

**(Convenience Translation of Financial Statements  
Originally Issued in Turkish)**

**YAZICILAR HOLDİNG ANONİM ŐİRKETİ**

**Consolidated Interim Financial Statements  
As of September 30, 2007**

## YAZICILAR HOLDİNG ANONİM ŞİRKETİ

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

**YAZICILAR HOLDİNG ANONİM ŞİRKETİ**

**CONSOLIDATED INTERIM BALANCE SHEET  
AS OF SEPTEMBER 30, 2007**

(Currency – TRY unless otherwise indicated)

|   |       | <b>Unreviewed<br/>Current Period</b> | Audited  |
|---|-------|--------------------------------------|--|
|   | Notes | <b>September 30, 2007</b>            | Prior Period<br>Represented<br>December 31, 2006 |
| <b>ASSETS</b>   |       |                                      |  |
| <b>Current Assets</b>                                     |       | <b>2,350,710,704</b>                 | 2,095,088,739                                    |
| Cash and Cash Equivalents                                 | 4     | <b>288,028,369</b>                   | 494,708,615                                      |
| Marketable Securities (net)                               | 5     | <b>51,985,404</b>                    | 30,949,731                                       |
| Reserve Deposits at Central Bank                          | 44.1  | <b>78,227,000</b>                    | 61,288,000                                       |
| Banking Loans (net)                                       | 44.2  | <b>1,495,470,339</b>                 | 1,154,726,791                                    |
| Trade Receivables (net)                                   | 7.1   | <b>146,037,675</b>                   | 58,873,300                                       |
| Lease Receivables (net)                                   | 8.1   | <b>103,450,147</b>                   | 90,414,573                                       |
| Derivative Financial Instruments – Assets                 | 44.5  | <b>5,398,000</b>                     | 3,689,000  |
| Due From Related Parties (net)                            | 9.1   | <b>13,353,469</b>                    | 12,809,069                                       |
| Other Receivables (net)                                   | 10.1  | <b>22,801,470</b>                    | 23,894,986                                       |
| Biological Assets (net)                                   | 11    | <b>6,228,991</b>                     | 5,446,816  |
| Inventories (net)   | 12    | <b>104,874,086</b>                   | 129,819,946                                      |
| Receivables from Construction Contracts in Progress (net) | 14    | -                                    | -  |
| Deferred Tax Assets                                       |       | -                                    | -  |
| Other Current Assets                                      | 15.1  | <b>34,855,754</b>                    | 28,467,912                                       |
| <b>Non-Current Assets</b>                                 |       | <b>1,575,138,219</b>                 | 1,358,842,068                                    |
| Marketable Securities (net)                               | 5     | <b>91,654,000</b>                    | 105,190,756                                      |
| Banking Loans (net)                                       | 44.2  | <b>279,920,565</b>                   | 190,047,923                                      |
| Trade Receivables (net)                                   | 7.1   | -                                    | 36,438   |
| Lease Receivables (net)                                   | 8.1   | <b>97,696,579</b>                    | 91,907,692                                       |
| Derivative Financial Instruments – Assets                 | 44.5  | <b>459,000</b>                       | 3,031,000  |
| Due from Related Parties (net)                            | 9     | -                                    | -  |
| Other Receivables (net)                                   | 10    | -                                    | -  |
| Investments (net)   | 16    | <b>826,282,681</b>                   | 759,608,855                                      |
| Positive/Negative Goodwill (net)                          | 17    | <b>35,344,256</b>                    | 35,344,256                                       |
| Investment Property (net)                                 | 18    | <b>15,248,000</b>                    | 10,218,000                                       |
| Property, Plant and Equipment (net)                       | 19    | <b>210,562,652</b>                   | 129,881,566                                      |
| Intangible Assets (net)                                   | 20    | <b>10,101,113</b>                    | 10,550,902                                       |
| Deferred Tax Assets                                       | 14    | <b>563,950</b>                       | 8,044,282  |
| Other Non-Current Assets                                  | 15.2  | <b>7,305,423</b>                     | 14,980,398                                       |
| <b>TOTAL ASSETS</b>                                       |       | <b>3,925,848,923</b>                 | 3,453,930,807                                    |

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

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

**YAZICILAR HOLDİNG ANONİM ŞİRKETİ**

**CONSOLIDATED INTERIM BALANCE SHEET  
AS OF SEPTEMBER 30, 2007**

(Currency – TRY unless otherwise indicated)

|   |       | Unreviewed<br>Current Period | Audited<br>Prior period<br>Represented |
|---|-------|------------------------------|--|
|   | Notes | September 30, 2007           | December 31, 2006                      |
| <b>LIABILITIES</b>  |       |                              |  |
| <b>Current Liabilities</b>  |       | <b>2,037,636,117</b>         | 1,826,885,017                          |
| Short-Term Borrowings (net)   | 6     | 117,448,667                  | 63,103,553                             |
| Current Portion of Long-Term Borrowings (net)   | 6     | 31,159,065                   | 41,106,279                             |
| Lease Obligations (net)   | 8.2   | -                            | 3,039,133                              |
| Other Financial Liabilities (net)   | 10    | -                            | -                                      |
| Trade Payables (net)  | 7.2   | 46,668,447                   | 48,791,993                             |
| Deposits  | 44.3  | 1,320,138,431                | 1,102,824,202                          |
| Funds Borrowed  | 44.4  | 378,759,577                  | 460,726,001                            |
| Blocked Accounts  |       | 42,724,000                   | 39,652,000                             |
| Due to Related Parties (net)  | 9.2   | 4,229,962                    | 486,633                                |
| Advances Received   | 21    | 6,874,534                    | 2,291,152                              |
| Deferred Income from Construction Contracts in progress (net)                             | 13    | -                            | -                                      |
| Provisions  | 23    | 3,849,786                    | 524,699                                |
| Derivative Financial Instruments – Liabilities  | 44.5  | 28,094,000                   | 12,059,000                             |
| Deferred Tax Liability  | 14    | -                            | -                                      |
| Other Liabilities (net)   | 15.3  | 57,689,648                   | 52,280,372                             |
| <b>Non-Current Liabilities</b>  |       | <b>348,791,283</b>           | 321,179,804                            |
| Long-Term Borrowings (net)  | 6     | 17,866,201                   | 22,911,754                             |
| Lease Obligations (net)   | 8.2   | -                            | 780,138                                |
| Other Financial Liabilities (net)   | 10    | -                            | -                                      |
| Trade Payables (net)  | 7.2   | -                            | -                                      |
| Deposits  | 44.3  | -                            | 17,000                                 |
| Funds Borrowed  | 44.4  | 302,451,831                  | 273,467,999                            |
| Blocked Accounts  |       | -                            | -                                      |
| Due to Related Parties (net)  | 9     | -                            | -                                      |
| Advances Received   | 21    | 3,248,273                    | 2,319,040                              |
| Provisions  | 23    | 16,585,965                   | 15,102,682                             |
| Derivative Financial Instruments – Liabilities  | 44.5  | 351,000                      | -                                      |
| Deferred Tax Liability  | 14    | 8,288,013                    | 3,447,753                              |
| Other Liabilities (net)   | 15.3  | -                            | 3,133,438                              |
| <b>MINORITY INTEREST</b>  | 24    | <b>319,570,743</b>           | 254,367,924                            |
| <b>EQUITY</b>   |       | <b>1,219,850,780</b>         | 1,051,498,062                          |
| <b>Capital</b>  | 1, 25 | <b>160,000,000</b>           | 40,000,000                             |
| <b>Capital Participation Elimination</b>  |       | -                            | -                                      |
| <b>Capital Reserves</b>   |       | <b>114,653,099</b>           | 234,652,915                            |
| Share Premium   | 26    | 9,467,709                    | 9,467,525                              |
| Income on Stock Disposals   |       | -                            | -                                      |
| Revaluation Fund  |       | -                            | -                                      |
| Financial Assets Value Increment Fund   |       | -                            | -                                      |
| Inflation Restatement Differences on Equity Items   |       | 105,185,390                  | 225,185,390                            |
| <b>Profit Reserves</b>  |       | <b>183,720,774</b>           | 214,792,423                            |
| Legal Reserves  | 27    | 23,764,819                   | 23,764,819                             |
| Statutory Reserves  | 27    | 42,856                       | 42,856                                 |
| Extraordinary Reserves  | 27    | 190,041,771                  | 190,041,771                            |
| Special Reserves  | 27    | 16,601,181                   | 14,893,130                             |
| Gain on Sale of Investment and Property, Plant and equipment to be Transferred to Capital |       | -                            | -                                      |
| Currency Translation Difference   |       | (46,729,853)                 | (13,950,153)                           |
| <b>Net Income</b>   |       | <b>221,607,110</b>           | 156,745,411                            |
| <b>Accumulated Profits</b>  | 28    | <b>539,869,797</b>           | 405,307,313                            |
| <b>TOTAL LIABILITIES AND EQUITY</b>   |       | <b>3,925,848,923</b>         | 3,453,930,807                          |

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

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**YAZICILAR HOLDİNG ANONİM ŞİRKETİ**

**CONSOLIDATED INTERIM INCOME STATEMENT  
FOR THE NINE MONTH PERIOD ENDING ON SEPTEMBER 30, 2007**

(Currency – TRY unless otherwise indicated)

|                               | Notes          | Unreviewed<br>01.01.2007 –<br>30.09.2007 | Unreviewed<br>01.07.2007 –<br>30.09.2007 | Unreviewed<br>01.01.2006 –<br>30.09.2006 | Unreviewed<br>01.07.2006 –<br>30.09.2006 |
|-------------------------------|----------------|--|--|--|--|
| <b>OPERATING REVENUE</b>      |                |  |  |  |  |
| Revenue (net)                 | 36             | 658,242,182                              | 238,514,650                              | 653,255,778                              | 190,652,005                              |
| Cost of Sales (-)             | 36             | (503,192,478)                            | (182,516,835)                            | (523,696,581)                            | (152,376,861)                            |
| Interest Income (net)         | 36             | 120,185,666                              | 41,195,027                               | 113,078,147                              | 40,304,312                               |
| Service Income (net)          | 36             | 20,363,998                               | 7,174,717                                | 17,468,408                               | 6,523,405                                |
| Other Operating Income        |                | -  | -  | -  | -  |
| <b>GROSS OPERATING PROFIT</b> |                | <b>295,599,368</b>                       | <b>104,367,559</b>                       | 260,105,752                              | 85,102,861                               |
| Operating Expenses (-)        | 37             | (169,277,267)                            | (60,897,022)                             | (135,637,526)                            | (40,153,563)                             |
| <b>PROFIT FROM OPERATIONS</b> |                | <b>126,322,101</b>                       | <b>43,470,537</b>                        | 124,468,226                              | 44,949,298                               |
| Other Income                  | 38.1,16.2,16.3 | 242,089,153                              | 97,912,399                               | 160,499,968                              | 80,757,327                               |
| Other Expense (-)             | 38.2           | (30,558,941)                             | (7,091,329)                              | (30,429,472)                             | (12,870,006)                             |
| Finance Expense (-)           | 39             | (26,804,612)                             | (10,774,979)                             | (64,486,865)                             | (14,774,469)                             |
| <b>OPERATING INCOME</b>       |                | <b>311,047,701</b>                       | <b>123,516,628</b>                       | 190,051,857                              | 98,062,150                               |
| Monetary Gain / (Loss)        | 40             | -  | -  | -  | -  |
| Minority Interest             | 24             | (70,019,144)                             | (24,807,378)                             | (34,662,147)                             | (17,937,293)                             |
| <b>INCOME BEFORE TAX</b>      |                | <b>241,028,557</b>                       | <b>98,709,250</b>                        | 155,389,710                              | 80,124,857                               |
| Income Tax                    | 14, 41         | (19,421,447)                             | (4,607,399)                              | (16,974,584)                             | (8,396,006)                              |
| <b>NET INCOME</b>             |                | <b>221,607,110</b>                       | <b>94,101,851</b>                        | 138,415,126                              | 71,728,851                               |
| Earnings Per Share (TRY)      | 42             | 1.3850                                   | 0.5881                                   | 0.8651                                   | 0.4483                                   |

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YAZICILAR HOLDİNG ANONİM ŞİRKETİ

CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE NINE MONTH PERIOD ENDING ON SEPTEMBER 30, 2007

(Currency – TRY unless otherwise indicated)

|   | Historical Issued Capital | Inflation Restatement Differences on Equity Items | Share Premium | Legal, Special and Extraordinary Reserves | Currency Translation Differences | Net Income    | Accumulated Profits | Total Equity  |
|---|---------------------------|---|---------------|---|----------------------------------|---------------|---------------------|---------------|
| January 1, 2007   | 40,000,000                | 225,185,390                                       | 9,467,525     | 228,742,576                               | (13,950,153)                     | 156,745,411   | 405,307,313         | 1,051,498,062 |
| Transfer of net income to the accumulated profit  | -                         | -   | -             | -   | -                                | (156,745,411) | 156,745,411         | -             |
| Capital increase  | 120,000,000               | (120,000,000)                                     | -             | -   | -                                | -             | -                   | -             |
| Dividends paid  | -                         | -   | -             | -   | -                                | -             | (21,000,000)        | (21,000,000)  |
| Increase in share premium   | -                         | -   | 184           | -   | -                                | -             | -                   | 184           |
| Securities value increase funds   | -                         | -   | -             | 1,708,051                                 | -                                | -             | -                   | 1,708,051     |
| Change in consolidation structure   | -                         | -   | -             | -   | -                                | -             | (1,182,927)         | (1,182,927)   |
| A participation's intra-group portion of gain from sales of its subsidiary to associate | -                         | -   | -             | -   | -                                | -             | -                   | -             |
| Currency translation difference   | -                         | -   | -             | -   | (32,779,700)                     | -             | -                   | (32,779,700)  |
| Net income  | -                         | -   | -             | -   | -                                | 221,607,110   | -                   | 221,607,110   |
| September 30, 2007  | 160,000,000               | 105,185,390                                       | 9,467,709     | 230,450,627                               | (46,729,853)                     | 221,607,110   | 539,869,797         | 1,219,850,780 |
| January 1, 2006   | 40,000,000                | 225,185,390                                       | 9,455,483     | 218,614,720                               | (41,097,697)                     | 181,445,580   | 244,258,017         | 877,861,493   |
| Transfer of net income to the accumulated profit  | -                         | -   | -             | -   | -                                | (181,445,580) | 181,445,580         | -             |
| Dividends paid  | -                         | -   | -             | -   | -                                | -             | (26,000,000)        | (26,000,000)  |
| Increase in share premium   | -                         | -   | 10,022        | -   | -                                | -             | -                   | 10,022        |
| A participation's intra-group portion of gain from sales of its subsidiary to associate | -                         | -   | -             | -   | -                                | -             | 4,367.116           | 4,367.116     |
| Securities value increase funds   | -                         | -   | -             | 6,656.361                                 | -                                | -             | -                   | 6,656.361     |
| Change in consolidation structure   | -                         | -   | -             | -   | -                                | -             | 1,647.768           | 1,647.768     |
| Currency translation difference   | -                         | -   | -             | -   | 32,161.701                       | -             | -                   | 32,161.701    |
| Net income  | -                         | -   | -             | -   | -                                | 138,415.126   | -                   | 138,415.126   |
| September 30, 2006  | 40,000,000                | 225,185,390                                       | 9,465,505     | 225,271,081                               | (8,935,996)                      | 138,415.126   | 405,718,481         | 1,035,119,587 |

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

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS  
FOR THE NINE MONTH PERIOD ENDING ON SEPTEMBER 30, 2007

(Currency – TRY unless otherwise indicated)

|   | Notes                     | Unreviewed<br>Current Period<br>September 30, 2007 | Unreviewed<br>Prior Period<br>September 30, 2006 |
|---|---------------------------|--|--|
| <b>Cash flow from operating activities</b>  |                           |  |  |
| Net profit before minority interest, income tax and monetary gain/(loss) (before effect of deduction held for sales operations) |                           | 311,047,701  | 190,051,857                                      |
| <b>Adjustments for:</b>   |                           |  |  |
| Foreign exchange loss/(gain)  |                           | (13,110,988)                                       | 47,783,721                                       |
| Loss/(gain) from disposal of tangible and intangible assets   |                           | (488,564)  | 420,242  |
| Loss/(gain) from disposal of investment   |                           | (1,502,000)  | (545,000)  |
| Depreciation and amortization (including goodwill)  | 19, 20                    | 15,858,698   | 14,509,853                                       |
| Provision for possible loan losses and impairment in receivables  |                           | 16,849,931   | 3,031,464  |
| Warranty, unpaid vacation pay and other provisions  | 15.3                      | 8,275,227  | 15,509,309                                       |
| Provision for employee termination benefits   |                           | 2,378,071  | 3,150,977  |
| Gain on sale of financial asset   | 38.1                      | (18,962,278)                                       | -  |
| Interest expenses   |                           | 48,421,639   | 33,477,103                                       |
| Reserve for obsolescence  |                           | 242,025  | -  |
| Gain on sale of shares in associates, joint ventures and other investments  |                           | -  | -  |
| Equity income from investment in associates and joint ventures  | 16.2, 16.3, 38.1,<br>38.2 | (148,868,135)                                      | (99,158,670)                                     |
| Other non-cash income   |                           | (772,647)  | (580,392)  |
| <b>Operating profit before changes in operating assets and liabilities</b>  |                           | <b>219,368,680</b>                                 | <b>207,650,464</b>                               |
| Net (increase)/decrease in marketable securities  |                           | (6,793,809)  | 279,611,777                                      |
| Net (increase)/decrease in reserve deposits at Central Bank   |                           | (16,939,000)                                       | (9,741,000)                                      |
| Net (increase)/decrease in banking loans  |                           | (444,324,982)                                      | (565,629,382)                                    |
| Net increase in trade and other receivables and due from related parties  |                           | (110,635,582)                                      | (113,950,551)                                    |
| Net (decrease)/increase in derivative financial instruments – assets  |                           | 863,000  | (8,960,000)                                      |
| Net (increase)/decrease in inventories  |                           | 23,921,660   | 28,680,529                                       |
| Net changes in other assets   |                           | 2,380,649  | (15,783,219)                                     |
| Net (decrease)/increase in trade and other payables and due to related parties  |                           | 1,133,009  | (7,030,023)                                      |
| Net increase/(decrease) in banking customer deposits  |                           | 217,297,229  | 275,969,722                                      |
| Net increase in blocked accounts  |                           | 3,072,000  | 4,659,552  |
| Net increase in derivative financial instruments – liabilities  |                           | 16,386,000   | 3,388,000  |
| Retirement pay liability paid   |                           | (1,210,787)  | (1,378,602)                                      |
| Taxes paid  |                           | (4,363,861)  | (9,596,282)                                      |
| <b>Net cash (used in) / provided by operating activities</b>  |                           | <b>(99,845,794)</b>                                | <b>67,890,985</b>                                |
| <b>Cash flows from investing activities</b>   |                           |  |  |
| Purchase of property, plant and equipment, investment property, intangible asset  |                           | (108,586,461)                                      | (30,679,969)                                     |
| Proceeds from sale of property, plant and equipment, and intangible asset   |                           | 17,681,031   | 1,316,661  |
| Proceeds from sale of investment  |                           | (25,544,226)                                       | -  |
| Purchase of investments   |                           | (1,101,258)  | (54,670,948)                                     |
| Capital increase of subsidiaries from minority shareholders   |                           | 44,506,504   | 15,172,801                                       |
| Sale of investment property   |                           | (8,265,000)  | (1,069,000)                                      |
| <b>Net cash (used in) / provided by investing activities</b>  |                           | <b>(81,309,410)</b>                                | <b>(69,930,455)</b>                              |
| <b>Cash flows from financing activities</b>   |                           |  |  |
| Dividends from equity participations  |                           | 47,783,325   | 45,609,982                                       |
| Dividends paid  |                           | (21,000,000)                                       | (26,000,000)                                     |
| Addition to borrowings from banks and other institutions  |                           | 367,877,276  | 351,765,803                                      |
| Repayments of borrowings from banks and other institutions  |                           | (405,006,895)                                      | (229,242,941)                                    |
| Interest paid   |                           | (19,677,583)                                       | (11,415,799)                                     |
| <b>Net cash (used in) / provided by financing activities</b>  |                           | <b>(30,023,877)</b>                                | <b>130,717,045</b>                               |
| <b>Currency translation on cash and cash transaction</b>  |                           | <b>4,498,835</b>                                   | <b>367,426</b>                                   |
| <b>Net (decrease) / increase in cash and cash equivalents</b>   |                           | <b>(206,680,246)</b>                               | <b>129,045,044</b>                               |
| <b>Cash and cash equivalent at the beginning of period</b>  | 4                         | <b>494,708,615</b>                                 | <b>141,862,819</b>                               |
| <b>Total cash and cash equivalent at the end of period</b>  |                           | <b>288,028,369</b>                                 | <b>270,907,863</b>                               |

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

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

**YAZICILAR HOLDİNG ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
AS OF SEPTEMBER 30, 2007**

(Currency – TRY unless otherwise indicated)

**1. ORGANIZATION AND NATURE OF ACTIVITIES**

Yazıcılar Holding A.Ş., a company incorporated in Istanbul, Turkey (henceforth as “Yazıcılar” or the “Company”) is a holding company of which majority shares are owned by three Yazıcı families. Three Yazıcı families consist of Mr. Kamil Yazıcı, his two deceased brothers, their wives and children. The Company controls its subsidiaries through Anadolu Endüstri Holding (AEH) in which it has 67.91% stake. Certain shares of the Company are listed on the Istanbul Stock Exchange and Luxembourg Stock Exchange. The Company was incorporated in 1976.

The registered office address of the Company is Ankara Asfaltı üzeri, PTT Hastanesi yanı, Umut Sok, No: 12, İçerenköy, Kadıköy, İstanbul – Turkey.

The consolidated financial statements are authorized for issue by the Board of Directors on November 28, 2007. General Assembly and other regulatory institutions have the right to change the financial statements after the financial statements are issued.

**Activities of the Company / Group**

The Company and its subsidiaries, joint ventures and associates will be referred in this report as the “Group” henceforth for the purposes of the consolidated financial statements.

The Group is organized and primarily managed in five principal segments: automotive (including passenger vehicles, commercial vehicles, generators, spare and component parts); financial services (including banking, leasing, brokerage and portfolio management in capital markets); writing instruments and stationery; food (chain restaurant management and food) and other (tourism, trade, information technologies, consumer durables, asset management ).

The average number of personnel of the Group is 4,896 (December 31, 2006: 4,469).

**List of Shareholders**

As of September 30, 2007 and December 31, 2006 the composition of shareholders and their respective percentage of ownership can be summarized as follows:

|                                      | <b>September 30, 2007</b> |               | <b>December 31, 2006</b> |               |
|--------------------------------------|---------------------------|---------------|--------------------------|---------------|
|                                      | <b>Paid-in Capital</b>    | <b>%</b>      | <b>Paid-in Capital</b>   | <b>%</b>      |
| Yazıcı Families                      | <b>66,688,128</b>         | <b>41.68</b>  | 16,689,532               | 41.72         |
| Kamil Yazıcı Yönetim ve Danışma A.Ş. | <b>53,599,952</b>         | <b>33.50</b>  | 13,399,988               | 33.50         |
| Publicly traded (*)                  | <b>39,711,920</b>         | <b>24.82</b>  | 9,910,480                | 24.78         |
| <b>Historical share capital</b>      | <b>160,000,000</b>        | <b>100.00</b> | <b>40,000,000</b>        | <b>100.00</b> |

(\*) The TRY 455,359 amount of the publicly traded portion (%0,285) is owned by Kamil Yazıcı Yönetim ve Danışma A.Ş.



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

List of Subsidiaries

The subsidiaries included in consolidation and their shareholding percentages at September 30, 2007 and December 31, 2006 are as follows:

|   | Place of Incorporation | Principal Activities   | Effective Shareholding and Voting Rights % |                   |
|---|------------------------|--|--|-------------------|
|   |                        |  | September 30, 2007                         | December 31, 2006 |
| Anadolu Endüstri Holding A.Ş. (AEH)                                       | Turkey                 | Holding company  | 67.91                                      | 67.91             |
| Alternatifbank A.Ş. (ABank) (*)   | Turkey                 | Banking services   | 61.54                                      | 61.48             |
| Alternatif Yatırım A.Ş. (A Yatırım)                                       | Turkey                 | Brokerage company  | 61.54                                      | 61.48             |
| Alternatif Finansal Kiralama A.Ş. (ALease)                                | Turkey                 | Leasing company  | 64.43                                      | 64.43             |
| Alternatif Yatırım Ortaklığı A.Ş. (AYO) (*) (***)                         | Turkey                 | Investment company   | 24.99                                      | 27.45             |
| Çelik Motor Ticaret A.Ş. (Çelik Motor)                                    | Turkey                 | Import, distribution and marketing of Lada and Kia motor vehicles and operating lease                                  | 67.91                                      | 67.91             |
| Anadolu Motor Üretim ve Pazarlama A.Ş. (Anadolu Motor)                    | Turkey                 | Production of industrial engines   | 67.86                                      | 67.73             |
| Anadolu Otomotiv Dış Ticaret ve Sanayi A.Ş.                               | Turkey                 | Import of Lada and Kia motor vehicles  | 67.30                                      | 67.28             |
| Anadolu Elektronik Aletler Pazarlama ve Ticaret A.Ş. (Anadolu Elektronik) | Turkey                 | Distribution of Samsung-branded consumer durables in Turkey  | 34.61                                      | 34.55             |
| Adel Kalemcilik Ticaret ve Sanayi A.Ş. (Adel) (*) (**)                    | Turkey                 | Production of writing instruments under Adel, Johann Faber and Faber Castell brand names                               | 38.63                                      | 38.63             |
| Ülkü Kırtasiye Ticaret ve Sanayi A.Ş. (Ülkü) (**)                         | Turkey                 | Distribution of the products of Adel, and other imported stationery products   | 49.69                                      | 49.69             |
| Ana Gıda Otomotiv ve İhtiyaç Maddeleri Sanayi ve Ticaret A.Ş. (Ana Gıda)  | Turkey                 | Production and marketing of olive oil under Kirlangıç and Madra Brands, sunflower and corn oil, and automotive trading | 67.91                                      | 67.91             |
| Efes Turizm İşletmeleri A.Ş. (Efestur)                                    | Turkey                 | Arrangement of travelling and organization facilities of the Group   | 51.53                                      | 51.53             |
| Anadolu Bilişim Hizmetleri A.Ş. (ABH)                                     | Turkey                 | IT, internet and e-commerce services   | 64.96                                      | 64.96             |
| Oyex Handels GmbH (Oyex)  | Germany                | Trading of various materials used in the Group   | 67.23                                      | 67.23             |
| Anadolu Endüstri Holding und Co. KG (AEH und Co.)                         | Germany                | Provides necessary market research of products abroad  | 67.23                                      | 67.23             |
| Anadolu Restaurant İşletmeleri Limited Şirketi (McDonald's)               | Turkey                 | Restaurant chain management, ranch management  | 67.91                                      | 67.91             |
| Hamburger Restoran İşletmeleri A.Ş. (Hamburger)                           | Turkey                 | Restaurant chain management  | 67.91                                      | 67.91             |
| Anadolu Varlık Yönetim A.Ş. (Anadolu Varlık)                              | Turkey                 | Asset management   | 67.90                                      | 67.90             |

(\*) Shares of ABank, Adel and AYO are currently traded on the Istanbul Stock Exchange.

(\*\*) AEH controls Adel and Ülkü through its shareholding of 56.89% and 68.78%, respectively. Moreover, Adel has 7.67% stake at Ülkü. As a result, Adel and Ülkü are controlled by Yazıcılar.

(\*\*\*) Decrease is due to the change in ABank's effective consolidation rate of AYO.

List of Associates

The associates included in consolidation and their shareholding percentages at September 30, 2007 and December 31, 2006 are as follows:

|   | Place of incorporation | Principal activities      | Effective shareholding and voting rights % |                   |
|---|------------------------|---------------------------|--|-------------------|
|   |                        |                           | September 30, 2007                         | December 31, 2006 |
| Anadolu Efes Biraçılık ve Malt San. A.Ş. (Anadolu Efes) | Turkey                 | Production of beer        | 36.23                                      | 36.23             |
| Aslançık Üretim ve Tic. Ltd. Şti. (Aslançık)            | Turkey                 | Production of Electricity | 16.98                                      | -                 |

Investment in Joint Venture

The investment in joint venture included in consolidation and its shareholding percentages at September 30, 2007 and December 31, 2006 are as follows:

|  | Place of incorporation | Principal activities | Effective shareholding and voting rights % |                   |
|--|------------------------|----------------------|--|-------------------|
|  |                        |                      | September 30, 2007                         | December 31, 2006 |

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|  |        |  |       |       |
|--|--------|--|-------|-------|
| Anadolu Isuzu Otomotiv San. ve Tic. A.Ş. (Anadolu Isuzu) | Turkey | Manufacturing of Isuzu brand commercial vehicles | 37.32 | 36.99 |
|--|--------|--|-------|-------|

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

**Basis of Preparation of Financial Statements**

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

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

**Functional and Reporting Currency**

The functional and presentation currency of the Company in Turkey is TRY.

In accordance with CMB announcement No.11/367 dated March 17, 2005; since the objective conditions for the application of restatement is no longer available and since CMB foresees that the probability of the re-occurrence of the conditions is remote, lastly the financial statements as of December 31, 2004 have been subject to the restatement per IAS 29 (Financial Reporting in Hyperinflationary Economies). Therefore, the non-monetary assets, liabilities and shareholders’ equity including share capital reported in the balance sheet as of September 30, 2007 and December 31, 2006 are derived by indexing the additions occurred until December 31, 2004. The additions after December 31, 2004 are carried with their nominal amounts.

**Functional and Reporting Currencies of Foreign Subsidiaries**

The foreign subsidiaries maintain their books of accounts in accordance with the laws and regulations in force in the countries in which they are registered and necessary adjustments and reclassifications made for the fair presentation in accordance with IFRS. The assets and liabilities of foreign subsidiaries are translated into Turkish lira using the relevant foreign exchange rates prevailing at the balance sheet date. The incomes and expenses of the foreign subsidiaries are translated into New Turkish Lira using average exchange rate for the year. Exchange differences arising from using year-end and average exchange rates are included in the shareholders’ equity as currency translation reserve.

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

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

|             |                   | September 30, 2007     | December 31, 2006      |
|-------------|-------------------|------------------------|------------------------|
|             | Local<br>Currency | Functional<br>Currency | Functional<br>Currency |
| AEH und Co. | EUR               | EUR                    | EUR                    |
| Oyex        | EUR               | EUR                    | EUR                    |

Foreign subsidiaries are established as foreign corporate entities.

**Changes in Accounting Policies**

Group has applied accounting policies in consistent with previous year except expressions below.

Group has analyzed the new and amended International Financial Reporting Standards and interpretations approved by the International Accounting Standards Board and International Accounting Standards (IAS) and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee (IASC).

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

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

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

IFRIC 8, Scope of IFRS 2

IFRIC 9, Reassessment of Embedded Derivatives

IFRIC 10, Interim Financial Reporting and Impairment

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

***Standarts Issued but not Effective as of September 30,2007 and Interpretations***

The interpretations on existing standards and issued but not effective standards as of September 30, 2007 which the Company analyses the effects of; are presented below.

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

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

IFRIC 11, IFRS 2-Group and Treasury Share Transactions

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

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

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

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### NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2007

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

##### **Basis of Consolidation**

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

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at September 30, 2007.

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

The consolidated financial statements of the Group include Yazıcılar Holding A.Ş and subsidiaries under its control. This control is normally evidenced when the Group owns, either directly or indirectly, more than 50% of the voting rights of a company's share capital and is able to govern the financial and operating policies of an enterprise so as to benefit from its activities. The equity and net income attributable to minority shareholders' interests are shown separately in the consolidated balance sheet and income statement, respectively.

Intercompany balances and transactions, including intercompany profits and unrealized profits and losses are eliminated. Consolidated financial statements are prepared using uniform accounting policies for transactions and other events in similar circumstances.

The purchase method of accounting is used for acquired businesses.

##### **Investment in Associates**

The Group's investments in associates are accounted for under the equity method of accounting. These are entities in which the Group has 20% - 50% interest and/or significant influence and which are neither subsidiaries nor joint ventures of the Group. The investments in associates are carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates, less any impairment in value. The income statement reflects the Group's share of the results of operations of the associates.

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

##### **Investment in Joint Venture**

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

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

Adoption of New and Revised International Financial Reporting Standards

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

As explained in detail in Note 34 and Note 35; on November 23, 2006, a share purchase agreement (STA) was signed among AEH, Çelik Motor, Anadolu Motor, Efes Pazarlama ve Dağıtım Ticaret A.Ş. and Greece-based Alpha Bank, covering the establishment of a new company in which both sides would have equal representation of control with 50% shareholding each. As the STA set forth 50% effective shareholding and governing rights in ABank, ALease and subsidiaries of ABank for both sides, through the application of IFRS 5, namely "Non-Current Assets Held for Sale and Discontinued Operations", the Company classified the related financial statement items as "held for sale operations" in the financial statements as of December 31, 2006. However, on August 7, 2007, Banking Regulation and Supervision Agency, announced that it did not approve the mentioned share transfers. Accordingly, the financial statement items created for held for sale and discontinued operations, were represented to make the presentation consistent with current year financial statements. This restatement is summarized below:

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

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

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

|   | December 31, 2006<br>Previously reported | December 31, 2006<br>Represented | Difference    |
|---|--|----------------------------------|---------------|
| <b>Current Liabilities</b>                                    | 1,967,120,477                            | 1,826,885,017                    |               |
| Short-Term Borrowings (net)                                   | 63,597,333                               | 63,103,553                       | (493,780)     |
| Current Portion of Long-Term Borrowings (net)                 | 42,027,104                               | 41,106,279                       | (920,825)     |
| Lease Obligations (net)                                       | 3,039,133                                | 3,039,133                        | -             |
| Other Financial Liabilities (net)                             | -  | -                                | -             |
| Trade Payables (net)  | 47,043,493                               | 48,791,993                       | 1,748,500     |
| Deposits  | 551,412,102                              | 1,102,824,202                    | 551,412,100   |
| Funds Borrowed  | 230,363,001                              | 460,726,001                      | 230,363,000   |
| Blocked Accounts  | 19,826,000                               | 39,652,000                       | 19,826,000    |
| Due to Related Parties (net)                                  | 490,314                                  | 486,633                          | (3,681)       |
| Advances Received   | 2,291,152                                | 2,291,152                        | -             |
| Deferred Income from Construction Contracts in progress (net) | -  | -                                | -             |
| Provisions  | 313,699                                  | 524,699                          | 211,000       |
| Derivative Financial Instruments – Liabilities                | 6,029,500                                | 12,059,000                       | 6,029,500     |
| Deferred Tax Liability  | -  | -                                | -             |
| Other Liabilities (net)                                       | 39,655,303                               | 52,280,372                       | 12,625,069    |
| Liabilities Related to Held for Sale Operations               | 961,032,343                              | -                                | (961,032,343) |
| <b>Non-Current Liabilities</b>                                | 180,944,344                              | 321,179,804                      |               |
| Long-Term Borrowings (net)                                    | 24,490,792                               | 22,911,754                       | (1,579,038)   |
| Lease Obligations (net)                                       | 780,138                                  | 780,138                          | -             |
| Other Financial Liabilities (net)                             | -  | -                                | -             |
| Trade Payables (net)  | -  | -                                | -             |
| Deposits  | 8,500                                    | 17,000                           | 8,500         |
| Funds Borrowed  | 136,734,001                              | 273,467,999                      | 136,733,998   |
| Blocked Accounts  | -  | -                                | -             |
| Due to Related Parties (net)                                  | -  | -                                | -             |
| Advances Received   | 2,319,040                                | 2,319,040                        | -             |
| Provisions  | 11,579,182                               | 15,102,682                       | 3,523,500     |
| Deferred Tax Liability  | 3,447,753                                | 3,447,753                        | -             |
| Other Liabilities (net)                                       | 1,584,938                                | 3,133,438                        | 1,548,500     |
| <b>TOTAL LIABILITIES</b>                                      | 2,148,064,821                            | 2,148,064,821                    | -             |

To be consistent with current period presentation, operational rent income, stated as “other operating income and gain” in the consolidated income statement as of September 30, 2006, is now stated as “sales income” amounting TRY 4,108,687.

**Offsetting**

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

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

**Use of Estimates and Assumptions**

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of balance sheet date. Actual results may vary from the current estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

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

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Revenue Recognition**

***Non-Banking***

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

**Sale of goods**

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

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

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

***Banking***

Interest income and expenses are recognized in the income statement for all interest bearing instruments on an accrual basis using the effective yield method based on the actual purchase price. Interest income also includes coupons earned on fixed income securities and accrued discount and premium on treasury bills and other discounted instruments.

Commission income and fee for various banking services are recorded as income when the services are rendered. Other income and expenses are recognized on an accrual basis. Dividends are recognized when the associates and subsidiaries distribute the profit.



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

**3.2 Inventories**

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

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

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

**3.3 Tangible Fixed Assets**

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

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

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

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

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

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

**3.4 Intangible Fixed Assets**

**(i) Goodwill and amortization**

Goodwill represents the excess of the cost of the acquisition over the fair value of identifiable net assets of a subsidiary, associate or joint venture at the date of acquisition. Goodwill arising from the acquisitions before March 31, 2004 was amortized on a straight-line basis over its useful economic life of 5 years until December 31, 2004. The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Starting from January 1, 2005, the goodwill arising from the business combinations before March 31, 2004 is not amortized in accordance with IFRS 3. In accordance with IFRS 3, goodwill is tested for impairment at least annually.

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

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

**(ii) Other intangible assets**

Intangible assets acquired separately from a business are capitalized at cost. Intangible assets acquired as part of an acquisition of a business are capitalized separately from goodwill if the fair value can be measured reliably on initial recognition, subject to the constraint that, unless the fair value is limited to an amount that does not create or increase any negative goodwill arising on the acquisition. Intangible assets, excluding development costs, created within the business are not capitalized and expenditure is charged against profits in the year in which it is incurred. Intangible assets are amortized on a straight line basis over the estimated useful lives which are between 3 and 20 years.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

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

**3.5 Impairment of Assets**

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**3.6 Borrowing Costs**

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

**3.7 Financial Instruments**

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

**Cash and Cash Equivalents**

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise cash at bank and in hand, deposits at the Central Bank, which are easily convertible into cash and do not carry any material value changes, have high liquidity, with an original maturity of three months or less. The amounts paid under the reverse repurchase agreements are included in cash and cash equivalents. Carrying amount of these assets approximates their fair values.

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

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

**Marketable Securities**

All investments are initially recognized at cost, being the fair value of the consideration given and including acquisition charges associated with the investment. All regular way purchases and sales of financial assets are recognized on the settlement date i.e. the date the asset delivered to or by the Group. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace. Changes in fair value of assets to be received during the period between the trade date and the settlement date are accounted for in the same way as the acquired assets i.e. for assets carried at cost or amortized cost, change in value is not recognized; for assets classified as trading or as available for sale, the change in value is recognized to profit and loss, and in equity respectively. The Group maintains three separate securities portfolio, as follows:

***Trading Securities***

Trading securities are securities, which were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio in which a pattern of short-term profit exists. After initial recognition, trading securities are remeasured at fair value based on quoted bid prices. All related realized and unrealized gains or losses are recognized in trading income/(loss), net.

***Held-to-Maturity Securities***

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

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

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

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

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

*Available-for-Sale Securities*

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

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

For investments that are actively traded in organized financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment. Equity securities for which fair values cannot be measured reliably are recognized at cost less impairment.

**Trade Receivables and Payables**

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

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

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

Book values of trade payables balances are estimated to be their fair values.

**Loans and Advances to Customers**

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

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

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

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

**Borrowings and Customer Deposits**

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

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

Gains and losses are recognized in net profit or loss when the liabilities are derecognized or impaired as well as through the amortization process.

**Repurchase and Resale Transactions**

The Group enters into short-term sales of securities under agreements to repurchase such securities. Such securities, which have been sold under a repurchase agreement, continue to be recognized in the balance sheet and are measured in accordance with the accounting policy of the relevant security portfolio which they are part of. The counterparty liability for amounts received under these agreements is included in other money market deposits. The difference between sale and repurchase price is treated as an interest expense and accrued over the life of the repurchase agreements.

Amounts paid under these agreements are included in other money market placements. The difference between purchase and resale price is treated as an interest income and accrued over the life of the reverse repurchase agreement.

**Derivative Financial Instruments**

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

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

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

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

**3.8 Foreign Currency Transactions**

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

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

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

- Exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks (see below for hedging accounting policies); and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in TRY using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such exchange differences are recognized in profit or loss in the period in which the foreign operation is disposed of. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

**3.9 Earnings per Share**

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

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

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

**3.10 Subsequent Events**

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

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

**3.11 Provisions, Contingent Liabilities, Contingent Assets**

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

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

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

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

**3.12 Changes in Accounting Policies, Accounting Estimates and Errors**

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



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

**3.13 Leases**

The Group as a Lessee

*Finance Lease*

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

*Operating Lease*

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

The Group as a Lessor

*Finance Lease*

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

*Operating Lease*

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

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

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

**3.14 Related Parties**

Parties are considered related to the Company if;

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

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

**3.15 Segmental Information**

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

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

**3.16 Government Incentives**

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

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

**3.17 Investment Properties**

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

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

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

**3.18 Taxation and Deferred Tax**

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

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

Current Tax

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

Deferred Tax

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

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

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

**3.18 Taxation and Deferred Tax (cont'd)**

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

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

**3.19 Employee Termination Benefits**

**a) Defined Benefit Plan**

In accordance with existing social legislation in Turkey, the Group Companies operating in Turkey is required to make lump-sum termination indemnities to each employee who has completed over one year of service with the Group and whose employment is terminated due to retirement or for reasons other than resignation or misconduct.

In the consolidated financial statements the Group has reflected a liability using the Projected Unit Credit Method and based upon estimated inflation rates and factors derived using the Group's experience of personnel terminating their services and being eligible to receive such benefits and discounted by using the current market yield at the balance sheet date on government bonds.

**b) Defined Contribution Plan**

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

**3.20 Statement of Cash Flows**

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

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

**3.21 Provisions for Possible Loan Losses and Lease Receivable Losses**

Based upon its evaluation of credits granted, management estimates the total credit risk provision that it believes is adequate to cover uncollectible amounts in the Group's loan and receivable portfolio and losses under guarantees and commitments. If there is objective evidence that the Group will not be able to collect all amounts due (principle and interest) according to original contractual terms of the loan, such loans are considered impaired and classified as "loans in arrears". The amount of the loss is measured as the difference between the loan's carrying amount and the present value of expected future cash flows discounted at the loan's original effective interest rate or as the difference between the carrying value of the loan and the fair value of collateral, if the loan is collateralized and foreclosure is probable.

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

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

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

The Group ceases to accrue interest on those loans that are classified as “loans in arrears” and for which the recoverable amount is determined primarily in reference to fair value of collateral.

The carrying amount of the asset is reduced to its estimated recoverable amount through use of an allowance for impairment account. A write off is made when all or part of a loan is deemed uncollectible or in the case of debt forgiveness. Write offs are charged against previously established allowances and reduce the principle amount of a loan. Recoveries of loans written off in earlier periods are included in income.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to the provision for loan losses expense. Unwinding of the discount is treated as income and remaining provision is then reassessed.

**3.22 Biological Assets**

Cattle are classified under biological assets and reflected at fair value as of balance sheet dates. The fair values are determined with to the expected market rate according to IAS 41.

**4. CASH AND CASH EQUIVALENTS**

|  | <b>September 30, 2007</b> | December 31, 2006 |
|--|---------------------------|-------------------|
| Non-Banking  | <b>84,599,585</b>         | 65,431,168        |
| Banking  | <b>203,428,784</b>        | 429,277,447       |
| <b>Cash and cash equivalents in the consolidated statement of cash flows</b> | <b>288,028,369</b>        | 494,708,615       |

**Non-Banking**

The details of cash and cash equivalents are as follows:

|               | <b>September 30, 2007</b> | December 31, 2006 |
|---------------|---------------------------|-------------------|
| Cash on hand  | <b>1,731,146</b>          | 1,926,480         |
| Cash in banks | <b>81,656,943</b>         | 60,722,450        |
| Other         | <b>1,211,496</b>          | 2,782,238         |
| <b>Total</b>  | <b>84,599,585</b>         | 65,431,168        |

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## 4. CASH AND CASH EQUIVALENTS (cont'd)

Non-Banking (cont'd)

|                      | September 30, 2007 |             |                 | December 31, 2006 |             |                 |
|----------------------|--------------------|-------------|-----------------|-------------------|-------------|-----------------|
|                      | Amount             | Maturity    | Interest rate   | Amount            | Maturity    | Interest rate   |
| <b>Cash in banks</b> |                    |             |                 |                   |             |                 |
| <b>Demand</b>        | <b>11,827,533</b>  |             |                 | 7,628,336         |             |                 |
| -EUR                 | 4,277,057          | -           | -               | 2,347,914         | -           | -               |
| -USD                 | 286,185            | -           | -               | 815,761           | -           | -               |
| -TRY                 | 7,231,280          | -           | -               | 4,381,449         | -           | -               |
| -Other               | 33,011             | -           | -               | 83,212            | -           | -               |
| <b>Time</b>          | <b>69,829,410</b>  |             |                 | 53,094,114        |             |                 |
| -EUR                 | 21,234,549         | 2 – 49 days | 2.25% - 4.60%   | 2,236,230         | 4 - 29 days | 3.80% - 3.95%   |
| -USD                 | 2,946,226          | 2 – 34 days | 4.00% - 6.70%   | 8,922,995         | 4 - 61 days | 5.00% - 6.35%   |
| -TRY                 | 45,648,635         | 2 – 30 days | 17.20% - 19.10% | 41,934,889        | 4 - 29 days | 17.00% - 21.20% |
| <b>Total</b>         | <b>81,656,943</b>  |             |                 | 60,722,450        |             |                 |

Banking

|   | September 30, 2007 | December 31, 2006  |
|---|--------------------|--------------------|
| Cash on hand  | 15,728,565         | 17,380,000         |
| Balances with the Central Bank                              | 47,495,000         | 68,257,000         |
| <b>Cash and balances with the Central Bank</b>              | <b>63,223,565</b>  | <b>85,637,000</b>  |
| <b>Deposits with banks and other financial institutions</b> | <b>119,664,987</b> | <b>322,512,333</b> |
| Reverse repurchase agreements                               | -                  | 15,023,000         |
| Interbank placements  | 18,896,000         | 4,507,000          |
| Cheques given to collection                                 | 1,644,232          | 1,598,114          |
| <b>Other money market placements</b>                        | <b>20,540,232</b>  | <b>21,128,114</b>  |
| <b>Total</b>  | <b>203,428,784</b> | <b>429,277,447</b> |

As of September 30, 2007 and December 31, 2006 the interest rate range of deposits and placements are as follows:

|  | September 30, 2007 |                    |                         |                  | December 31, 2006 |                    |                         |                  |
|--|--------------------|--------------------|-------------------------|------------------|-------------------|--------------------|-------------------------|------------------|
|  | Amount             |                    | Effective interest rate |                  | Amount            |                    | Effective interest rate |                  |
|  | TRY                | Foreign currency   | TRY                     | Foreign currency | TRY               | Foreign currency   | TRY                     | Foreign currency |
| Balances with the Central Bank                       | 18,216,000         | 29,279,000         | -                       | -                | 45,350,000        | 22,907,000         | -                       | -                |
| Deposits with banks and other financial institutions | 27,503,081         | 92,161,906         | 17.82%                  | 3.40%            | 23,651,232        | 298,861,101        | 14.33%                  | 4.84%            |
| Reverse repurchase agreements                        | -                  | -                  | -                       | -                | 15,023,000        | -                  | 17.86%                  | -                |
| Interbank placements                                 | 18,896,000         | -                  | 17.60%                  | -                | 4,507,000         | -                  | 15.18%                  | -                |
| <b>Total</b>   | <b>64,615,081</b>  | <b>121,440,906</b> |                         |                  | <b>88,531,232</b> | <b>321,768,101</b> |                         |                  |

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5. MARKETABLE SECURITIES

|              | September 30, 2007 | December 31, 2006  |
|--------------|--------------------|--------------------|
| Non-Banking  | 11,044,404         | 8,876,487          |
| Banking      | 132,595,000        | 127,264,000        |
| <b>Total</b> | <b>143,639,404</b> | <b>136,140,487</b> |

**Non-Banking**

As of September 30, 2007 and December 31, 2006 marketable securities consist of investment funds.

**Banking**

**Trading Securities**

|  | September 30, 2007 |                           | December 31, 2006 |                           |
|--|--------------------|---------------------------|-------------------|---------------------------|
|  | Amount             | Effective interest rate % | Amount            | Effective interest rate % |
| <b>Trading securities at fair value</b>    |                    |                           |                   |                           |
| <b>Debt instruments – TRY</b>              |                    |                           |                   |                           |
| Turkish government bonds                   | 4,982,000          | 17,64%                    | 8,000,000         | 19.85%                    |
| Turkish treasury bills                     | 53,000             | 16,81%                    | 100,000           | 19.09%                    |
| <b>Debt instruments – FX</b>               |                    |                           |                   |                           |
| Eurobonds issued by the Turkish government | 35,000             | 8,07%                     | -                 | -                         |
| <b>Total</b>                               | <b>5,070,000</b>   |                           | <b>8,100,000</b>  |                           |
| <b>Others</b>                              |                    |                           |                   |                           |
| Equity securities – listed in ISE (*)      | 16,602,000         | -                         | 13,791,000        | -                         |
| <b>Total</b>                               | <b>16,602,000</b>  |                           | <b>13,791,000</b> |                           |
| <b>Total trading securities</b>            | <b>21,672,000</b>  |                           | <b>21,891,000</b> |                           |

(\*) Equity securities include Alternatif Yatırım Ortaklığı A.Ş. shares actively traded in ISE and amounting to TRY 15,161,524 (December 31, 2006: TRY 12,460,430).

**Investment Securities**

|  | September 30, 2007 |                         | December 31, 2006 |                         |
|--|--------------------|-------------------------|-------------------|-------------------------|
|  | Amount             | Effective interest rate | Amount            | Effective interest rate |
| <b>Available-for-sale securities at fair value-TRY</b>   |                    |                         |                   |                         |
| Turkish treasury bills                                   | -                  | -                       | -                 | -                       |
| Turkish government bonds                                 | 50,139,000         | 20.90%                  | 69,764,000        | 18.54%                  |
| <b>Available-for-sale securities at fair value-FX</b>    |                    |                         |                   |                         |
| Eurobonds issued by the Turkish government               | 24,331,000         | 5,99%                   | -                 | -                       |
| <b>Total available-for-sale securities at fair value</b> | <b>74,470,000</b>  |                         | <b>69,764,000</b> |                         |
| <b>Debt Instruments-TRY</b>                              |                    |                         |                   |                         |
| Turkish government bonds                                 | 24,714,000         | 18.54%                  | 25,312,000        | 22.92%                  |
| <b>Total investment securities</b>                       | <b>99,184,000</b>  |                         | <b>95,076,000</b> |                         |

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5. MARKETABLE SECURITIES (cont'd)

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

|  | September 30, 2007 | December 31, 2006 |
|--|--------------------|-------------------|
| Trading securities   | 709,000            | 240,000           |
| Available for sale securities  | 11,030,000         | 10,057,000        |
| Held to maturity securities  | -                  | -                 |
| <b>Carrying value of securities given as collateral under repurchase agreement</b> | <b>11,739,000</b>  | <b>10,297,000</b> |
| <b>Related repurchase liability</b>  | <b>11,528,000</b>  | <b>9,581,000</b>  |

As of September 30, 2007, the carrying value of government securities kept in the Central Bank of Turkish Republic (the Central Bank) and in Istanbul Stock Exchange Clearing and Custody Incorporation for legal requirements and as a guarantee for stock exchange and money market operations are TRY 12,586,000 and TRY 13,493,500 respectively (December 31, 2006: TRY 12,464,000 and TRY 11,925,000).

As of September 30, 2007, current marketable securities amounts to TRY 51,985,404 (December 31, 2006: TRY 30,949,731) and non-current marketable securities amounts to TRY 91,654,000 (December 31, 2006: TRY 105,190,756).

6. FINANCIAL BORROWINGS

|   | September 30, 2007 | December 31, 2006  |
|---|--------------------|--------------------|
| Bank borrowings                         | 117,448,667        | 63,103,553         |
| Current portion of long term borrowings | 31,159,065         | 41,106,279         |
| Short term borrowings                   | 148,607,732        | 104,209,832        |
| Bank borrowings                         | 17,866,201         | 22,911,754         |
| Long term borrowings                    | 17,866,201         | 22,911,754         |
| <b>Total borrowings</b>                 | <b>166,473,933</b> | <b>127,121,586</b> |

As of September 30, 2007, Group does not have any secured bank borrowings (December 31, 2006: None).

| Bank borrowings   | September 30, 2007 |               | December 31, 2006 |               |
|-------------------|--------------------|---------------|-------------------|---------------|
|                   | Amount             | Interest rate | Amount            | Interest rate |
| <i>Long Term</i>  | 17,866,201         |               | 22,911,754        |               |
| USD               | 2,337,339          | 5.5% - 5.9%   | -                 |               |
| EUR               | 15,528,862         | 4.3% - 5.1%   | 22,911,754        | 4.1% - 5.1%   |
| <i>Short Term</i> | 148,607,732        |               | 104,209,832       |               |
| USD               | 27,369,376         | 5.3% - 6.9%   | 31,867,975        | 5.2% - 6.8%   |
| EUR               | 51,378,635         | 4.1% - 5.3%   | 39,788,214        | 4.0% - 5.1%   |
| TRY               | 69,859,721         | 16.0% - 21.7% | 32,553,643        | 12.0% - 19.8% |



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

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

|              | <b>September 30, 2007</b> | December 31, 2006 |
|--------------|---------------------------|-------------------|
| 2008         | 755,231                   | 5,095,180         |
| 2009         | 10,027,523                | 17,816,574        |
| 2010         | 7,083,447                 | -                 |
| <b>Total</b> | <b>17,866,201</b>         | 22,911,754        |

**7. TRADE RECEIVABLES AND TRADE PAYABLES**

**7.1 TRADE RECEIVABLES**

**Non-Banking**

|  | <b>September 30, 2007</b> | December 31, 2006 |
|--|---------------------------|-------------------|
| Trade receivable (*)                           | 76,185,390                | 42,697,637        |
| Notes receivable and post-dated cheques        | 71,706,795                | 18,067,594        |
| Less: Provision for doubtful trade receivables | (1,854,510)               | (1,891,931)       |
| <b>Total</b>                                   | <b>146,037,675</b>        | 58,873,300        |

(\*) As of September 30, 2007, discount amount in trade receivables is TRY 2,023,813 (December 31, 2006: TRY 909,616).

Movement of provision for doubtful trade receivables is as follows:

|              | <b>September 30, 2007</b> | September 30, 2006 |
|--------------|---------------------------|--------------------|
| January 1,   | 1,891,931                 | 1,404,739          |
| Provisions   | 29,424                    | 59,593             |
| Collections  | (66,845)                  | (13,737)           |
| <b>Total</b> | <b>1,854,510</b>          | 1,450,595          |

As of September 30, 2007, Group does not have any long term trade receivables (December 31, 2006: TRY 36,438).

**7.2 TRADE PAYABLES**

|                 | <b>September 30, 2007</b> | December 31, 2006 |
|-----------------|---------------------------|-------------------|
| Non-Banking (*) | 44,433,447                | 45,478,993        |
| Banking         | 2,235,000                 | 3,313,000         |
| <b>Total</b>    | <b>46,668,447</b>         | 48,791,993        |

(\*) As of September 30, 2007, discount amount in trade payables is TRY 262,552 (December 31, 2006: TRY 177,606).

As of September 30, 2007, Group does not have any long term trade payables (December 31, 2006: None).

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**8. LEASE RECEIVABLES AND OBLIGATIONS**

**8.1 LEASE CONTRACTS RECEIVABLE**

Gross investments in finance leases receivables are as follows:

|  | <b>September 30, 2007</b> | December 31, 2006 |
|--|---------------------------|-------------------|
| Within 1 year  | <b>125,959,504</b>        | 111,184,003       |
| 1 – 5 years  | <b>110,349,304</b>        | 103,546,861       |
| Minimum financial lease receivables, gross             | <b>236,308,808</b>        | 214,730,864       |
| Less: Unearned interest income                         | <b>(32,351,082)</b>       | (30,381,139)      |
| Net investment in finance leases                       | <b>203,957,726</b>        | 184,349,725       |
| Less: Reserve for doubtful financial lease receivables | <b>(2,811,000)</b>        | (2,027,460)       |
| Minimum financial lease receivables, net               | <b>201,146,726</b>        | 182,322,265       |

Maturities of net investment in finance leases:

|               | <b>September 30, 2007</b> | December 31, 2006 |
|---------------|---------------------------|-------------------|
| Within 1 year | <b>103,450,147</b>        | 90,414,573        |
| 1 - 5 years   | <b>97,696,579</b>         | 91,907,692        |
| <b>Total</b>  | <b>201,146,726</b>        | 182,322,265       |

|              | <b>September 30, 2007</b> |                        | December 31, 2006 |                 |
|--------------|---------------------------|------------------------|-------------------|-----------------|
|              | <b>Amount</b>             | <b>Interest rate</b>   | Amount            | Interest rate   |
| TRY          | <b>43,135,328</b>         | <b>16.62% - 36.85%</b> | 39,117,724        | 16.42% - 45.41% |
| USD          | <b>52,820,411</b>         | <b>7.89% - 19.11%</b>  | 56,752,517        | 7.89% - 18.26%  |
| EUR          | <b>105,190,987</b>        | <b>6.37% - 22.03%</b>  | 86,452,024        | 7.53% - 20.65%  |
| <b>Total</b> | <b>201,146,726</b>        |                        | 182,322,265       |                 |

As of September 30, 2007, collaterals obtained by the Company from certain lease customers in relation to minimum lease payments receivables amount to TRY 59,894,000, USD 35,557,404 and EUR 33,341,908 (December 31, 2006: TRY 45,584,000, USD 31,729,796, EUR 24,268,046). These collaterals consist of mortgages, checks, letter of guarantees and liens on manufacturing equipments.

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

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

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

|                                     | <b>September 30, 2007</b> | September 30, 2006 |
|-------------------------------------|---------------------------|--------------------|
| Provision at beginning of period    | <b>2,027,460</b>          | 865,000            |
| Provision                           | <b>1,327,000</b>          | 1,081,000          |
| Collections                         | <b>(543,460)</b>          | (460,000)          |
| <b>Reserve at the end of period</b> | <b>2,811,000</b>          | 1,486,000          |

**8.2 FINANCE LEASE LIABILITIES**

|                             | <b>September 30, 2007</b> | December 31, 2006 |
|-----------------------------|---------------------------|-------------------|
| Current                     | -                         | 3,039,133         |
| Non-Current                 | -                         | 780,138           |
| <b>Total</b>                | -                         | 3,819,271         |
| <b>USD – TRY equivalent</b> | -                         | 3,750,077         |
| <b>EUR – TRY equivalent</b> | -                         | 69,194            |

As of September 30, 2007, the effective interest rates are 4.5% - 11.3%.

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

|   | <b>September 30, 2007</b> | December 31, 2006 |
|---|---------------------------|-------------------|
| Within 1 year                               | -                         | 3,253,253         |
| 1 - 5 years                                 | -                         | 796,366           |
| <b>Total minimum lease obligations</b>      | -                         | 4,049,619         |
| Net minimum obligations                     | -                         | 4,049,619         |
| Unearned interest income (-)                | -                         | (230,348)         |
| <b>Present value of minimum obligations</b> | -                         | 3,819,271         |

Group paid all the financial lease obligations as of September 30, 2007 before the maturity dates.

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**9. RELATED PARTY BALANCES AND TRANSACTIONS**

**9.1 DUE FROM RELATED PARTIES**

|  | <b>September 30, 2007</b> | <b>December 31, 2006</b> |
|--|---------------------------|--------------------------|
| Kamil Yazıcı Yönetim ve Danışma A.Ş. (4)                     | <b>2,839</b>              | 2,577                    |
| Anadolu Efes (1)   | <b>1,206,898</b>          | 2,740,643                |
| Efes Pazarlama Ticaret A.Ş. (Efpa) (3)                       | <b>1,138,413</b>          | 1,231,981                |
| Tarbes Tarım Ürünleri ve Besicilik San.Tic.A.Ş. (Tarbes) (3) | <b>14,728</b>             | 58,275                   |
| Anadolu Isuzu (2)  | <b>942,454</b>            | 1,282,174                |
| Efes Holland Technical Management Consultancy (3)            | -                         | 1,713,912                |
| ZAO Moscow Efes Brewery (Efes Moskow) (3)                    | <b>2,665,247</b>          | 1,453,761                |
| JSC Efes Karaganda Brewery (Efes Karaganda) (3)              | <b>2,623,536</b>          | 447,106                  |
| Anadolu Eğitim ve Sosyal Yardım Vakfı Sağlık Tes. İkt. İşl.  | <b>815,906</b>            | 560,500                  |
| OAÖ Amstar (3)   | <b>17,145</b>             | 205,702                  |
| Efes Weifert Brewery d.o.o (Efes Weifert) (3)                | <b>306,136</b>            | 804,082                  |
| Efes Zajecar Brewery d.o.o (Efes Zajecar) (3)                | <b>189,987</b>            | 792,625                  |
| Krasny Vostok Group (3)                                      | <b>319,314</b>            | 450,100                  |
| Efes Vitanta (3)   | <b>527,209</b>            | 11                       |
| JSC Amstar (3)   | <b>535,205</b>            | 84,049                   |
| Coca Cola İçecek Üretim A.Ş. (3)                             | <b>625,956</b>            | -                        |
| Coca Cola Satış ve Dağıtım A.Ş. (3)                          | <b>220,311</b>            | 693                      |
| Efes Invest Holland B.V. (Efes Holland) (3)                  | -                         | -                        |
| Other  | <b>1,202,185</b>          | 980,878                  |
| <b>Total</b>   | <b>13,353,469</b>         | 12,809,069               |

As of September 30, 2007 and December 31, 2006, loans given to related parties, which are included under “Banking Loans” in the financial statements, are TRY 29,394 and TRY 434,738 respectively. As of September 30, 2007, TRY 4,080,197 due from related parties is included in other liabilities and blocked accounts at the financial statement of the bank (December 31, 2006: TRY 1,868,674).

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

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

**9.2 DUE TO RELATED PARTIES**

|                   | <b>September 30, 2007</b> | <b>December 31, 2006</b> |
|-------------------|---------------------------|--------------------------|
| Anadolu Isuzu (2) | <b>3,941,391</b>          | 133,560                  |
| Anelsan (3)       | <b>239,185</b>            | 264,060                  |
| Dividends payable | <b>15,457</b>             | 12,134                   |
| Other             | <b>33,929</b>             | 76,879                   |
| <b>Total</b>      | <b>4,229,962</b>          | 486,633                  |

As of September 30, 2007 and December 31, 2006, related party deposits, which are included under “Deposits” in the financial statements, are TRY 166,351,125 and TRY 103,675,602 respectively.

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

**9.3 TRANSACTIONS WITH RELATED PARTIES**

Significant transactions with related parties during the six month periods ended September 30, 2007 and September 30, 2006 are as follows:

|   | <b>September 30, 2007</b> | <b>September 30, 2006</b> |
|---|---------------------------|---------------------------|
| <b>Sales of goods and services, net</b>                       |                           |                           |
| Anadolu Efes (1)  | <b>9,869,545</b>          | 7,607,399                 |
| Efpa (3)  | <b>7,278,469</b>          | 7,711,554                 |
| Tarbes (3)  | <b>1,885,849</b>          | 2,239,045                 |
| Anadolu Isuzu (2)   | <b>6,117,838</b>          | 6,194,392                 |
| Efes Holland Technical Management Consultancy (3)             | <b>14,684</b>             | 1,171,277                 |
| Efes Breweries International B.V. (3)                         | <b>9,880,697</b>          | 7,351,546                 |
| Efes Smaı Yatırım Holding A.Ş. (Efes Smaı) (5)                | -                         | 1,049,907                 |
| Anadolu Cetelem Tüketici Finansman A.Ş. (Anadolu Cetelem) (1) | -                         | 255,084                   |
| Anadolu Eğitim ve Sosyal Yardım Vakfı Sağlık Tes. İkt. İşl.   | <b>527,352</b>            | 201,439                   |
| Efes Invest Holland B.V (3)                                   | -                         | 285,652                   |
| Coca Cola Satış ve Dağıtım A.Ş. (3)                           | <b>973,950</b>            | 296,307                   |
| Other   | <b>2,095,891</b>          | 1,883,864                 |
| <b>Total</b>  | <b>38,644,275</b>         | 35,992,382                |

|   | <b>September 30, 2007</b> | <b>September 30, 2006</b> |
|---|---------------------------|---------------------------|
| <b>Purchases of goods and other charges</b> |                           |                           |
| Anadolu Isuzu (2)                           | <b>3,321,301</b>          | 3,032,978                 |
| Anelsan (3)                                 | -                         | 450,969                   |
| Efpa (3)                                    | <b>179,301</b>            | 21,949                    |
| Other                                       | <b>253,820</b>            | 231,754                   |
| <b>Total</b>                                | <b>3,754,422</b>          | 3,737,650                 |

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

9.3 TRANSACTIONS WITH RELATED PARTIES (cont'd)

|  | September 30, 2007 | September 30, 2006 |
|--|--------------------|--------------------|
| <b>Interest and other financial income (included banking revenues and foreign exchange losses)</b> |                    |                    |
| Anadolu Efes (1)   | 71,169             | 252,566            |
| Coca Cola İçecek Üretim A.Ş. (3)   | 64,912             | 109,264            |
| Anadolu Isuzu (2)  | 78,358             | 71,858             |
| Anadolu Cetelem (1)  | -                  | 210,243            |
| Other  | 92,724             | 140,598            |
| <b>Total</b>   | <b>307,163</b>     | <b>784,529</b>     |

|  | September 30, 2007 | September 30, 2006 |
|--|--------------------|--------------------|
| <b>Interest and other financial expense (included banking direct cost and foreign exchange losses) paid to</b> |                    |                    |
| Anadolu Efes (1) (*)   | 12,788,853         | 8,006,879          |
| Anadolu Isuzu (2)  | 690,783            | 337,361            |
| Efpa (3)   | 207,877            | 235,581            |
| Anadolu Eğitim ve Sosyal Yardım Vakfı Sağlık Tes. İkt. İşl.  | 160,548            | 107,556            |
| Tarbes (3)   | 68,740             | 62,723             |
| Efes Pilsen Spor Kulübü  | 909,317            | 558,270            |
| Özilhan Sınai Yatırım A.Ş.   | 1,403,740          | 697,662            |
| Other  | 203,197            | 292,076            |
| <b>Total</b>   | <b>16,433,055</b>  | <b>10,298,108</b>  |

(\*) Interest rates for TRY deposits are between 16.75% - 17.25% and for USD deposits are between 5.0% - 5.5%.

|   | September 30, 2007 | September 30, 2006 |
|---|--------------------|--------------------|
| <b>Interest and other financial expense (included financial income / expense and foreign exchange losses) paid to</b> |                    |                    |
| Kamil Yazıcı Yönetim ve Danışma A.Ş. (4)  | 51,382             | 146,250            |
| Anelsan (3)   | 18,691             | -                  |
| <b>Total</b>  | <b>70,073</b>      | <b>146,250</b>     |

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

9.3 TRANSACTIONS WITH RELATED PARTIES (cont'd)

|   | September 30, 2007 | September 30, 2006 |
|---|--------------------|--------------------|
| <b>Miscellaneous sales included in other income<br/>(including dividend received)</b> |                    |                    |
| Anadolu Efes (1)  | 207,618            | 389,691            |
| Polinas (5)   | 10,750             | 14,337             |
| Coca Cola İçecek (3)  | 5,507              | 14,487             |
| Efpa (3) (*)  | 1,778,470          | 1,277,406          |
| Anadolu Isuzu (2)   | 93,833             | 283,775            |
| Anadolu Eğitim ve Sosyal Yardım Vakfı Sağlık Tes. İkt. İşl.                           | -                  | 20,020             |
| Other   | 20,722             | 242,931            |
| <b>Total</b>  | <b>2,116,900</b>   | <b>2,242,647</b>   |

(\*) Sales to Efpa include TRY 1,730,026 of car rental and car maintenance revenues (September 30, 2006: TRY 1,164,360).

|   | September 30, 2007 | September 30, 2006 |
|---|--------------------|--------------------|
| <b>Interest and other financial income (included in financial<br/>income/expense and foreign exchange losses) received from</b> |                    |                    |
| Kamil Yazıcı Yönetim ve Danışma (4)   | 19,144             | 396,439            |
| Anadolu Isuzu (2)   | 100,946            | -                  |
| Efes Sınai (5)  | -                  | 18,340             |
| Other   | 2,298              | 13,674             |
| <b>Total</b>  | <b>122,388</b>     | <b>428,453</b>     |

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

*Compensation of Key Management Personnel of the Group.*

As of September 30, 2007, members of the top management received remuneration and fees amounting to TRY 15,275,123 (September 30, 2006: TRY 11,942,895).

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

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

*Other*

The Company and its subsidiaries with the exception of Mc Donald's, Hamburger, Efes Tur, Ana Gıda and AYO are obligated to donate 1% - 5% of their profit to Anadolu Eğitim ve Sosyal Yardım Vakfı before corporate tax and such fiscal obligations as stated in the entities' foundation agreements as long as these donations are exempt from tax.

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

**10. OTHER RECEIVABLES AND PAYABLES**

**10.1 OTHER RECEIVABLES**

|              | <b>September 30, 2007</b> | December 31, 2006 |
|--------------|---------------------------|-------------------|
| Non-Banking  | <b>22,801,470</b>         | 23,894,986        |
| Banking      | -                         | -                 |
| <b>Total</b> | <b>22,801,470</b>         | 23,894,986        |

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

**Non-Banking**

|                              | <b>September 30, 2007</b> | December 31, 2006 |
|------------------------------|---------------------------|-------------------|
| Receivables from loans given | <b>21,764,534</b>         | 23,091,590        |
| Other                        | <b>1,036,936</b>          | 803,396           |
| <b>Total</b>                 | <b>22,801,470</b>         | 23,894,986        |

**11. BIOLOGICAL ASSETS**

Biological assets having a worth of TRY 6,228,991 (December 31, 2006: TRY 5,446,816) consist of cattle in the farm.



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**12. INVENTORIES**

|                              | <b>September 30, 2007</b> | December 31, 2006 |
|------------------------------|---------------------------|-------------------|
| Raw materials                | <b>18,034,063</b>         | 15,928,754        |
| Work-in-progress             | <b>5,774,936</b>          | 6,373,829         |
| Finished goods               | <b>11,450,661</b>         | 14,590,305        |
| Merchandise                  | <b>38,115,708</b>         | 48,906,198        |
| Supplies and others          | <b>324,078</b>            | 1,732,498         |
| Advances given (*)           | <b>31,416,665</b>         | 42,288,362        |
| Reserve for obsolescence (-) | <b>(242,025)</b>          | -                 |
| <b>Total</b>                 | <b>104,874,086</b>        | 129,819,946       |

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

Movements of reserve for obsolescence during the period are as follows:

|                                     | <b>September 30, 2007</b> | September 30, 2006 |
|-------------------------------------|---------------------------|--------------------|
| Provision at beginning of period    | -                         | -                  |
| Provision                           | <b>242,025</b>            | -                  |
| <b>Reserve at the end of period</b> | <b>242,025</b>            | -                  |

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

None (December 31, 2006: None).

**14. DEFERRED TAX ASSETS AND LIABILITIES**

Components of deferred tax assets and liabilities are as follows:

|                                | <b>September 30, 2007</b> | December 31, 2006 |
|--------------------------------|---------------------------|-------------------|
| Deferred tax assets            | <b>563,950</b>            | 8,044,282         |
| Deferred tax liabilities (-)   | <b>(8,288,013)</b>        | (3,447,753)       |
| <b>Net deferred tax assets</b> | <b>(7,724,063)</b>        | 4,596,529         |

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14. DEFERRED TAX ASSETS AND LIABILITIES cont'd)

Movements in deferred tax during the period are as follows:

|   | Balance<br>January 1, 2007 | Credited/(charged)<br>to income statement | Balance<br>September 30, 2007 |
|---|----------------------------|---|-------------------------------|
| Fixed assets                                  | (3,259,282)                | (2,537,684)                               | (5,796,966)                   |
| Inventory                                     | 22,097                     | (22,097)                                  | -                             |
| Carry forward tax loss (**)                   | 6,077,000                  | (5,040,118)                               | 1,036,882                     |
| Allowance for retirement pay liability        | 1,501,511                  | (321,463)                                 | 1,180,048                     |
| Financial leases                              | 1,736,591                  | (2,444,733)                               | (708,142)                     |
| Investment incentive                          | 22,176,517                 | 1,036,843                                 | 23,213,360                    |
| Other   | 2,850,312                  | (4,241,315)                               | (1,391,003)                   |
| Net deferred tax (liability)/asset            | 31,104,746                 | (13,570,567)                              | 17,534,179                    |
| Reclassification to special reserves (Note 2) |                            | 493,092                                   |                               |
| Allowance for deferred tax (*)                | (26,508,217)               | 1,249,975                                 | (25,258,242)                  |
| <b>Total</b>                                  | <b>4,596,529</b>           | <b>(11,827,500)</b>                       | <b>(7,224,063)</b>            |

|   | Balance<br>January 1, 2006 | Credited/(charged)<br>to income statement | Balance<br>September 30, 2006 |
|---|----------------------------|---|-------------------------------|
| Fixed assets                                  | (8,774,969)                | 4,356,809                                 | (4,418,160)                   |
| Inventory                                     | 29,319                     | (29,319)                                  | -                             |
| Carry forward tax loss (**)                   | 41,316,212                 | (23,292,479)                              | 18,023,733                    |
| Allowance for retirement pay liability        | 3,936,441                  | (1,360,225)                               | 2,576,216                     |
| Financial leases                              | 5,620,923                  | (1,987,872)                               | 3,633,051                     |
| Other   | 25,330,020                 | (859,506)                                 | 24,470,515                    |
| Net deferred tax (liability)/asset            | 67,457,946                 | (23,172,592)                              | 44,285,355                    |
| Reclassification to special reserves (Note 2) |                            | (987,899)                                 |                               |
| Allowance for deferred tax (*)                | (51,585,461)               | 17,711,209                                | (33,874,252)                  |
| <b>Total</b>                                  | <b>15,872,485</b>          | <b>(6,449,282)</b>                        | <b>10,411,102</b>             |

(\*) As of September 30, 2007, the Group management decided not to recognize a portion of deferred tax assets in the future based on future business plans of ALease. For this reason, TRY 25,258,242 of deferred tax assets has not been recognized in the consolidated financial statements (As for ALease and ABank, September 30, 2006: TRY 33,874,252).

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

(\*\*) Maturity years of carry forward tax losses are as follows:

|                            | September 30, 2007 | September 30, 2006 |
|----------------------------|--------------------|--------------------|
| 2006                       | -                  | 47,056,373         |
| 2007                       | 1,456,274          | 42,043,019         |
| 2008                       | 2,000,000          | -                  |
| 2010                       | -                  | 1,019,273          |
| <b>Total</b>               | <b>3,456,274</b>   | <b>90,118,665</b>  |
| Tax Rate                   | %30                | %20                |
| <b>Deferred Tax Assets</b> | <b>1,036,882</b>   | <b>18,023,733</b>  |

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

**15.1 OTHER CURRENT ASSETS**

|              | September 30, 2007 | December 31, 2006 |
|--------------|--------------------|-------------------|
| Non-Banking  | 25,684,049         | 22,422,274        |
| Banking      | 9,171,705          | 6,045,638         |
| <b>Total</b> | <b>34,855,754</b>  | <b>28,467,912</b> |

**Non-Banking**

|                      | September 30, 2007 | December 31, 2006 |
|----------------------|--------------------|-------------------|
| Prepaid taxes        | 1,049,458          | 3,277,506         |
| Prepaid expenses     | 20,339,882         | 11,647,956        |
| VAT receivable       | 3,038,846          | 7,047,545         |
| Other current assets | 1,255,863          | 449,267           |
| <b>Total</b>         | <b>25,684,049</b>  | <b>22,422,274</b> |

**Banking**

|  | September 30, 2007 | December 31, 2006 |
|--|--------------------|-------------------|
| Prepaid expenses and transitory accounts | 4,937,705          | 2,629,638         |
| Prepaid taxes                            | 20,000             | 13,000            |
| VAT of leased assets                     | 3,165,000          | 2,134,000         |
| Receivables from insurance policies      | 912,000            | 797,000           |
| Receivables from sale of investments     | 137,000            | 472,000           |
| <b>Total</b>                             | <b>9,171,705</b>   | <b>6,045,638</b>  |

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

**15.2 OTHER NON-CURRENT ASSETS**

|              | <b>September 30, 2007</b> | December 31, 2006 |
|--------------|---------------------------|-------------------|
| Non-Banking  | <b>3,239,423</b>          | 1,994,398         |
| Banking      | <b>4,066,000</b>          | 12,986,000        |
| <b>Total</b> | <b>7,305,423</b>          | 14,980,398        |

**15.3 OTHER CURRENT LIABILITIES**

|              | <b>September 30, 2007</b> | December 31, 2006 |
|--------------|---------------------------|-------------------|
| Non-Banking  | <b>34,250,249</b>         | 27,030,232        |
| Banking      | <b>23,439,399</b>         | 25,250,140        |
| <b>Total</b> | <b>57,689,648</b>         | 52,280,372        |

**Non-Banking**

|                                     | <b>September 30, 2007</b> | December 31, 2006 |
|-------------------------------------|---------------------------|-------------------|
| Taxes payable other than income tax | <b>8,375,357</b>          | 10,349,923        |
| Salaries and wages payable          | <b>1,268,776</b>          | 1,399,559         |
| Accrued expenses                    | <b>22,325,598</b>         | 14,050,371        |
| Deferred income                     | <b>146,939</b>            | 364,539           |
| Other payables and liabilities      | <b>2,133,579</b>          | 865,840           |
| <b>Total</b>                        | <b>34,250,249</b>         | 27,030,232        |

The details of the accrued expenses are as follows:

| <b>Accrued expenses</b>        | <b>September 30, 2007</b> | December 31, 2006 |
|--------------------------------|---------------------------|-------------------|
| Warranty provisions (*)        | <b>6,334,629</b>          | 10,228,479        |
| Premium provisions             | <b>7,621,097</b>          | 4,042             |
| Label provisions               | <b>3,003,695</b>          | 1,791,260         |
| Dealer sales premium provision | <b>2,044,375</b>          | 68,261            |
| Unused vacation provision      | <b>1,752,651</b>          | 1,038,032         |
| Other provisions               | <b>1,569,151</b>          | 920,297           |
| <b>Total</b>                   | <b>22,325,598</b>         | 14,050,371        |

As of September 30, 2007, Group does not have any long term liabilities (December 31, 2006: TRY 3.133.438).

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

15.3 OTHER CURRENT LIABILITIES (cont'd)

**Banking**

|                                      | September 30, 2007 | December 31, 2006 |
|--------------------------------------|--------------------|-------------------|
| Payment orders                       | 7,516,000          | 10,248,000        |
| Taxes payable (excluding income tax) | 8,329,000          | 7,749,000         |
| Transitory accounts                  | 524,000            | 1,616,000         |
| Advances from customers              | 4,774,000          | 3,781,000         |
| Others                               | 2,296,399          | 1,856,140         |
| <b>Total</b>                         | <b>23,439,399</b>  | <b>25,250,140</b> |

16. FINANCIAL ASSETS

|                                      | September 30, 2007 | December 31, 2006  |
|--------------------------------------|--------------------|--------------------|
| Financial assets, available-for-sale | 6,498,492          | 6,889,899          |
| Investments                          | 746,983,865        | 681,325,556        |
| Joint ventures                       | 72,800,324         | 71,393,400         |
| <b>Total</b>                         | <b>826,282,681</b> | <b>759,608,855</b> |

16.1 FINANCIAL ASSETS, AVAILABLE-FOR-SALE

|   | Ownership<br>(%) | September 30,<br>2007 | Ownership<br>(%) | December 31,<br>2006 |
|---|------------------|-----------------------|------------------|----------------------|
| Polinas Plastik Sanayi ve Ticaret A.Ş. (Polinas)    | 10.57            | 6,275,510             | 10.57            | 6,275,510            |
| Doğu Yatırım Holding A.Ş. (Doğu Yatırım)            | 0.48             | 94,767                | 0.48             | 94,767               |
| Coca Cola İçecek A.Ş.                               | 18.21            | 31,339                | 18.21            | 31,339               |
| Syrian Soft Drinks (*)                              | -                | -                     | 33.96            | 411,708              |
| Other   |                  | 96,876                |                  | 76,575               |
| <b>Available for sale investments – non-current</b> |                  | <b>6,498,492</b>      |                  | <b>6,889,899</b>     |

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

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16.2 INVESTMENTS IN ASSOCIATES

| Entity           | Principle Activities               | Country of business | September 30, 2007 |                           |                                 | December 31, 2006  |                           |                                 |
|------------------|------------------------------------|---------------------|--------------------|---------------------------|---------------------------------|--------------------|---------------------------|---------------------------------|
|                  |                                    |                     | Carrying value     | Ownership interest rate % | Group's share of income/ (loss) | Carrying value     | Ownership interest rate % | Group's share of income/ (loss) |
| Anadolu Efes (*) | Product. of beer                   | Turkey              | 746,949,541        | 36.23                     | 143,020,438                     | 680,539,937        | 36.23                     | 102,996,380                     |
| Anadolu Cetelem  | Provides consumer finance services | Turkey              | -                  | -                         | -                               | 785,619            | 33.95                     | 471,153                         |
| Aslançık (***)   | Production of Electricity          | Turkey              | 34,324             | 16.98                     | (1,107)                         | -                  | -                         | -                               |
| <b>TOTAL</b>     |                                    |                     | <b>746,893,865</b> |                           | <b>143,019,331</b>              | <b>681,325,556</b> |                           | <b>103,467,533</b>              |

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

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

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

Summary financial statements of associates are as follows:

| <b>Anadolu Efes (Thousand TRY)</b>    | <b>September 30, 2007</b> | <b>December 31, 2006</b> |
|---------------------------------------|---------------------------|--------------------------|
| Total Assets                          | 4,014,319                 | 3,961,147                |
| Total Liabilities                     | 2,169,331                 | 2,287,539                |
| Net Assets                            | 1,844,988                 | 1,673,608                |
| <b>Group's interest in net assets</b> | <b>746,950</b>            | <b>680,540</b>           |
| Revenues                              | 2,426,585                 | 2,594,045                |
| Net Income                            | 369,085                   | 269,020                  |
| <b>Group's share in net income</b>    | <b>143,020</b>            | <b>102,996</b>           |

| <b>Anadolu Cetelem (Thousand TRY)</b> | <b>September 30, 2007</b> | <b>December 31, 2006</b> |
|---------------------------------------|---------------------------|--------------------------|
| Total Assets                          | -                         | 103,214                  |
| Total Liabilities                     | -                         | 101,643                  |
| Net Assets                            | -                         | 1,571                    |
| <b>Group's interest in net assets</b> | <b>-</b>                  | <b>786</b>               |
| Revenues                              | -                         | 25,816                   |
| Net Income                            | -                         | 942                      |
| <b>Group's share in net income</b>    | <b>-</b>                  | <b>471</b>               |

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16. INVESTMENTS (cont'd)

16.2 INVESTMENTS IN ASSOCIATES

| <b>Aslancık (Thousand TRY)</b>            | <b>September 30, 2007</b> | <b>December 31, 2006</b> |
|---|---------------------------|--------------------------|
| Total Assets                              | 107                       | -                        |
| Total Liabilities                         | -                         | -                        |
| Net Assets                                | 107                       | -                        |
| <b>Group's interest in net assets</b>     | <b>34</b>                 | <b>-</b>                 |
| Revenues                                  | -                         | -                        |
| Net Income/(Loss)                         | (4)                       | -                        |
| <b>Group's share in net income/(loss)</b> | <b>(1)</b>                | <b>-</b>                 |

16.3 INVESTMENTS IN JOINT VENTURE

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

| Entity            | Principle activities                             | Country of Business | September 30, 2007 |                           |                                 | December 31, 2006 |                           |                                 |
|-------------------|--|---------------------|--------------------|---------------------------|---------------------------------|-------------------|---------------------------|---------------------------------|
|                   |  |                     | Carrying value     | Ownership interest Rate % | Group's share of income/ (loss) | Carrying value    | Ownership interest rate % | Group's share of income/ (loss) |
| Anadolu Isuzu (*) | Manufacturing of Isuzu brand commercial vehicles | Turkey              | 72,800,324         | 37.32                     | 5,848,804                       | 71,393,400        | 36.99                     | 8,767,265                       |
| <b>TOTAL</b>      |  |                     | <b>72,800,324</b>  |                           | <b>5,848,804</b>                | <b>71,393,400</b> |                           | <b>8,767,265</b>                |

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

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

Summary financial statements of associates are as follows:

| <b>Anadolu Isuzu (Thousand TRY)</b>   | <b>September 30, 2007</b> | <b>December 31, 2006</b> |
|---------------------------------------|---------------------------|--------------------------|
| Total Assets                          | 303,075                   | 290,248                  |
| Total Liabilities                     | 113,288                   | 100,887                  |
| Net Assets                            | 189,787                   | 189,361                  |
| <b>Group's interest in net assets</b> | <b>72,800</b>             | <b>71,393</b>            |
| Revenues                              | 332,773                   | 401,502                  |
| Net Income                            | 15,362                    | 23,532                   |
| <b>Group's share in net income</b>    | <b>5,849</b>              | <b>8,767</b>             |

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**17. POSITIVE/NEGATIVE GOODWILL**

|                            | <b>September 30, 2007</b> | December 31, 2006 |
|----------------------------|---------------------------|-------------------|
| Cost                       | <b>138,103,926</b>        | 138,103,926       |
| Accumulated depreciation   | <b>(102,759,670)</b>      | (102,759,670)     |
| <b>Net carrying amount</b> | <b>35,344,256</b>         | 35,344,256        |

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

**18. INVESTMENT PROPERTIES**

|                                    | <b>September 30, 2007</b> | December 31, 2006 |
|------------------------------------|---------------------------|-------------------|
| January 1                          | <b>10,218,000</b>         | 4,332,000         |
| Disposal of investment property    | <b>(8,265,000)</b>        | (1,128,000)       |
| Additions to investment properties | <b>13,336,000</b>         | 7,055,000         |
| Provision for impairment           | <b>(41,000)</b>           | (41,000)          |
| <b>Total</b>                       | <b>15,248,000</b>         | 10,218,000        |

Investment property consists of a building and parcels of land. According to a report prepared by an independent valuation firm, the fair value of such property is TRY 29,201,187 as of September 30, 2007 (December 31, 2006, TRY 12,635,868).



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**19. PROPERTY, PLANT AND EQUIPMENT**

Movements of property, plant and equipment during the period ended as of September 30, 2007 are as follows:

|                                    | Land and land improvements | Buildings         | Machinery and equipment | Motor vehicles    | Furniture and fixtures | Other tangible assets | Leasehold improvements | Construction in progress | Total              |
|------------------------------------|----------------------------|-------------------|-------------------------|-------------------|------------------------|-----------------------|------------------------|--------------------------|--------------------|
| <b>Cost</b>                        |                            |                   |                         |                   |                        |                       |                        |                          |                    |
| January 1, 2007                    | 7,116,921                  | 59,285,886        | 156,986,481             | 29,841,365        | 29,778,332             | 13,271,646            | 49,203,056             | 752,113                  | 346,235,800        |
| Additions                          | 34,587,939                 | 22,459            | 7,648,198               | 25,942,939        | 1,984,962              | 237,924               | 7,418,668              | 24,931,706               | 102,774,795        |
| Disposals                          | -                          | -                 | (793,304)               | (2,780,829)       | (1,935,106)            | (6,045)               | (332,670)              | (5,371,213)              | (11,219,167)       |
| <b>September 30, 2007</b>          | <b>41,704,860</b>          | <b>59,308,345</b> | <b>163,841,375</b>      | <b>53,003,475</b> | <b>29,828,188</b>      | <b>13,503,525</b>     | <b>56,289,054</b>      | <b>20,312,606</b>        | <b>437,791,428</b> |
| <b>Accumulated depreciation</b>    |                            |                   |                         |                   |                        |                       |                        |                          |                    |
| January 1, 2007                    | 1,309,539                  | 13,518,873        | 126,285,260             | 7,466,162         | 23,988,053             | 12,132,232            | 31,654,115             | -                        | 216,354,234        |
| Depreciation charge for the period | 68,739                     | 831,264           | 5,167,190               | 4,970,543         | 1,305,841              | 92,486                | 2,232,179              | -                        | 14,668,242         |
| Disposals                          | -                          | -                 | (222,589)               | (1,376,219)       | (1,858,974)            | (6,045)               | (329,873)              | -                        | (3,793,700)        |
| <b>September 30, 2007</b>          | <b>1,378,278</b>           | <b>14,350,137</b> | <b>131,229,861</b>      | <b>11,060,486</b> | <b>23,434,920</b>      | <b>12,218,673</b>     | <b>33,556,421</b>      | <b>-</b>                 | <b>227,228,776</b> |
| <b>Net carrying amount</b>         | <b>40,326,582</b>          | <b>44,958,208</b> | <b>32,611,514</b>       | <b>41,942,989</b> | <b>6,393,268</b>       | <b>1,284,852</b>      | <b>22,732,633</b>      | <b>20,312,606</b>        | <b>210,562,652</b> |

**Tangible assets held under finance lease**

The carrying amount of tangible assets held under finance leases at September 30, 2007 is TRY 27,265,385. Tangible assets under financial lease are pledged against the related financial liabilities.

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

Movements of property, plant and equipment during the period ended as of September 30, 2006 are as follows:

|                                    | Land and land improvements | Buildings  | Machinery and equipment | Motor vehicles | Furniture and fixtures | Other tangible assets | Leasehold improvements | Construction in progress | Total        |
|------------------------------------|----------------------------|------------|-------------------------|----------------|------------------------|-----------------------|------------------------|--------------------------|--------------|
| Cost                               |                            |            |                         |                |                        |                       |                        |                          |              |
| January 1, 2006                    | 6,956,684                  | 52,799,440 | 156,288,653             | 15,654,994     | 27,664,066             | 13,344,299            | 44,902,966             | 582,882                  | 318,193,984  |
| Additions                          | 141,506                    | 2,035,682  | 4,174,362               | 11,227,806     | 2,644,023              | 135,625               | 2,538,306              | 1,795,322                | 24,692,632   |
| Disposals                          | (27,099)                   | (24,208)   | (6,836,066)             | (1,748,506)    | (1,497,117)            | (311,041)             | (10,136)               | (216,678)                | (10,670,851) |
| September 30, 2006                 | 7,071,091                  | 54,810,914 | 153,626,949             | 25,134,294     | 28,810,972             | 13,168,883            | 47,431,136             | 2,161,526                | 332,215,765  |
| Accumulated depreciation           |                            |            |                         |                |                        |                       |                        |                          |              |
| January 1, 2006                    | 1,256,099                  | 12,381,837 | 128,684,046             | 5,414,933      | 24,394,325             | 12,271,266            | 29,426,450             | -                        | 213,828,956  |
| Depreciation charge for the period | 62,977                     | 833,191    | 5,002,890               | 3,459,701      | 976,877                | 67,940                | 2,662,244              | -                        | 13,065,820   |
| Disposals                          | (15,564)                   | (15,658)   | (6,444,983)             | (1,380,061)    | (1,457,512)            | (233,583)             | (3,210)                | -                        | (9,550,571)  |
| September 30, 2006                 | 1,303,512                  | 13,199,370 | 127,241,953             | 7,494,573      | 23,913,690             | 12,105,623            | 32,085,484             | -                        | 217,344,205  |
| Net carrying amount                | 5,767,579                  | 41,611,544 | 26,384,996              | 17,639,721     | 4,897,282              | 1,063,260             | 15,345,652             | 2,161,526                | 114,871,560  |

**Tangible assets held under finance lease**

The carrying amount of tangible assets held under finance leases at September 30, 2006 is TRY 25,313,209. Tangible assets under financial lease are pledged against the related financial liabilities.

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20. INTANGIBLE ASSETS

The intangible asset movement chart as of September 30, 2007 is as follows:

| Cost                               | Rights     | Patents and licenses | Franchise | Other intangible assets | Total      |
|------------------------------------|------------|----------------------|-----------|-------------------------|------------|
| January 1, 2007                    | 40,171,296 | 10,677,061           | 1,051,246 | 612,102                 | 52,511,705 |
| Additions                          | 387,073    | -                    | -         | 353,597                 | 740,670    |
| Disposals                          | -          | -                    | -         | -                       | -          |
| September 30, 2007                 | 40,558,369 | 10,677,061           | 1,051,246 | 965,699                 | 53,252,375 |
| Accumulated amortization           |            |                      |           |                         |            |
| January 1, 2007                    | 32,736,034 | 8,841,654            | 99,843    | 283,275                 | 41,960,806 |
| Amortization charge for the period | 857,744    | 174,612              | 105,422   | 52,678                  | 1,190,456  |
| Disposals                          | -          | -                    | -         | -                       | -          |
| September 30, 2007                 | 33,593,778 | 9,016,266            | 205,265   | 335,953                 | 43,151,262 |
| Net carrying amount                | 6,964,591  | 1,660,795            | 845,981   | 629,746                 | 10,101,113 |

The intangible asset movement chart as of September 30, 2006 is as follows:

| Cost                               | Rights     | Patents and licenses | Franchise | Other intangible assets | Total      |
|------------------------------------|------------|----------------------|-----------|-------------------------|------------|
| January 1, 2006                    | 38,883,027 | 10,677,061           | 1,051,246 | 442,134                 | 51,053,468 |
| Additions                          | 999,355    | -                    | -         | 98,980                  | 1,098,335  |
| Disposals                          | (97,929)   | -                    | -         | -                       | (97,929)   |
| September 30, 2006                 | 39,784,453 | 10,677,061           | 1,051,246 | 541,114                 | 52,053,874 |
| Accumulated amortization           |            |                      |           |                         |            |
| January 1, 2006                    | 31,663,485 | 8,219,674            | 26,281    | 215,164                 | 40,124,604 |
| Amortization charge for the period | 834,983    | 493,004              | 66,422    | 49,624                  | 1,444,033  |
| Disposals                          | (26,308)   | -                    | -         | -                       | (26,308)   |
| September 30, 2006                 | 32,472,160 | 8,712,678            | 92,703    | 264,788                 | 41,542,329 |
| Net carrying amount                | 7,312,293  | 1,964,383            | 958,543   | 276,326                 | 10,511,545 |

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**21. ADVANCES TAKEN**

|              | <b>September 30, 2007</b> | December 31, 2006 |
|--------------|---------------------------|-------------------|
| Short term   | <b>6,874,534</b>          | 2,291,152         |
| Long term    | <b>3,248,273</b>          | 2,319,040         |
| <b>Total</b> | <b>10,122,807</b>         | 4,610,192         |

**22. PENSION PLANS**

None (December 31, 2006: None).

**23. PROVISIONS**

|                              | <b>September 30, 2007</b> | December 31, 2006 |
|------------------------------|---------------------------|-------------------|
| <b>Short term</b>            |                           |                   |
| Income tax provision         | <b>3,332,786</b>          | 102,699           |
| Other                        | <b>517,000</b>            | 422,000           |
| Total short term             | <b>3,849,786</b>          | 524,699           |
| <b>Long term</b>             |                           |                   |
| Provision for retirement pay | <b>11,155,965</b>         | 9,988,682         |
| Other                        | <b>5,430,000</b>          | 5,114,000         |
| Total long term              | <b>16,585,965</b>         | 15,102,682        |
| <b>Total</b>                 | <b>20,435,751</b>         | 15,627,381        |

**Provision for Employee Termination Benefit**

In accordance with the existing labour legislation, the Company and its subsidiaries incorporated in Turkey are required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such payments are calculated on the basis of 30 days' pay (limited to a maximum of TRY 2,030.19 at September 30, 2007 and TRY 1,857.44 December 31, 2006, respectively) per year of employment at the rate of pay applicable at the date of retirement or termination.

For the companies established in Turkey, as of September 30, 2007 and December 31, 2006, financial statements reflect a liability calculated using the Projected Unit Method and based upon factors derived using their experience of personnel terminating their services and being eligible to receive retirement pay and discounted by using the current market yield on government bonds at the balance sheet date.

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

|  | <b>September 30, 2007</b> | December 31, 2006 |
|--|---------------------------|-------------------|
| Discount rate  | <b>11%</b>                | 11%               |
| Expected rates of salary/limit increases(inflation rate) | <b>5.71%</b>              | 5.71%             |

In addition, as of September 30, 2007 retirement pay liability provision was calculated as actuarial assumption considering the increase of maximum liability of TRY 2,030.19 for the related year in accordance with the inflation rate.

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

Retirement pay liability provision movements are as follows:

|                           | September 30, 2007 |
|---------------------------|--------------------|
| January 1, 2007           | 9,988,682          |
| Interest cost             | 824,066            |
| Charge for the period     | 1,554,004          |
| Retirement pay paid       | (1,210,787)        |
| <b>September 30, 2007</b> | <b>11,155,965</b>  |
|                           | September 30, 2006 |
| January 1, 2006           | 13,472,300         |
| Interest cost             | 1,212,587          |
| Charge for the period     | 1,938,390          |
| Paid                      | (1,378,197)        |
| <b>September 30, 2006</b> | <b>15,245,080</b>  |

#### 24. MINORITY INTEREST

Minority interest is separately classified in the financial statements.

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

|                                      | September 30, 2007 |        | December 31, 2006  |        |
|--------------------------------------|--------------------|--------|--------------------|--------|
|                                      | Paid-in capital    | %      | Paid-in capital    | %      |
| Yazıcı Families                      | 66,688,128         | 41.68  | 16,689,532         | 41.72  |
| Kamil Yazıcı Yönetim ve Danışma A.Ş. | 53,599,952         | 33.50  | 13,399,988         | 33.50  |
| Publicly traded                      | 39,711,920         | 24.82  | 9,910,480          | 24.78  |
| Historical share capital             | 160,000,000        | 100.00 | 40,000,000         | 100.00 |
| Restatement effect                   | -                  |        | 68,908,781         |        |
| <b>Total restated share capital</b>  | <b>160,000,000</b> |        | <b>108,908,781</b> |        |

(\*) The TRY 455,359 amount of the publicly traded portion (%0,285) is owned by Kamil Yazıcı Yönetim ve Danışma A.Ş.

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

Movement of paid in capital as at September 30, 2007 and December 31, 2006 is as follows (historical amounts in TRY):

|  | September 30, 2007 |             | December 31, 2006 |            |
|--|--------------------|-------------|-------------------|------------|
|  | Share              | Amount      | Share             | Amount     |
| Beginning (January 1)                          | 40,000,000         | 40,000,000  | 40,000,000        | 40,000,000 |
| Issued shares                                  |                    |             |                   |            |
| -Inflation restatement of shareholders' equity | 120,000,000        | 120,000,000 | -                 | -          |
| -Extraordinary reserves                        | -                  | -           | -                 | -          |
| -Income from sale of treasury stocks           | -                  | -           | -                 | -          |
| Ending   | 160,000,000        | 160,000,000 | 40,000,000        | 40,000,000 |

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

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

| Class          | Number of shares   | % of capital  | Number of members on board |
|----------------|--------------------|---------------|----------------------------|
| A (Bearer)     | 87,818,036         | 54.89         | 1                          |
| B (Registered) | 31,999,964         | 20.00         | 3                          |
| C (Registered) | 19,235,048         | 12.02         | 1                          |
| D (Registered) | 20,946,952         | 13.09         | 1                          |
| <b>Total</b>   | <b>160,000,000</b> | <b>100.00</b> | <b>6</b>                   |

**26. CAPITAL RESERVES**

As of September 30, 2007 and December 31, 2006, restated values of capital reserves which are included in equity and their restatement differences are as follows:

| Share Premiums     | Historical amount | Equity restatement differences | Restated amount |
|--------------------|-------------------|--------------------------------|-----------------|
| September 30, 2007 | 9,467,709         | -                              | 9,467,709       |
| December 31, 2006  | 9,467,525         | -                              | 9,467,525       |

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**27. PROFIT RESERVES**

**Legal Reserves**

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

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

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

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

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

The profits of subsidiaries, joint ventures and associates, that are included in the consolidated financial statements of the parent, are not considered in the calculation of the distributable profits, if the decision on profit distribution has not been taken in the general assemblies of the related subsidiaries, joint ventures and associates.

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

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**27. PROFIT RESERVES (cont'd)**

| <b>September 30, 2007</b> | <b>Historical amount</b> | <b>Equity restatement differences</b> | <b>Restated amount</b> |
|---------------------------|--------------------------|---------------------------------------|------------------------|
| Legal reserves            | 23,764,819               | 7,959,930                             | 31,724,749             |
| Statutory reserves        | 42,856                   | 356,718                               | 399,574                |
| Extraordinary reserves    | 190,041,771              | 96,852,186                            | 286,893,957            |
| Special reserves          | 16,601,181               | 16,556                                | 16,617,737             |

  

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

**28. ACCUMULATED PROFITS**

Accumulated profits are separately classified in the financial statements.

**29. FOREIGN CURRENCY POSITION**

Net foreign currency position for the Group (excluding bank) as of September 30, 2007 is approximately TRY 72,194,221 (December 31, 2006: TRY 87,205,575). Net foreign currency accounts, currency units and TRY equivalents are shown below. Net foreign currency of banking group is disclosed in Note 44.6.

| <b>September 30, 2007</b>            | <b>USD</b>          | <b>EUR</b>          | <b>Other</b>       | <b>Total</b>        |
|--------------------------------------|---------------------|---------------------|--------------------|---------------------|
| Cash and cash equivalents            | 3,232,411           | 25,511,606          | 33,013             | 28,777,030          |
| Trade receivables                    | 1,699,248           | 5,400,338           | 449,753            | 7,549,339           |
| Trade payables                       | (6,548,077)         | (3,329,794)         | (2,028,507)        | (11,906,378)        |
| Financial borrowings                 | (29,706,715)        | (66,907,497)        | -                  | (96,614,212)        |
| <b>Net foreign currency position</b> | <b>(31,323,133)</b> | <b>(39,325,347)</b> | <b>(1,545,741)</b> | <b>(72,194,221)</b> |

  

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



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**30. GOVERNMENT INCENTIVES AND GRANTS**

None

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

**Non-Banking**

Letters of guarantee given to suppliers, and custom offices are TRY 6,519,063 (December 31, 2006: TRY 7,712,287).

Collaterals given to banks for the loans of associates and other related parties are TRY 16,112 (December 31, 2006: TRY 7,044,112).

Letters of guarantee given to banks, suppliers, and custom offices by the joint venture are TRY 11,207,340 (December 31, 2006: TRY 7,540,266).

Total letter of credits amount to TRY 932,880 (December 31, 2006: TRY 1,194,366).

ABH has service agreement liabilities for 1 to 2 years with its customers.

The Group's guarantee, letters of guarantee, cheques and notes of guarantee, mortgage and other guarantees received from its customers in consideration of its receivables amount to TRY 50,815,401, TRY 1,547,584, TRY 12,701,168 and TRY 859,410 respectively (December 31, 2006: TRY 46,498,597, TRY 1,604,621, TRY 11,525,618 ve TRY 275,150).

The subsidiary AEH has undertaken the obligation of preserving the corporate presence, and supporting to fulfil the financial and fiscal liabilities during its contract period with McDonald's.

**Banking**

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

|                             | <b>September 30, 2007</b> | December 31, 2006 |
|-----------------------------|---------------------------|-------------------|
| Letters of guarantees       |                           |                   |
| - issued by ABank           | <b>947,256,000</b>        | 755,310,000       |
| Letters of credit           | <b>198,094,000</b>        | 159,917,000       |
| Acceptance credits          | <b>29,030,000</b>         | 19,342,000        |
| Other                       | <b>5,397,000</b>          | 9,567,000         |
| <b>Total non-cash loans</b> | <b>1,179,777,000</b>      | 944,136,000       |
| Other commitments (*)       | <b>644,304,000</b>        | 400,180,000       |
| <b>Total</b>                | <b>1,824,081,000</b>      | 1,344,316,000     |

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

As of September 30, 2007 and December 31, 2006, ALease has no letters of guarantees given for funds borrowed from banks and various leasing transactions.

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

##### Banking (cont'd)

###### **Blocked Assets**

As of September 30, 2007, the nominal values of the TRY denominated assets held by the Group in fiduciary, agency or custodian capacities amounted to TRY 594,428,000 (December 31, 2006: TRY 231,299,000) and foreign currency denominated assets amounted to TRY 46,669,000 (December 31, 2006: TRY 41,084,000).

###### Litigation

Damages claimed in the suits filed against the Group amount to TRY 608,000 (December 31, 2006: TRY 119,000), as of September 30, 2007. These mainly include matters relating to personal claims of customers and former employees of ABank. Although the outcome of these matters can not always be ascertained with precision, the Management, based on professional advice and also considering ABank's insurance coverage believes that no material liabilities are likely to result. Consequently, no provision has been provided for.

###### **Other**

The Group manages six open-ended investment funds which were established under the regulations of the Turkish Capital Board. In accordance with the funds' charters, ABank purchases and sells marketable securities on behalf of funds, markets their participation certificates and provides other services in return for a management fee and undertakes management responsibility for their operations.

#### 32. BUSINESS COMBINATIONS

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

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33. SEGMENTAL INFORMATION

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

| Thousand TRY<br>September 30, 2007 | Financial<br>institutions | Automotive     | Writing<br>materials and<br>stationery | Food           | Other         | Unallocated    | Elimination     | Consolidated   |
|------------------------------------|---------------------------|----------------|--|----------------|---------------|----------------|-----------------|----------------|
| Sales to third-parties             | 120,186                   | 362,855        | 64,912                                 | 209,536        | 33,517        | 7,786          | -               | 798,792        |
| Inter-segment sales                | (909)                     | 13,961         | 712                                    | 7              | 6,490         | 4,323          | (24,584)        | -              |
| <b>Total Sales</b>                 | <b>119,277</b>            | <b>376,816</b> | <b>65,624</b>                          | <b>209,543</b> | <b>40,007</b> | <b>12,109</b>  | <b>(24,584)</b> | <b>798,792</b> |
| <b>Gross Operating Income</b>      | <b>119,277</b>            | <b>97,214</b>  | <b>33,935</b>                          | <b>32,655</b>  | <b>6,483</b>  | <b>12,110</b>  | <b>(6,074)</b>  | <b>295,600</b> |
| <b>Net Operating Income</b>        | <b>74,061</b>             | <b>33,856</b>  | <b>20,703</b>                          | <b>5,560</b>   | <b>2,400</b>  | <b>(4,184)</b> | <b>(6,074)</b>  | <b>126,322</b> |
| Other income (*)                   | 24,019                    | 24,402         | 2,157                                  | 6,117          | 982           | 184,412        | -               | 242,089        |
| Other expense                      | (7,358)                   | (8,756)        | (2,793)                                | (2,614)        | (807)         | (8,231)        | -               | (30,559)       |
| Finance expense                    | (9,888)                   | (11,526)       | (2,163)                                | (1,065)        | (143)         | (2,019)        | -               | (26,804)       |
| Income tax expense                 | (10,498)                  | (4,832)        | (3,026)                                | -              | (352)         | (713)          | -               | (19,421)       |
| Minority expense                   | (3,683)                   | (3,329)        | -                                      | -              | -             | (63,008)       | -               | (70,020)       |
| <b>Net Period Income</b>           | <b>66,653</b>             | <b>29,815</b>  | <b>14,878</b>                          | <b>7,998</b>   | <b>2,080</b>  | <b>106,257</b> | <b>(6,074)</b>  | <b>221,607</b> |
| Total Assets                       | 2,440,760                 | 302,250        | 83,243                                 | 149,025        | 8,397         | 1,516,115      | (573,942)       | 3,925,848      |
| Total Liabilities                  | 2,108,679                 | 152,237        | 46,371                                 | 33,089         | 10,254        | 35,797         | -               | 2,386,427      |
| Fixed asset purchases              | 8,725                     | 44,224         | 889                                    | 13,968         | 1,361         | 34,348         | -               | 103,515        |
| Depreciation and amortization      | 1,902                     | 7,156          | 1,176                                  | 4,444          | 392           | 788            | -               | 15,858         |

(\*) Income recognized due to equity pick up adjustment from Anadolu Efes and Anadolu Isuzu that amounts for KTRY 148,869 recorded to other income in unallocated segment.

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33. SEGMENTAL INFORMATION (cont'd)

| Thousand TRY<br>September 30, 2006 | Financial<br>institutions | Automotive | Writing<br>materials and<br>stationery | Food    | Other   | Unallocated | Elimination | Consolidated |
|------------------------------------|---------------------------|------------|--|---------|---------|-------------|-------------|--------------|
| Sales to third-parties             | 113,078                   | 378,847    | 54,973                                 | 195,304 | 32,347  | 9,253       | -           | 783,802      |
| Inter-segment sales                | (1,482)                   | 33,372     | 4,008                                  | -       | 999     | 2,416       | (39,313)    | -            |
| Total Sales                        | 111,596                   | 412,219    | 58,981                                 | 195,304 | 33,346  | 11,669      | (39,313)    | 783,802      |
| Gross Operating Income             | 111,596                   | 92,099     | 28,992                                 | 20,582  | 6,178   | 11,669      | (11,011)    | 260,105      |
| Net Operating Income               | 86,887                    | 25,739     | 20,695                                 | (3,302) | 5,848   | (389)       | (11,011)    | 124,468      |
| Other income (*)                   | 14,744                    | 18,088     | 952                                    | 3,424   | 1,618   | 121,674     | -           | 160,500      |
| Other expense (**)                 | (12,238)                  | (7,042)    | (1,409)                                | (3,190) | (4,154) | (2,397)     | -           | (30,430)     |
| Finance expense                    | (35,110)                  | (16,166)   | (2,280)                                | (1,313) | (93)    | (9,525)     | -           | (64,487)     |
| Income tax expense                 | (9,425)                   | (3,191)    | (1,428)                                | -       | (473)   | (2,457)     | -           | (16,974)     |
| Minority expense                   | 599                       | 1,972      | -                                      | -       | -       | (37,233)    | -           | (34,662)     |
| Net Period Income                  | 45,457                    | 19,400     | 16,530                                 | (4,381) | 2,746   | 69,674      | (11,011)    | 138,415      |
| Total Assets                       | 2,073,584                 | 216,037    | 78,646                                 | 113,799 | 34,559  | 1,381,181   | (563,507)   | 3,334,299    |
| Total Liabilities                  | 1,831,446                 | 97,439     | 29,150                                 | 34,845  | 9,838   | 43,635      | -           | 2,046,353    |
| Fixed asset purchases              | 1,760                     | 13,898     | 3,537                                  | 5,162   | 1,273   | 160         | -           | 25,790       |
| Depreciation and amortization      | 1,581                     | 5,505      | 1,184                                  | 5,483   | 192     | 565         | -           | 14,510       |

(\*) Income recognized due to equity pick up adjustment that amounts for KTRY 99,473 recorded to other income in unallocated segment.

(\*\*) Expense recognized due to equity pick up adjustment that amounts for KTRY 314 recorded to other expense in unallocated segment.

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**33. SEGMENTAL INFORMATION (cont'd)**

**Geographical Segments**

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

Investment in associates and joint ventures: Company's effective participation rate for Anadolu Efes is 36.23% (December 31, 2006: 36.23%). The operations of Anadolu Efes and its subsidiaries consist of production, distribution and marketing of beer under a number of trademarks and bottling of soft drinks under Coca Cola trademark principally in Turkey, East Europe and Middle Asia. The result of these operations, as of September 30, 2007 and September 30, 2006 are reflected in "other income and expenses" line of the consolidated income statement as TRY 143,020,438 and TRY 92,931,394 respectively.

**34. SUBSEQUENT EVENTS**

In its board of directors meeting on October 2, 2007, Abank decided to increase the paid-in-capital from TRY 224,264,890 to TRY 300,000,000 through a rights issue. AEH decided to participate in this capital increase with TRY 58,709,543, in line with its shareholding rate in ABank, and also to use the unutilized preemptive rights of the other shareholders of Abank. Çelik Motor and Anadolu Motor, which have corresponding 7.79% and 1.34 % shares in ABank, will participate in this capital increase with TRY 5,902,049 and TRY 1,015,034.

In its board of directors meeting on October 16, 2007, AEH decided to participate in the newly established Anadolu Taşıt Ticaret A.Ş. (Anadolu Taşıt), which will be involved automotive trade, with 249,996 shares (each with a nominal value of TRY 1,00) constituting 99.9% of the total shares. Also the Company, Özilhan Sınai, Anadolu Motor and Anadolu Bilişim each decided to participate in Anadolu Taşıt with 1 share.

Anadolu Taşıt applied to EPDK (energy sector regulatory authority), for participating in the licensing tenders of wind-powered energy plants, for a total size of 227,5 MW.

In its board of directors meeting on October 26, 2007, AEH decided to participate in the newly established Anadolu Araçlar Ticaret A.Ş. (Anadolu Araçlar), which will be involved automotive trade, with 249,996 shares (each with a nominal value of TRY 1,00) constituting 99.9% of the total shares. Also the Company, Özilhan Sınai, Anadolu Motor and Anadolu Bilişim each decided to participate in Anadolu Taşıt with 1 share.

Regulatory approval regarding the transfer of 25% shares of D Tes Elektrik Enerjisi Toptan Satış A.Ş. from Doğan Şirketler Grubu Holding A.Ş. to AEH was granted on November 1, 2007 and the related transactions were closed as of same date.

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**35. DISCONTINUED OPERATIONS**

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

**36. OPERATING INCOME**

| <b>GROSS OPERATING PROFIT</b>                     | <b>September 30, 2007</b> | September 30, 2006 |
|---|---------------------------|--------------------|
| Non-banking                                       |                           |                    |
| Revenue net off cost of sales                     | <b>155,049,704</b>        | 129,559,197        |
| Service Income (*)                                | <b>20,363,998</b>         | 17,468,408         |
| Banking – net interest and banking service income | <b>120,185,666</b>        | 113,078,147        |
| <b>Total</b>                                      | <b>295,599,368</b>        | 260,105,752        |

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

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

|  | <b>September 30, 2007</b> | September 30, 2006 |
|--|---------------------------|--------------------|
| <b>Depreciation of tangibles and amortization of intangibles</b> |                           |                    |
| Cost of sales  | <b>5,090,114</b>          | 5,573,909          |
| General administrative expenses                                  | <b>9,919,975</b>          | 8,508,225          |
| Selling and marketing expenses                                   | <b>848,609</b>            | 427,719            |
| <b>Total</b>   | <b>15,858,698</b>         | 14,509,853         |

The breakdown of payroll expenses recorded to income statement is as follows:

|                                 | <b>September 30, 2007</b> | September 30, 2006 |
|---------------------------------|---------------------------|--------------------|
| <b>Personnel expenses</b>       |                           |                    |
| Cost of sales                   | <b>33,810,412</b>         | 26,801,345         |
| General administrative expenses | <b>70,699,822</b>         | 56,471,223         |
| Selling and marketing expenses  | <b>8,091,202</b>          | 6,354,669          |
| <b>Total</b>                    | <b>112,601,436</b>        | 89,627,237         |

**37. OPERATING EXPENSES**

|              | <b>September 30, 2007</b> | September 30, 2006 |
|--------------|---------------------------|--------------------|
| Non-banking  | <b>121,849,002</b>        | 111,216,390        |
| Banking      | <b>47,428,265</b>         | 24,421,136         |
| <b>Total</b> | <b>169,277,267</b>        | 135,637,526        |

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37. OPERATING EXPENSES (cont'd)

Non-Banking

|                                   | September 30, 2007 | September 30, 2006 |
|-----------------------------------|--------------------|--------------------|
| General administrative expenses   | 61,337,462         | 55,286,512         |
| Selling and marketing expenses    | 60,221,990         | 55,794,149         |
| Research and development expenses | 289,550            | 135,729            |
| <b>Total</b>                      | <b>121,849,002</b> | <b>111,216,390</b> |

Banking

|                                 | September 30, 2007 | September 30, 2006 |
|---------------------------------|--------------------|--------------------|
| General administrative expenses | 34,132,065         | 17,560,136         |
| Foreign currency losses, net    | 13,296,200         | 6,861,000          |
| <b>Total</b>                    | <b>47,428,265</b>  | <b>24,421,136</b>  |

38. OTHER OPERATING INCOME/EXPENSE AND GAIN/LOSS

38.1 OTHER OPERATING INCOME AND GAIN

|   | September 30, 2007 | September 30, 2006 |
|---|--------------------|--------------------|
| Income from associates                          | 148,869,242        | 99,473,087         |
| Gain on sale of investment in associate (*)     | 18,962,278         | -                  |
| Gains from capital market transactions          | -                  | -                  |
| Foreign exchange gain                           | 40,148,205         | 29,047,459         |
| Dividend income                                 | 921                | 151,757            |
| Interest income                                 | 8,410,553          | 11,208,521         |
| Gain on sale of property, plant and equipment   | 1,115,128          | 322,644            |
| Reversal of provision for loan and other losses | 5,737,927          | 10,027,536         |
| Transportation income                           | 1,122,645          | 1,373,063          |
| Rent income                                     | 432,587            | 71,377             |
| Insurance damage income                         | 779,579            | 1,067,895          |
| After sales service income                      | 3,653,734          | 3,057,967          |
| Commission income                               | 2,449,156          | 1,659,952          |
| Distributor contribution share                  | 1,493,105          | 1,333,873          |
| Other   | 8,914,093          | 1,704,837          |
| <b>Total</b>                                    | <b>242,089,153</b> | <b>160,499,968</b> |

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

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

**38.2 OTHER OPERATING EXPENSE AND LOSS**

|   | <b>September 30, 2007</b> | September 30, 2006 |
|---|---------------------------|--------------------|
| Foreign exchange loss                           | <b>18,344,512</b>         | 6,848,749          |
| Donation  | <b>651,353</b>            | 1,350,000          |
| Losses from capital market transactions         | <b>132,000</b>            | 14,200,000         |
| Discount interest expense                       | <b>1,455,360</b>          | 1,124,396          |
| Losses on sale of property, plant and equipment | <b>626,564</b>            | 197,885            |
| Loss from associates                            | <b>1,107</b>              | 314,417            |
| Other   | <b>9,348,045</b>          | 6,394,025          |
| <b>Total</b>                                    | <b>30,558,941</b>         | 30,429,472         |

**39. FINANCE EXPENSES**

|                       | <b>September 30, 2007</b> | September 30, 2006 |
|-----------------------|---------------------------|--------------------|
| Interest expenses     | <b>22,906,639</b>         | 14,423,103         |
| Foreign exchange loss | <b>2,707,083</b>          | 47,783,721         |
| Other                 | <b>1,190,890</b>          | 2,280,041          |
| <b>Total</b>          | <b>26,804,612</b>         | 64,486,865         |

**40. MONETARY GAIN/LOSS**

The CMB has ceased the application of inflation accounting as of January 1, 2005. Therefore there is no monetary gain or loss recognized in the consolidated income statement for the six month periods ended September 30, 2007 and September 30, 2006.



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**41. TAXATION**

|                      | <b>September 30, 2007</b> | September 30, 2006 |
|----------------------|---------------------------|--------------------|
| Current tax expense  | <b>7,593,947</b>          | 10,525,302         |
| Deferred tax expense | <b>11,827,500</b>         | 6,449,282          |
| <b>Total</b>         | <b>19,421,447</b>         | 16,974,584         |

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

The corporation tax rate for the fiscal year is 20% in Turkey (2006 - 20%). Corporate tax returns are required to be filed until the fifteenth of the fourth month following the balance sheet date and paid in one installment until the end of the related month. The tax legislation provides for a provisional tax of 20% (2006 – 20%) to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the fiscal year.

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

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

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

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**42. EARNING PER SHARE**

|                                   | September 30, 2007 | September 30, 2006 |
|-----------------------------------|--------------------|--------------------|
| Net profit                        | 221,607,110        | 138,415,126        |
| Weighted average number of shares | 160,000,000        | 160,000,000        |
| Earnings per share                | 1,3850             | 0,8651             |

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

**43. CASH FLOW STATEMENT**

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

**44. OTHER ISSUES**

**44.1 RESERVE DEPOSITS AT CENTRAL BANK**

|                                  | September 30, 2007 | December 31, 2006 |
|----------------------------------|--------------------|-------------------|
| Reserve Deposits at Central Bank |                    |                   |
| - New Turkish Lira               | -                  | 1,289,000         |
| - Foreign Currency               | 78,227,000         | 59,999,000        |
| <b>Total</b>                     | <b>78,227,000</b>  | <b>61,288,000</b> |

According to the regulations of the Central Bank, banks are obliged to reserve a portion of certain liability accounts as specified in the related decree. Such reserves are deposited with the Central Bank.

As of September 30, 2007 and December 31, 2006, reserve deposit rates applicable for the TRY and foreign currency deposits are 6.00% and 11.00% respectively.

As of September 30, 2007, the interest rates applied for TRY and foreign currency reserve deposits are 12.93% and 2.33% (December 31, 2006: 13.12% and 2.52%) respectively.

**44.2 BANKING LOANS**

|  | September 30, 2007   |                     |                                |                      | Effective interest rate |                     |                                |
|--|----------------------|---------------------|--------------------------------|----------------------|-------------------------|---------------------|--------------------------------|
|  | Amount               |                     |                                | Total                | TRY                     | Foreign<br>currency | Foreign<br>currency<br>indexed |
|  | TRY                  | Foreign<br>currency | Foreign<br>currency<br>indexed |                      |                         |                     |                                |
| Corporate loans (*)                    | 999,092,897          | 300,611,007         | 455,582,000                    | 1,755,285,904        | 23.86%                  | 7.56%               | 8.15%                          |
| Consumer loans                         | 12,952,000           | -                   | 527,000                        | 13,479,000           | 24.04%                  | -                   | 8.78%                          |
| <b>Total performing loans</b>          | <b>1,012,044,897</b> | <b>300,611,007</b>  | <b>456,109,000</b>             | <b>1,768,764,904</b> |                         |                     |                                |
| Loans in arrears                       | 56,238,000           | -                   | -                              | 56,238,000           | -                       | -                   | -                              |
| Less: Reserve for possible loan losses | (49,612,000)         | -                   | -                              | 49,612,000           | -                       | -                   | -                              |
| <b>Total</b>                           | <b>1,018,670,897</b> | <b>300,611,007</b>  | <b>456,109,000</b>             | <b>1,775,390,904</b> |                         |                     |                                |

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44. OTHER ISSUES (cont'd)

44.2 BANKING LOANS cont'd)

|  | December 31, 2006 |                     |                                |               | Effective interest rate |                     |                                |
|--|-------------------|---------------------|--------------------------------|---------------|-------------------------|---------------------|--------------------------------|
|  | Amount            |                     |                                |               |                         |                     |                                |
|  | TRY               | Foreign<br>currency | Foreign<br>currency<br>indexed | Total         | TRY                     | Foreign<br>currency | Foreign<br>currency<br>indexed |
| Corporate loans (*)                    | 748,067,440       | 264,533,274         | 315,587,000                    | 1,328,187,714 | 24.7%                   | 7.7%                | 8.1%                           |
| Consumer loans                         | 18,360,000        | -                   | 2,064,000                      | 20,424,000    | 21.1%                   | -                   | 7.6%                           |
| Total performing loans                 | 766,427,440       | 264,533,274         | 317,651,000                    | 1,348,611,714 |                         |                     |                                |
| Loans in arrears                       | 38,050,000        | -                   | -                              | 38,050,000    | -                       | -                   | -                              |
| Less: Reserve for possible loan losses | (41,887,000)      | -                   | -                              | (41,887,000)  | -                       | -                   | -                              |
| Total                                  | 762,590,440       | 264,533,274         | 317,651,000                    | 1,344,774,714 |                         |                     |                                |

(\*) Corporate loans include restructured loans which amount to TRY 6,319,000 (December 31, 2006: TRY 6,474,000).

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

|  | September 30, 2007 | September 30, 2006 |
|--|--------------------|--------------------|
| Reserve at beginning of year                 | 41,887,000         | 31,387,000         |
| Provision for possible loan losses           | 13,866,763         | 11,978,000         |
| Collections                                  | (5,984,060)        | (10,345,000)       |
| Loans written off and sold during the period | (157,703)          | (185,000)          |
| <b>Reserve at the end of period</b>          | <b>49,612,000</b>  | <b>32,835,000</b>  |

ABank classified separately loans that have been restructured through medium to long-term agreements signed by related borrowers. As of September 30, 2007 interest accrued on the restructured loans amounted to TRY 1,647,000 (December 31, 2006: TRY 2,412,000).

Provision for doubtful loans includes TRY 12,696,000 (December 31, 2006: TRY 9,461,000) provided on a portfolio basis as of September 30, 2007.

As of September 30, 2007, loans and advances on which interest is not being accrued or where interest is suspended amounted to TRY 56,238,000 (December 31, 2006: TRY 38,050,000).

The TRY 1,495,470,339 amount of 'Banking Loans' covers (December 31, 2006: TRY 1,154,726,791) current loans and TRY 279,920,565 amount covers (December 31, 2006: TRY 190,047,923) non-current loans.

44.3 DEPOSITS

Deposits from other banks

|        | September 30, 2007 |                     |                         |                     | December 31, 2006 |                     |                         |                     |
|--------|--------------------|---------------------|-------------------------|---------------------|-------------------|---------------------|-------------------------|---------------------|
|        | Amount             |                     | Effective interest rate |                     | Amount            |                     | Effective interest rate |                     |
|        | TRY                | Foreign<br>currency | TRY                     | Foreign<br>currency | TRY               | Foreign<br>currency | TRY                     | Foreign<br>Currency |
| Demand | 46,000             | 11,862,000          | -                       | -                   | 50,000            | 33,000              | -                       | -                   |
| Time   | 3,518,000          | -                   | 17.46%                  | -                   | 6,041,000         | -                   | 18.54%                  | -                   |
| Total  | 3,564,000          | 11,862,000          |                         |                     | 6,091,000         | 33,000              |                         |                     |

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## 44. OTHER ISSUES (cont'd)

## 44.3 DEPOSITS (cont'd)

## Customer deposits

|   | September 30, 2007 |                    |                         |                  | December 31, 2006  |                    |                         |                  |
|---|--------------------|--------------------|-------------------------|------------------|--------------------|--------------------|-------------------------|------------------|
|   | Amount             |                    | Effective interest rate |                  | Amount             |                    | Effective interest rate |                  |
|   | TRY                | Foreign currency   | TRY                     | Foreign currency | TRY                | Foreign currency   | TRY                     | Foreign Currency |
| <b>Saving Demand Time</b>               | 9,426,000          | 20,498,000         | -                       | -                | 8,716,000          | 22,174,000         | -                       | -                |
|   | 432,034,000        | 351,540,000        | 18.84%                  | %5.31            | 366,335,000        | 288,334,000        | 20.64%                  | 5.20%            |
| <b>Total</b>                            | <b>441,460,000</b> | <b>372,038,000</b> |                         |                  | <b>375,051,000</b> | <b>310,508,000</b> |                         |                  |
| <b>Commercial and other Demand Time</b> | 49,498,628         | 52,325,378         | -                       | -                | 31,366,578         | 55,370,136         | -                       | -                |
|   | 231,884,644        | 137,177,781        | 17.81%                  | %4.69            | 168,727,822        | 132,010,666        | 18.89%                  | 4.56%            |
| <b>Total</b>                            | <b>281,383,272</b> | <b>189,503,159</b> |                         |                  | <b>200,094,400</b> | <b>187,380,802</b> |                         |                  |
| <b>Total</b>                            | <b>722,843,272</b> | <b>561,541,159</b> |                         |                  | <b>575,145,400</b> | <b>497,888,802</b> |                         |                  |

## Other money market deposits

|   | September 30, 2007 |                  |                         |                  | December 31, 2006 |                  |                         |                  |
|---|--------------------|------------------|-------------------------|------------------|-------------------|------------------|-------------------------|------------------|
|   | Amount             |                  | Effective interest rate |                  | Amount            |                  | Effective interest rate |                  |
|   | TRY                | Foreign currency | TRY                     | Foreign currency | TRY               | Foreign Currency | TRY                     | Foreign Currency |
| <b>Obligations under repurchase agreements:</b> |                    |                  |                         |                  |                   |                  |                         |                  |
| -Due to customers                               | 11,528,000         | -                | 16.01%                  | -                | 9,281,000         | -                | 16.73%                  | -                |
| -Due to banks                                   | -                  | -                | -                       | -                | 964,000           | -                | 16.65%                  | -                |
|   | 11,528,000         | -                |                         |                  | 10,245,000        | -                |                         |                  |
| <b>Inter-bank deposits</b>                      | <b>8,800,000</b>   | <b>-</b>         | <b>16.86%</b>           | <b>-</b>         | <b>13,438,000</b> | <b>-</b>         | <b>18.03%</b>           | <b>-</b>         |
| <b>Other money market deposits</b>              | <b>-</b>           | <b>-</b>         | <b>-</b>                | <b>-</b>         | <b>-</b>          | <b>-</b>         | <b>-</b>                | <b>-</b>         |
| <b>Total</b>                                    | <b>20,328,000</b>  | <b>-</b>         |                         |                  | <b>23,683,000</b> | <b>-</b>         |                         |                  |

The TRY 1,320,138,431 amount of 'Deposits' covers current loans (December 31, 2006: TRY 1,102,824,202) and there is not any long term loan (December 31, 2006: TRY 17,000).

## 44.4 FUNDS BORROWED

|                             | September 30, 2007 |                    |                         |                  | December 31, 2006  |                    |                         |                  |
|-----------------------------|--------------------|--------------------|-------------------------|------------------|--------------------|--------------------|-------------------------|------------------|
|                             | Amount             |                    | Effective interest rate |                  | Amount             |                    | Effective interest rate |                  |
|                             | TRY                | Foreign currency   | TRY                     | Foreign currency | TRY                | Foreign currency   | TRY                     | Foreign currency |
| <b>Short-term</b>           | <b>46,433,669</b>  | <b>332,325,908</b> |                         |                  | <b>46,421,747</b>  | <b>414,304,254</b> |                         |                  |
| Fixed interest              | 46,433,669         | 133,579,470        | 15.56%-23.80%           | 4.90%-7.19%      | 46,421,747         | 208,775,496        | 13.72%-23.05%           | 4.82%-7.30%      |
| Floating interest           | -                  | 198,746,438        | -                       | 5.33%-7.76%      | -                  | 205,528,758        | -                       | 4.93%-7.37%      |
| <b>Medium-long term</b>     | <b>2,503,570</b>   | <b>299,948,261</b> |                         |                  | <b>2,186,321</b>   | <b>271,281,678</b> |                         |                  |
| Fixed interest              | 2,503,570          | 7,084,000          | 19.70%-23.80%           | 5.19%            | 2,186,321          | 5,694,000          | 23.80%                  | 6.51%            |
| Floating interest           | -                  | 292,864,261        | -                       | 5.51%-7.58%      | -                  | 265,587,678        | -                       | 5.15%-7.91%      |
| <b>Total</b>                | <b>48,937,239</b>  | <b>632,274,169</b> |                         |                  | <b>48,608,068</b>  | <b>685,585,932</b> |                         |                  |
| <b>Total funds borrowed</b> | <b>681,211,408</b> |                    |                         |                  | <b>734,194,000</b> |                    |                         |                  |

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

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

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

|              | September 30, 2007 |                    | December 31, 2006 |               |
|--------------|--------------------|--------------------|-------------------|---------------|
|              | Fixed rate         | Floating rate      | Fixed rate        | Floating rate |
| 2007         | <b>618,000</b>     | -                  | 1,383,000         | -             |
| 2008         | <b>7,827,826</b>   | <b>189,080,714</b> | 6,497,321         | 209,842,326   |
| 2009         | <b>1,142,000</b>   | <b>32,962,905</b>  | -                 | 6,423,122     |
| 2010         | -                  | <b>7,853,727</b>   | -                 | 6,423,122     |
| 2011         | -                  | <b>11,994,681</b>  | -                 | 3,597,408     |
| 2012         | -                  | <b>50,971,978</b>  | -                 | 38,732,700    |
| Later        | -                  | -                  | -                 | 569,000       |
| <b>Total</b> | <b>9,587,826</b>   | <b>292,864,005</b> | 7,880,321         | 265,587,678   |

Letters of guarantee denominated in foreign currency, TRY equivalent of which amounts to TRY 3,504,742 (December 31, 2006: TRY 3,802,000) were given to the lending institutions as collateral against the loans obtained.

As of September 30, 2007 TRY 2,698,528 (December 31, 2006: None) is borrowed by issuing promissory note to the related bank.

TRY amount of 378,759,577 'Funds Borrowed' covers (December 31, 2006: TRY 460,726,001) current deposits and TRY 302,451,831 amount covers (December 31, 2006: TRY 273,467,999) non-current deposits.

**44.5 DERIVATIVES**

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

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

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44. OTHER ISSUES (cont'd)

44.5 DERIVATIVES (cont'd)

The fair value of derivative financial instruments is calculated by using forward exchange rates at the balance sheet date. In the absence of reliable forward rate estimations in a volatile market, current market rate is considered to be the best estimate of the present value of the forward exchange rates.

| September 30, 2007           |                   |                        |  |                    |                    |                    |                    |                   |                   |
|------------------------------|-------------------|------------------------|--|--------------------|--------------------|--------------------|--------------------|-------------------|-------------------|
|                              | Fair value assets | Fair value liabilities | Notional amount in New Turkish Lira equivalent | Up to 1 month      | 1 to 3 months      | 3 to 6 months      | 6 to 12 months     | 1 to 5 years      | More than 5 years |
| Derivatives held for trading |                   |                        |  |                    |                    |                    |                    |                   |                   |
| Forward purchase contract    | 3,914,000         | 180,000                | 79,562,000                                     | 32,432,000         | 21,439,000         | 14,182,000         | 8,314,000          | 3,195,000         | -                 |
| Forward sale contract        | -                 | 1,798,000              | 76,819,000                                     | 31,849,000         | 20,838,000         | 13,616,000         | 8,096,000          | 2,420,000         | -                 |
| Currency swap purchase       | 159,000           | 463,000                | 419,173,000                                    | 277,688,000        | -                  | 93,085,000         | 48,400,000         | -                 | -                 |
| Currency swap sale           | -                 | 19,136,000             | 446,289,000                                    | 277,780,000        | -                  | 109,474,000        | 59,035,000         | -                 | -                 |
| Futures purchase             | -                 | 2,585,000              | 124,077,000                                    | -                  | 124,077,000        | -                  | -                  | -                 | -                 |
| Futures sale                 | -                 | -                      | 126,662,000                                    | -                  | 126,662,000        | -                  | -                  | -                 | -                 |
| Futures interest purchase    | -                 | -                      | -  | -                  | -                  | -                  | -                  | -                 | -                 |
| Futures interest sale        | -                 | -                      | -  | -                  | -                  | -                  | -                  | -                 | -                 |
| Option purchase              | 325,000           | 1,535,000              | 129,288,000                                    | 25,200,000         | 49,836,000         | 33,452,000         | 15,960,000         | 4,840,000         | -                 |
| Option sale                  | 1,185,000         | 341,000                | 129,708,000                                    | 25,172,000         | 49,834,000         | 32,502,000         | 15,960,000         | 6,240,000         | -                 |
| Interest Swap Purchase       | 267,000           | -                      | 24,200,000                                     | 12,100,000         | 12,100,000         | -                  | -                  | -                 | -                 |
| Interest Swap Sale           | 7,000             | 2,407,000              | 26,380,000                                     | 13,240,000         | 13,140,000         | -                  | -                  | -                 | -                 |
| <b>Total</b>                 | <b>5,857,000</b>  | <b>28,445,000</b>      | <b>1,582,158,000</b>                           | <b>695,461,000</b> | <b>417,926,000</b> | <b>296,311,000</b> | <b>155,765,000</b> | <b>16,695,000</b> | <b>-</b>          |

  

| December 31, 2006            |                   |                        |  |                      |                    |                    |                    |                   |                   |
|------------------------------|-------------------|------------------------|--|----------------------|--------------------|--------------------|--------------------|-------------------|-------------------|
|                              | Fair value assets | Fair value liabilities | Notional amount in New Turkish Lira equivalent | Up to 1 month        | 1 to 3 months      | 3 to 6 months      | 6 to 12 months     | 1 to 5 years      | More than 5 years |
| Derivatives held for trading |                   |                        |  |                      |                    |                    |                    |                   |                   |
| Forward purchase contract    | 2,420,000         | 36,000                 | 72,585,000                                     | 17,245,000           | 28,190,000         | 17,356,000         | 9,794,000          | -                 | -                 |
| Forward sale contract        | -                 | 180,000                | 67,900,000                                     | 16,486,000           | 26,293,000         | 16,035,000         | 9,086,000          | -                 | -                 |
| Currency swap purchase       | 268,000           | 409,000                | 626,950,000                                    | 499,541,000          | 49,688,000         | 28,262,000         | 49,459,000         | -                 | -                 |
| Currency swap sale           | -                 | 9,807,000              | 643,345,000                                    | 499,651,000          | 53,108,000         | 30,448,000         | 60,138,000         | -                 | -                 |
| Futures purchase             | -                 | 551,000                | 18,220,000                                     | -                    | 18,220,000         | -                  | -                  | -                 | -                 |
| Futures sale                 | -                 | -                      | 18,771,000                                     | -                    | 18,771,000         | -                  | -                  | -                 | -                 |
| Futures interest purchase    | -                 | -                      | -  | -                    | -                  | -                  | -                  | -                 | -                 |
| Futures interest sale        | -                 | -                      | -  | -                    | -                  | -                  | -                  | -                 | -                 |
| Option purchase              | 301,000           | 720,000                | 162,093,000                                    | 84,762,000           | 61,571,000         | 13,521,000         | 2,239,000          | -                 | -                 |
| Option sale                  | 699,000           | 356,000                | 162,594,000                                    | 85,245,000           | 61,584,000         | 13,526,000         | 2,239,000          | -                 | -                 |
| Sswap purchase               | 149,000           | -                      | 28,262,000                                     | -                    | -                  | -                  | -                  | 28,262,000        | -                 |
| Swap sale                    | 2,883,000         | -                      | 26,380,000                                     | -                    | -                  | -                  | -                  | 26,380,000        | -                 |
| <b>Total</b>                 | <b>6,720,000</b>  | <b>12,059,000</b>      | <b>1,827,100,000</b>                           | <b>1,202,930,000</b> | <b>317,425,000</b> | <b>119,148,000</b> | <b>132,955,000</b> | <b>54,642,000</b> | <b>-</b>          |

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

**44.6 FINANCIAL INSTRUMENTS**

**Banking**

**Financial Risk Management**

**General**

To maintain and improve the soundness of its operations, ABank accords top management priority to upgrading its risk management systems and capabilities. According to ABank's "Risk Management Policy", Financial Risks are composed of Market, Credit and Liquidity risks. These risks are supervised by the "Bank Risk Committee" while the various Risk Committees and Risk Control Unit carry out the risk management related tasks. Risk Management Policy includes details about the framework for defining, measuring, monitoring and managing the risks taken by the business units across ABank. Risk Management Policy covers,

- Sound and optimum capital allocation
- Quantification of the actual risks
- Establishment of dynamic risk limits

Building a capital management system lies at the core of ABank's Risk Management Policy. In addition to fully complying with regulatory capital requirements, ABank has its own estimate of required economic capital. This figure is believed to reflect a more realistic picture of ABank's risk profile. Based on the capital management tool, ABank conducts RaRoC (Risk-adjusted Return on Capital) analysis for different lines of business and uses the outcome as a performance measurement tool.

As a last step of Risk Management Policy, ABank determines risk-based limits, with respect to available economic capital and monitors actual risks against these limits.

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

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

**Credit Risk**

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

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

|                                 | September 30, 2007   |                      | December 31, 2006    |                    |
|---------------------------------|----------------------|----------------------|----------------------|--------------------|
|                                 | Cash                 | Non-cash             | Cash                 | Non-cash           |
| Automotive                      | 57,263,000           | 53,360,000           | 54,687,870           | 61,202,000         |
| Chemical                        | 34,114,000           | 29,601,000           | 35,731,000           | 27,733,000         |
| Construction                    | 191,040,000          | 239,169,000          | 181,565,000          | 160,816,000        |
| Electrics and electronics       | 30,584,000           | 36,530,000           | 11,978,000           | 10,032,000         |
| Finance                         | 61,726,000           | 77,497,000           | 64,430,000           | 90,820,000         |
| Food and beverage               | 144,314,565          | 77,870,000           | 114,287,844          | 123,124,000        |
| Forest products and agriculture | 35,847,000           | 8,879,000            | 22,057,000           | 10,518,000         |
| Iron and steel, non-metal       | 69,238,000           | 57,308,000           | 64,540,000           | 55,537,000         |
| Machinery                       | 64,652,000           | 36,348,000           | 48,222,000           | 24,410,000         |
| Mining                          | 34,174,000           | 15,603,000           | 18,960,000           | 6,867,000          |
| Paper                           | 17,154,000           | 10,143,000           | 8,543,000            | 6,353,000          |
| Petroleum                       | 9,941,000            | 2,712,000            | 4,496,000            | 4,573,000          |
| Production                      | 127,049,000          | 57,808,000           | 64,691,000           | 35,505,000         |
| Textile                         | 201,421,000          | 41,209,000           | 167,081,000          | 37,926,000         |
| Tourism                         | 32,777,442           | 12,462,000           | 30,901,000           | 7,942,000          |
| Trade                           | 431,400,000          | 297,104,000          | 261,325,000          | 195,811,000        |
| Transportation                  | 79,732,000           | 30,262,000           | 55,101,000           | 24,709,000         |
| Others                          | 116,116,897          | 95,912,000           | 98,021,000           | 60,258,000         |
| Corporate loans                 | 1,738,543,904        | 1,179,777,000        | 1,306,617,714        | 944,136,000        |
| Consumer loans                  | 13,448,000           | -                    | 20,340,000           | -                  |
| Interest accruals               | 16,773,000           | -                    | 21,654,000           | -                  |
| Loans in arrears                | 56,238,000           | -                    | 38,050,000           | -                  |
| Provision for possible losses   | (49,612,000)         | -                    | (41,887,000)         | -                  |
| <b>Total</b>                    | <b>1,775,390,904</b> | <b>1,179,777,000</b> | <b>1,344,774,714</b> | <b>944,136,000</b> |



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44. OTHER ISSUES (cont'd)

44.6 FINANCIAL INSTRUMENTS (cont'd)

Liquidity Risk

Liquidity risk refers to the possibility of an institution being unable to access necessary funds due to declining fund-raising capacity.

The Banking closely monitors its overall liquidity level and operates under strict limits based on stress conditions. To address liquidity risk, Banking has adopted a unified approach to TRY and foreign currency fund-raising opportunities.

The table below analyses assets and liabilities (in thousands of TRY) of ABank and ALease into relevant maturity groupings based on the remaining period at balance sheet date to contractual maturity date:

| Thousands TRY                           | Up to<br>1 month | 1 to 3<br>months | 3 to 6<br>months | 6 to 12<br>months | Over<br>1 year | Total            |
|---|------------------|------------------|------------------|-------------------|----------------|------------------|
| <b>As at September 30, 2007</b>         |                  |                  |                  |                   |                |                  |
| <b>Assets</b>                           |                  |                  |                  |                   |                |                  |
| Cash and balances with the Central Bank | 90,643           | -                | -                | -                 | -              | 90,643           |
| Deposits with banks and other financial | 93,890           | -                | -                | -                 | -              | 93,890           |
| Other money market placements           | 18,896           | -                | -                | -                 | -              | 18,896           |
| Reserve deposits at the Central Bank    | 78,227           | -                | -                | -                 | -              | 78,227           |
| Trading securities                      | 18,397           | 363              | 54               | 1,543             | 2,024          | 22,381           |
| Investment securities                   | 170              | -                | -                | 20,414            | 89,801         | 110,385          |
| Originated loans and advances           | 424,494          | 454,737          | 388,000          | 237,197           | 283,084        | 1,787,512        |
| Leasing receivables                     | 28,258           | 14,844           | 21,473           | 39,074            | 100,886        | 204,535          |
| Derivative financial instruments        | 2,249            | 1,938            | 697              | 514               | 459            | 5,857            |
| Associates                              | -                | -                | -                | -                 | 17             | 17               |
| Assets held for resale                  | -                | -                | -                | -                 | 15,248         | 15,248           |
| Tangible assets                         | -                | -                | -                | -                 | 10,975         | 10,975           |
| Intangible assets                       | -                | -                | -                | -                 | 1,199          | 1,199            |
| Deferred tax assets                     | -                | -                | -                | -                 | 129            | 129              |
| Other assets                            | 12,155           | 49               | 88               | 136               | 25,780         | 38,208           |
| <b>Total Assets</b>                     | <b>767,379</b>   | <b>471,931</b>   | <b>410,312</b>   | <b>298,878</b>    | <b>529,602</b> | <b>2,478,102</b> |
| <b>Liabilities</b>                      |                  |                  |                  |                   |                |                  |
| Deposits from other banks               | 15,426           | -                | -                | -                 | -              | 15,426           |
| Customers' deposits                     | 1,099,449        | 140,398          | 33,958           | 39,464            | -              | 1,313,269        |
| Other money market deposits             | 20,328           | -                | -                | -                 | -              | 20,328           |
| Funds borrowed                          | 49,344           | 194,536          | 34,599           | 141,373           | 285,483        | 705,335          |
| Derivative financial instruments        | 3,012            | 4,986            | 13,450           | 6,646             | 351            | 28,445           |
| Other liabilities and provisions        | 102,623          | -                | -                | -                 | 638            | 103,261          |
| Income taxes payable                    | -                | -                | -                | 2,297             | -              | 2,297            |
|   |                  |                  |                  |                   |                | -                |
| <b>Total Liabilities</b>                | <b>1,290,182</b> | <b>339,920</b>   | <b>82,007</b>    | <b>189,780</b>    | <b>286,472</b> | <b>2,188,361</b> |
| <b>Net liquidity gap</b>                | <b>(522,803)</b> | <b>132,011</b>   | <b>328,305</b>   | <b>109,098</b>    | <b>243,130</b> | <b>289,741</b>   |
| <b>As at December 31, 2006</b>          |                  |                  |                  |                   |                |                  |
| Total assets                            | 930,294          | 380,850          | 263,560          | 200,512           | 432,806        | 2,208,022        |
| Total liabilities                       | 1,147,014        | 148,726          | 68,264           | 338,994           | 279,384        | 1,982,382        |
| <b>Net liquidity gap</b>                | <b>(216,720)</b> | <b>232,124</b>   | <b>195,296</b>   | <b>(138,482)</b>  | <b>153,422</b> | <b>225,640</b>   |

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44. OTHER ISSUES (cont'd)

44.6 FINANCIAL INSTRUMENTS (cont'd)

Market Risk

Market risk is defined as the decrease in the market value of ABank due to relevant price fluctuations. This risk group is handled in two broad categories; Trading and Structural Interest Rate Risk, which requires different models and assumptions. Trading Risk refers to the daily volatility of values of tradable assets, such as Foreign Exchange, Fixed Income Securities, Stocks, and related derivative instruments. Value-at-Risk (VaR) is the primary tool for day-to-day monitoring of trading-related market risk. VaR is a statistical measure of the potential losses that could occur due to movements in market rates and prices under normal market circumstances. Secondly, Structural Interest Rate Risk, addresses the risk which stems from sensitivity of the relatively illiquid items of the balance sheet to the shifts of the yield curve. Market risk exposure of ABank as a whole is bound by the economic capital allocated by the Board.

Currency Risk

ABank centralized their currency risk and assigned Treasury Department to manage this risk. In principal, the balance sheet is assumed to be currency risk free. Any residual currency risk is treated as trading risk and it is subject to Value-at-Risk limits and nominal limits set by the Board.

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

| Thousands TRY  | New Turkish Lira | US Dollars       | EUR            | Japanese Yen   | Others         | Total            |
|--|------------------|------------------|----------------|----------------|----------------|------------------|
| <b>As at September 30, 2007</b>                      |                  |                  |                |                |                |                  |
| <b>Assets</b>  |                  |                  |                |                |                |                  |
| Cash and balances with the Central Bank              | 33,476           | 38,726           | 18,254         | -              | 187            | 90,643           |
| Deposits with banks and other financial institutions | 20,780           | 68,742           | 4,190          | -              | 178            | 93,890           |
| Other money market placements                        | 18,896           | -                | -              | -              | -              | 18,896           |
| Reserve deposits at the Central Bank                 | -                | 78,227           | -              | -              | -              | 78,227           |
| Trading securities                                   | 22,346           | 35               | -              | -              | -              | 22,381           |
| Investment securities                                | 86,055           | 24,280           | 50             | -              | -              | 110,385          |
| Originated loans and advances                        | 1,027,570        | 341,463          | 418,479        | -              | -              | 1,787,512        |
| Minimum lease payments receivable                    | 43,136           | 56,210           | 105,189        | -              | -              | 204,535          |
| Derivative financial instruments                     | 5,857            | -                | -              | -              | -              | 5,857            |
| Investments  | 17               | -                | -              | -              | -              | 17               |
| Assets held for resale                               | 15,248           | -                | -              | -              | -              | 15,248           |
| Tangible assets                                      | 10,975           | -                | -              | -              | -              | 10,975           |
| Intangible assets                                    | 1,199            | -                | -              | -              | -              | 1,199            |
| Deferred tax assets                                  | 129              | -                | -              | -              | -              | 129              |
| Other assets   | 25,955           | 8,555            | 3,698          | -              | -              | 38,208           |
| <b>Total assets</b>                                  | <b>1,311,468</b> | <b>616,409</b>   | <b>549,860</b> | <b>-</b>       | <b>365</b>     | <b>2,478,102</b> |
| <b>Liabilities</b>                                   |                  |                  |                |                |                |                  |
| Deposits from other banks                            | 3,565            | 1,838            | 9,733          | -              | 290            | 15,426           |
| Customers' deposits                                  | 726,400          | 436,773          | 147,973        | 1,382          | 741            | 1,313,269        |
| Other money market deposits                          | 20,328           | -                | -              | -              | -              | 20,328           |
| Funds borrowed                                       | 50,904           | 481,040          | 173,391        | -              | -              | 705,335          |
| Derivative financial instruments                     | 28,445           | -                | -              | -              | -              | 28,445           |
| Other liabilities and provisions                     | 66,330           | 24,280           | 11,571         | 172            | 908            | 103,261          |
| Income taxes payable                                 | 2,297            | -                | -              | -              | -              | 2,297            |
| <b>Total liabilities</b>                             | <b>898,269</b>   | <b>943,931</b>   | <b>342,668</b> | <b>1,554</b>   | <b>1,939</b>   | <b>2,188,361</b> |
| <b>Net on-balance sheet position</b>                 | <b>413,199</b>   | <b>(327,522)</b> | <b>207,192</b> | <b>(1,554)</b> | <b>(1,574)</b> | <b>289,741</b>   |
| <b>Off-balance sheet position</b>                    |                  |                  |                |                |                |                  |
| Net nominal amount of derivatives                    | (134,584)        | 333,419          | (202,978)      | -              | 3,056          | (1,087)          |
| Non- cash loans                                      | 580,124          | 371,523          | 222,833        | -              | 5,299          | 1,179,779        |
| <b>As at December 31, 2006</b>                       |                  |                  |                |                |                |                  |
| Total assets   | 1,078,408        | 716,758          | 411,712        | -              | 1,144          | 2,208,022        |
| Total liabilities                                    | 736,064          | 977,792          | 259,536        | -              | 8,990          | 1,982,382        |
| <b>Net on balance sheet position</b>                 | <b>342,344</b>   | <b>(261,034)</b> | <b>152,176</b> | <b>-</b>       | <b>(7,846)</b> | <b>225,640</b>   |

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|--|---------|---------|-------|---|--------|---------|
| Off-balance sheet position, net nominal amount | 334,503 | 594,638 | 5,004 | - | 30,814 | 964,959 |
|--|---------|---------|-------|---|--------|---------|

44. OTHER ISSUES (cont'd)

44.6 FINANCIAL INSTRUMENTS (cont'd)

Interest Rate Risk

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

The table below summarizes ABank and ALease's exposure to interest rate risk (in thousands of TRY) on the basis of the remaining period at the balance sheet date to the re-pricing date.

| Thousands TRY  | Up to 1 month    | 1 to 3 months    | 3 to 6 months   | 6 to 12 months  | 1 to 5 years   | Non interest bearing | Total            |
|--|------------------|------------------|-----------------|-----------------|----------------|----------------------|------------------|
| <b>As at September 30, 2007</b>                      |                  |                  |                 |                 |                |                      |                  |
| <b>Assets</b>  |                  |                  |                 |                 |                |                      |                  |
| Cash and balances with the Central Bank              | 28,643           | -                | -               | -               | -              | 62,000               | 90,643           |
| Deposits with banks and other financial institutions | 87,875           | -                | -               | -               | -              | 6,015                | 93,890           |
| Other money market placements                        | 18,896           | -                | -               | -               | -              | -                    | 18,896           |
| Reserve deposits at the Central Bank                 | 78,227           | -                | -               | -               | -              | -                    | 78,227           |
| Trading securities                                   | 1,795            | 363              | 114             | 1,542           | 1,965          | 16,602               | 22,381           |
| Investment securities                                | 20,340           | -                | 40,741          | 74              | 49,060         | 170                  | 110,385          |
| Originated loans and advances                        | 1,253,190        | 77,247           | 84,460          | 98,162          | 251,611        | 22,842               | 1,787,512        |
| Minimum lease payments receivable                    | 21,562           | 14,844           | 21,473          | 39,074          | 100,886        | 6,696                | 204,535          |
| Derivative financial instruments                     | 2,248            | 1,937            | 697             | 516             | 459            | -                    | 5,857            |
| Associates   | -                | -                | -               | -               | -              | 17                   | 17               |
| Tangible assets held for resale                      | -                | -                | -               | -               | -              | 15,248               | 15,248           |
| Tangible assets                                      | -                | -                | -               | -               | -              | 10,975               | 10,975           |
| Intangible assets                                    | -                | -                | -               | -               | -              | 1,199                | 1,199            |
| Deferred tax asset                                   | -                | -                | -               | -               | -              | 129                  | 129              |
| Other assets   | 9                | 11               | 29              | 114             | 170            | 37,875               | 38,208           |
| <b>Total Assets</b>                                  | <b>1,512,785</b> | <b>94,402</b>    | <b>147,514</b>  | <b>139,482</b>  | <b>404,151</b> | <b>179,768</b>       | <b>2,478,102</b> |
| <b>Liabilities</b>                                   |                  |                  |                 |                 |                |                      |                  |
| Deposits from other banks                            | 3,520            | -                | -               | -               | -              | 11,906               | 15,426           |
| Customers' deposits                                  | 964,162          | 140,398          | 33,958          | 39,463          | -              | 135,288              | 1,313,269        |
| Other money market deposits                          | 20,328           | -                | -               | -               | -              | -                    | 20,328           |
| Funds borrowed                                       | 61,035           | 348,587          | 112,022         | 110,865         | 72,826         | -                    | 705,335          |
| Derivative financial instruments                     | 3,012            | 4,986            | 13,450          | 6,646           | 351            | -                    | 28,445           |
| Other liabilities and provisions                     | 617              | -                | -               | -               | 192            | 102,452              | 103,261          |
| Income taxes payable                                 | -                | -                | -               | -               | -              | 2,297                | 2,297            |
| <b>Total Liabilities</b>                             | <b>1,052,674</b> | <b>493,971</b>   | <b>159,430</b>  | <b>156,974</b>  | <b>73,369</b>  | <b>251,943</b>       | <b>2,188,361</b> |
| On balance sheet interest sensitivity gap            | 460,111          | (399,569)        | (11,916)        | (17,492)        | 330,782        | (72,175)             | 289,741          |
| Off balance sheet interest sensitivity gap           | -                | -                | -               | -               | -              | -                    | -                |
| <b>Total interest sensitivity gap</b>                | <b>460,111</b>   | <b>(399,569)</b> | <b>(11,916)</b> | <b>(17,492)</b> | <b>330,782</b> | <b>(72,175)</b>      | <b>289,741</b>   |

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44. OTHER ISSUES (cont'd)

44.6 FINANCIAL INSTRUMENTS (cont'd)

The table below summarizes ABank and ALease's exposure to interest rate risk (in thousands of TRY) on the basis of the remaining period at the balance sheet date to the re-pricing date.

| Thousands TRY  | Up to 1 month    | 1 to 3 months   | 3 to 6 months    | 6 to 12 months | 1 to 5 years   | Non interest bearing | Total            |
|--|------------------|-----------------|------------------|----------------|----------------|----------------------|------------------|
| As at December 31, 2006                              |                  |                 |                  |                |                |                      |                  |
| Assets   | 62,660           | -               | -                | -              | -              | 42,680               | 105,340          |
| Cash and balances with the Central Bank              | 295,918          | -               | -                | -              | -              | 8,490                | 304,408          |
| Deposits with banks and other financial institutions | 19,530           | -               | -                | -              | -              | -                    | 19,530           |
| Other money market placements                        | 61,288           | -               | -                | -              | -              | -                    | 61,288           |
| Reserve deposits at the Central Bank                 | 316              | 220             | 404              | 3,104          | 4,302          | 13,786               | 22,132           |
| Trading securities                                   | 21,238           | 58,582          | -                | -              | 25,312         | -                    | 105,132          |
| Investment securities                                | 977,356          | 65,100          | 68,532           | 91,990         | 147,780        | -                    | 1,350,758        |
| Originated loans and advances                        | 12,048           | 13,940          | 19,988           | 36,332         | 91,910         | 8,110                | 182,328          |
| Minimum lease payments receivable                    | -                | -               | -                | -              | -              | 6,720                | 6,720            |
| Derivative financial instruments                     | -                | -               | -                | -              | -              | 188                  | 188              |
| Tangible assets held for resale                      | -                | -               | -                | -              | -              | 10,218               | 10,218           |
| Tangible assets                                      | -                | -               | -                | -              | -              | 4,488                | 4,488            |
| Intangible assets                                    | -                | -               | -                | -              | -              | 864                  | 864              |
| Deferred tax liabilities                             | -                | -               | -                | -              | -              | 8,018                | 8,018            |
| Other assets   | -                | -               | -                | -              | -              | 26,610               | 26,610           |
| <b>Total assets</b>                                  | <b>1,450,354</b> | <b>137,842</b>  | <b>88,924</b>    | <b>131,426</b> | <b>269,304</b> | <b>130,172</b>       | <b>2,208,022</b> |
| Liabilities  |                  |                 |                  |                |                |                      |                  |
| Deposits from other banks                            | 6,042            | -               | -                | -              | -              | 84                   | 6,126            |
| Customers' deposits                                  | 872,366          | 122,048         | 3,494            | 498            | 18             | 119,740              | 1,118,164        |
| Other money market deposits                          | 23,684           | -               | -                | -              | -              | -                    | 23,684           |
| Funds borrowed                                       | 95,394           | 64,428          | 435,660          | 135,834        | 2,882          | -                    | 734,198          |
| Derivative financial instruments                     | -                | -               | -                | -              | -              | 12,060               | 12,060           |
| Other liabilities and provisions                     | 8,212            | 104             | 124              | 218            | 1,014          | 78,478               | 88,150           |
| Income tax payable                                   | -                | -               | -                | -              | -              | -                    | -                |
| <b>Total liabilities</b>                             | <b>1,005,698</b> | <b>186,580</b>  | <b>439,278</b>   | <b>136,550</b> | <b>3,914</b>   | <b>210,362</b>       | <b>1,982,382</b> |
| On balance sheet interest sensitivity gap            | 444,656          | (48,738)        | (350,354)        | (5,124)        | 265,390        | (80,190)             | 225,640          |
| Off balance sheet interest sensitivity gap           | -                | -               | -                | -              | -              | -                    | -                |
| <b>Total interest sensitivity gap</b>                | <b>444,656</b>   | <b>(48,738)</b> | <b>(350,354)</b> | <b>(5,124)</b> | <b>265,390</b> | <b>(80,190)</b>      | <b>225,640</b>   |

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

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

**Operational Risk**

Operational risk is defined as the risk of direct or indirect loss resulting from inadequate or failed internal process, people and systems or from external events.

Operational risk which is inherent in all business activities is associated with human error, system failure and inadequate controls and procedures. Operational risk includes errors and omissions in business activities, internal and external fraud and natural disasters.

Banking has Risk Management and Internal Control practices, to keep operational risks under control and minimize it by operating under detailed written procedures. All documents, including Risk Management policies and contingency procedures, are kept up-to-date and accessible to all staff in electronic media.

**Capital Adequacy**

To monitor the adequacy of its capital, ABank uses ratios established by BRSA. These ratios measure capital adequacy (minimum 8% as required by BRSA) by comparing ABank's eligible capital with its balance sheet assets, off-balance sheet commitments and market and other risk positions at weighted amounts to reflect their relative risks. As of September 30, 2007 ABank's capital adequacy ratio calculated on consolidated basis based on statutory financial statements is 13.14% (December 31, 2006: 13.05%).

**Non-Banking**

***Financial risk management objectives and policies***

The Group's principal financial instruments, other than derivatives, comprise bank borrowings, finance leases, cash and short-term deposits and marketable securities. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk, and credit risk. The board / management reviews and agrees policies for managing each of these risks and they are summarized below. The Group also monitors the market price risk arising from all financial instruments.

**1) Foreign currency risk**

The Group's operations are predominantly performed in Turkey where the economy experiences high and variable levels of inflation.

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

|          |        | Exchange buying rate at<br>January 1, 2007  | Average exchange buying<br>rate in the period  | Exchange buying rate at<br>September 30, 2007  |
|----------|--------|---|--|--|
| TRY /USD | Turkey | 1.4056                                      | 1.3388   | 1.2048   |
| TRY /EUR | Turkey | 1.8515                                      | 1.7978   | 1.7086   |
|          |        | Exchange selling rate at<br>January 1, 2007 | Average exchange selling<br>rate in the period | Exchange selling rate at<br>September 30, 2007 |
| TRY /USD | Turkey | 1.4124                                      | 1.3452   | 1.2106   |
| TRY /EUR | Turkey | 1.8604                                      | 1.8067   | 1.7168   |

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

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

**1) Foreign currency risk (cont'd)**

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

**2) Liquidity Risk**

Liquidity risk arises from the possibility that customers may not be able to settle within the normal terms of trade. To manage this risk the Group periodically assesses the financial viability of customers. Liquidity risk arises from the possibility that a market for derivatives may not exist in some circumstances.

**3) Credit Risk**

The Group is generally raising funds by liquidating their short-term financial instruments such as collecting their receivables. The Group's proceedings from these instruments generally approximate their fair values.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and the current economic environment.

**4) Price Risk**

The Group is exposed to exchange rate fluctuations due to the nature of their businesses. The Group's imports are in US Dollars and European currencies. These currencies strengthening against the subsidiaries' local currencies have an adverse effect on the Group's results. Certain parts of the interest rates related to borrowings are based on market interest rates; therefore the Group is exposed to interest rate fluctuations on domestic and international markets. The Group does not have any hedging transactions to limit currency and interest rate risks.

**5) Interest Rate Risk**

The Group mainly enters into fixed based contracts in its financial borrowings. As of September 30, 2007, overwhelming majority of the Group's (non-banking) long-term debt was at fixed rates.

The effective interest rate range which is calculated from different types of currencies other than New Turkish Lira, is as follows:

|                                     |             |
|-------------------------------------|-------------|
| Fixed rate bank loans               | 4.1% - 6.9% |
| Fixed rate financial lease payables | None        |

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

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

**Fair Values**

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

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

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

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