	**Carrying Value**	**Total Cash Flowout according to the contract (I+II+III+ IV)**	**Less than 3 months (I)**	**3-12 months (II)**	**1-5 years (III)**	**More than 5 years (IV)**
Non-derivative financial liabilities						
Bank borrowings	447.761.757	452.846.095	378.001.533	14.623.310	60.221.252	-
Trade payables	270.904.875	270.904.875	270.904.875	-	-	-
Payables to related parties	43.425.448	43.425.448	43.171.200	254.248	-	-
Total liabilities	**762.092.080**	**767.176.418**	**692.077.608**	**14.877.558**	**60.221.252**	**-**

38. NATURE AND THE LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial risk factors (cont'd)

b.3) Market Risk Management

The Group's activities are exposed to a variety of financial risks including foreign currency risk and interest rate risk as explained below. The Group uses derivative financial instruments to hedge certain risk exposures in order to manage foreign currency and interest rate risks. These instruments are:

1. Foreign exchange forward purchase agreements to manage exposure to liabilities denominated in foreign currencies.
2. Foreign exchange purchase options to manage exposure to liabilities denominated in foreign currencies.
3. Principal and interest swap agreements to manage exposure to liabilities denominated in foreign currencies.

At the Group level market risk exposures are measured by sensitivity analysis and stress scenarios.

There has been no change in the Group's exposure to market risks or the manner which it manages and measures the risk compared to the previous year.

b.3.1) Foreign Currency Risk Management

The Group controls foreign currency risk coming from its operations and cash flows of finance contracts by using "forward foreign exchange contracts".

The foreign currency denominated assets and liabilities of monetary and non-monetary items are as follows:

38. NATURE AND THE LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

b.3.1) Foreign Currency Risk Management (cont'd)

31 December 2009	**Total TL Equivalent**	**Total USD Equivalent**	**Total EUR Equivalent**	**Total GBP Equivalent**	**Other**
1. Trade Receivables	27.723.031	24.421.730	3.301.301	-	-
2. a. Monetary Financial Assets	192.140.612	186.209.246	5.886.442	44.924	-
2.b Non-monetary Financial Assets	-	-	-	-	-
3. Other	103.575	50.811	52.764	-	-
4. CURRENT ASSETS	**219.967.218**	**210.681.787**	**9.240.507**	**44.924**	-
5. Trade Receivables	-	-	-	-	-
6.a Monetary Financial Assets	-	-	-	-	-
6.b Non-monetary Financial Assets	-	-	-	-	-
7. Other	-	-	-	-	-
8 NON-CURRENT ASSETS	-	-	-	-	-
9. TOTAL ASSETS	**219.967.218**	**210.681.787**	**9.240.507**	**44.924**	-
10. Trade Payables	(83.708.119)	(82.743.196)	(964.923)	-	-
11. Financial Liabilities	(134.949.525)	(134.949.525)	-	-	-
12.a Other Monetary Financial Liabilities	-	-	-	-	-
12.b Other Non-monetary Financial Liabilities	-	-	-	-	-
13. CURRENT LIABILITIES	**(218.657.644)**	**(217.692.721)**	**(964.923)**	-	-
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	(61.733.700)	(61.733.700)	-	-	-
16.a . Other Monetary Financial Liabilities	-	-	-	-	-
16.b Other Non-monetary Financial Liabilities	-	-	-	-	-
17. NON CURRENT LIABILITIES	**(61.733.700)**	**(61.733.700)**	-	-	-
18. TOTAL LIABILITIES	**(280.391.344)**	**(279.426.421)**	**(964.923)**	-	-
19. Net asset / liability position of					
		-	-	-	-
Off-balance sheet derivatives (19a-19b)		-	-	-	-
19.a Off-balance sheet foreign currency derivative assets	-	-	-	-	-
19.b Off-balance sheet foreign currency derivative liabilities	-	-	-	-	-
20. Net foreign currency asset liability position	**(60.424.126)**	**(68.744.634)**	**8.275.584**	**44.924**	-
21 Net foreign currency asset / liability position of monetary items	**(60.527.701)**	**(68.795.445)**	**8.222.820**	**44.924**	-
(1+2a+6a+10+11+12a+14+15+16a)					
22 Fair value of foreign currency hedged financial assets	-	-	-	-	
23 Hedged foreign currency assets	-	-	-	-	-
24. Export	210.234.547	198.722.845	11.511.702	-	-
25. Import	983.006.062	968.006.131	14.715.972	100.870	183.090

38. NATURE AND THE LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

b.3.1) Foreign Currency Risk Management (cont'd)

31 December 2008	Total TL Equivalent	Total USD Equivalent	Total EUR Equivalent	Total GBP Equivalent
1. Trade Receivables	21.372.937	12.199.293	9.173.644	-
2. a. Monetary Financial Assets	315.533.840	312.793.212	2.661.319	79.309
2.b Non-monetary Financial Assets	-	-	-	-
3. Other	252.067	62.703	189.364	-
4. CURRENT ASSETS	**337.158.844**	**325.055.208**	**12.024.327**	**79.309**
5. Trade Receivables	-	-	-	-
6.a Monetary Financial Assets	-	-	-	-
6.b Non-monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8 NON-CURRENT ASSETS	-	-	-	-
9. TOTAL ASSETS	**337.158.844**	**325.055.208**	**12.024.327**	**79.309**
10. Trade Payables	(211.153.742)	(207.661.744)	(3.486.736)	(5.262)
11. Financial Liabilities	(391.982.492)	(391.982.492)	-	-
12.a Other Monetary Financial Liabilities	-	-	-	-
12.b Other Non-monetary Financial Liabilities	-	-	-	-
13. CURRENT LIABILITIES	**(603.136.234)**	**(599.644.236)**	**(3.486.736)**	**(5.262)**
14. Trade Payables	-	-	-	-
15. Financial Liabilities	(55.672.300)	(55.672.300)	-	-
16.a . Other Monetary Financial Liabilities	-	-	-	-
16.b Other Non-monetary Financial Liabilities	-	-	-	-
17. NON CURRENT LIABILITIES	**(55.672.300)**	**(55.672.300)**	**-**	**-**
18. TOTAL LIABILITIES	**(658.808.534)**	**(655.316.536)**	**(3.486.736)**	**(5.262)**
19. Net asset / liability position of Off-balance sheet derivatives (19a-19b)		-	-	-
19.a Off-balance sheet foreign currency derivative assets	-	-	-	-
19.b Off-balance sheet foreign currency derivative liabilities	-	-	-	-
20. Net foreign currency asset liability position	**(321.649.690)**	**(330.261.328)**	**8.537.591**	**74.047**
21 Net foreign currency asset / liability position of monetary items (1+2a+6a+10+11+12a+14+15+16a)	**(321.901.757)**	**(330.324.031)**	**8.348.227**	**74.047**
22 Fair value of foreign currency hedged financial assets	-	-	-	-
23 Hedged foreign currency assets	-	-	-	-
24. Export	172.860.564	151.666.513	21.141.983	52.068
25. Import	1.081.356.359	1.071.793.876	9.435.435	127.048

38. NATURE AND THE LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

<u>Foreign currency sensitivity :</u>

The Group is mainly exposed to foreign currency risk in USD and EURO.

The following table details the Group's sensitivity to a 10% increase and decrease in the USD and Euro. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis only includes outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number indicates an increase in profit / loss and other equity.

	Profit / (Loss) before tax	
31 December 2009	Appreciation of Foreign Currency by 10%	Depreciation of Foreign Currency by 10%
US Dollar net asset / liability	(6.874.463)	6.874.463
Part of hedged from US Dollar risk (-)	-	
US Dollar net effect	(6.874.463)	6.874.463
Euro net asset / liability	827.558	(827.558)
Part of hedged from EURO risk (-)	-	-
Euro net effect	827.558	(827.558)
TOTAL	**(6.046.905)**	**6.046.905**

	Profit / (Loss) before tax	
31 December 2008	Appreciation of Foreign Currency by 10%	Depreciation of Foreign Currency by 10%
US Dollar net asset / liability	(33.026.133)	33.026.133
Part of hedged from US Dollar risk (-)	-	-
US Dollar net effect	(33.026.133)	33.026.133
Euro net asset / liability	853.759	(853.759)
Part of hedged from EURO risk (-)	-	-
Euro net effect	853.759	(853.759)
TOTAL	**(32.172.374)**	**32.172.374**

38. NATURE AND THE LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial Risk Factors

b.3.2) Interest Rate Risk Management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, by the use of interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring optimal hedging strategies are applied, by either positioning the balance sheet or protecting interest expense through different interest rate cycles.

Details of Group's financial instruments that are sensitive to interest rates are as follows:

Interest position table

Fixed interest instruments	31 December 2009	31 December 2008
Time Deposits	383.217.302	379.625.086
Financial Liabilities	198.525.762	69.867.189
Variable interest instruments		
Financial Liabilities	236.927.158	377.894.568

The Group's Euro / USD denominated financial borrowings have variable interest rates indexed to Euribor / Libor accordingly. The Group is exposed to interest rate risk due to the fluctuations in Euribor and Libor rates. At the reporting date if the Euribor / Libor rates had been 0.5% lower / higher and all other variables were held constant the Group's net profit before tax would increase/ decrease by TL 1.184.636 (31 December 2008: TL 1.889.315).

Equity price sensitivity

Sensitivity analysis below is determined based on equity shares price risk exposed as of the balance sheet date.

If the price data in valuation method were 10% higher / lower and all other variables fixed:

Financial assets revaluation fund would increase/decrease by TL 19.507.217 (2008: TL 13.419.609). It is mainly because of changes in fair value of available for sale equity shares.

39. FINANCIAL INSTRUMENTS (EXPLANATIONS RELATED TO FAIR VALUE AND HEDGE ACCOUNTING)

Financial Instrument Categories

31 December 2009	Financial assets at amortized cost	Loans and Receivables	Available for sale Financial assets	Financial assets at fair value through profit or loss	Financial liabilities at amortized cost	Fair Value	Not
Financial Assets							
Cash and cash equivalents	407.893.247	-	-	-		407.893.247	6
Trade receivables		318.110.716	-	-		318.110.716	10
Due from related parties		19.230.388	-	-		19.230.388	37
Other financial assets	-	-	196.924.453	-		196.924.453	7
Financial Liabilities							
Financial liabilities	-	-	-	-	435.452.920	435.452.920	8
Trade Payable	-	-	-	-	114.168.031	114.168.031	10
Due to related parties	-	-	-	-	53.444.394	53.444.394	37

	Financial assets at amortized cost	Loans and Receivables	Available for sale Financial assets	Financial assets at fair value through profit or loss	Financial liabilities at amortized cost	Fair Value	Not
31 December 2008							
Financial Assets							
Cash and cash equivalents	405.430.998	-	-	-	-	405.430.998	6
Trade receivables	-	247.520.554	-	-	-	247.520.554	10
Due from related parties	-	16.696.464	-	-	-	16.696.464	37
Other financial assets	-	-	203.749.145	-	-	203.749.145	7
Financial Liabilities							
Financial liabilities	-	-	-	-	447.761.757	447.761.757	8
Trade Payable	-	-	-	-	270.904.875	270.904.875	10
Due to related parties	-	-	-	-	43.425.448	43.425.448	37

(*) The Group believes the carrying value of its financial instruments are at fair value.

39. FINANCIAL INSTRUMENTS (EXPLANATIONS RELATED TO FAIR VALUE AND HEDGE ACCOUNTING) (cont'd)

Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- First level: The fair value of financial assets and financial liabilities are determined with reference to actively traded market prices;
- Second level: Other than market prices specified at first level, the fair value of financial assets and financial liabilities are evaluated with reference to inputs that used to determine directly or indirectly observable price in market;
- Third level: The fair value of financial assets and financial liabilities are evaluated with reference to inputs that used to determine fair value but not relying on observable data in the market.

Level classifications of financial assets at fair value are as follows:

		Level of fair value as of reporting date		
Financial assets	31 December 2009	1st Level TL	2nd Level TL	3rd Level TL
Available-for-sale financial assets (*)	195.580.347	195.072.173	508.174	-

		Level of fair value as of reporting date		
Financial assets	31 December 2008	1st Level TL	2nd Level TL	3rd Level TL
Available-for-sale financial assets (*)	202.405.039	133.976.539	68.428.500	-

(*) The Group has available for sale financial assets, which are not quoted in stock markets, and total amount of these financial assets is TL 1.344.106. The fair value of these financial assets can not be measured reliably and stated at cost in the accompanying financial statements.

40. THE EVENTS AFTER THE BALANCE SHEET DATE

In the Board of Directors Meeting as of 14 January 2010, the Group Management decided that the closing of existing long term loan and using 53.000.000 Euro of the loan, which was obtained with the title of sub-debtor under the scope of credit agreement that is declared by Koç Holding A.Ş. in 23 December 2009.

Under the scope of the general principals in the Loan Agreement, the principle payment will be performed at the end of the period and the terms that will be valid are as follows: 27-month maturity, the option of paying the interest rate either in 1,3 or 6 months and EURIBOR+2,75 % the annual interest rate excluding the transaction costs.

41. OTHER SIGNIFICANT ISSUES AFFECTING THE FINANCIAL STATEMENTS OR THE OTHER ISSUES REQUIRED FOR CLARIFICATION OF FINANCIAL STATEMENTS

The dividend income of TL 3.141.857, which was presented under the account group of "Financial Income" in the consolidated income statement as of 31 December 2008, is presented under the account group of "Other Operating Income" in the accompanying financial tables for comparison purposes.

The lawsuit provision of TL 1.360.541, that should have been presented under the account of "Provisions" in the consolidated financial statements while preparing the financial statements as of 31 December 2008, is presented as a cost provision under the account of "Other Current Liabilities". In the accompanying financial statements, the current period and previous period lawsuit provision amounts are presented under the account of "Provisions".

The balance of TL 819.686, which was presented under "The change in the other investing activities" , which was in the cash flows from the investing activities in the consolidated cash flow statement as of 31 December 2008, is presented under the "Other Receivables and Current Assets" and "Other Debts and Liabilities" in the cash flows from the operating activities for comparison purposes.