(Convenience translation of financial statements and audit report originally issued in Turkish)

Otokar Otobüs Karoseri Sanayi Anonim Şirketi

Financial statements as of December 31, 2009 together with report of independent auditors

(Convenience translation of financial statements originally issued in Turkish)

Otokar Otobüs Karoseri Sanayi Anonim Şirketi

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(Convenience translation of audit report originally issued in Turkish)

Independent auditor's report

To the Board of Directors of
Otokar Otobüs Karoseri Sanayi Anonim Şirketi:

We have audited the accompanying financial statements of Otokar Otobüs Karoseri Sanayi Anonim Şirketi (the Company), which comprise the balance sheet as at December 31, 2009, and the comprehensive income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

The Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards published by the Capital Market Board in Turkey. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with standards on auditing issued by the Capital Market Board in Turkey. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Otokar Otobüs Karoseri Sanayi Anonim Şirketi as of December 31, 2009 and its financial performance and cash flow for the year then ended in accordance with financial reporting standards issued by Capital Market Board in Turkey.

Additional paragraph for convenience translation to English

As described in Note 2, accounting principles and standards applied in the accompanying financial statements (CMB financial accounting standards) are based on International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board except for the adoption of an earlier date for discontinuation of application of IAS 29 (Financial Reporting in Hyperinflationary Economies). As per CMB financial accounting standards application of inflation accounting was ceased effective as of January 1, 2005 whereas per IFRS it was ceased effective January 1, 2006.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Erdem Tecer, SMMM
Partner

February 12, 2010
Istanbul, Turkey

Otokar Otobüs Karoseri Sanayi Anonim Şirketi

Balance sheet as of December 31, 2009
Prepared in accordance with the Communiqué No: XI-29 "Communiqué on Financial Reporting Standards in Capital Market"
(Currency –Turkish Lira (TL) unless otherwise indicated)

	Notes	(Audited) December 31, 2009	(Audited) December 31, 2008
Assets			
Current assets			
Cash and cash equivalents	6	**31.881.177**	65.911.910
Financial investments	7	**-**	-
Trade receivables		**128.188.437**	136.553.576
- Trade receivables from related parties	37	**30.621.228**	22.522.704
- Other trade receivables	10	**97.567.209**	114.030.872
Receivables from finance sector operations	12	**-**	-
Other receivables	11	**482**	331
Inventories	13	**166.356.161**	117.045.641
Costs and estimated earnings in excess of billings on uncompleted contracts	15	**74.129.647**	-
Other current assets	26	**23.919.235**	23.885.914
Total current assets		**424.475.139**	343.397.372
Non-current assets			
Trade receivables		**31.422.645**	37.617.739
- Trade receivables related parties	37	**-**	-
- Other trade receivables	10	**31.422.645**	37.617.739
Receivables from finance sector operations	12	**-**	-
Other receivables	11	**5.903**	5.903
Financial investments	7	**-**	2.107.000
Investments accounted using equity method	16	**-**	-
Biological assets	14	**-**	-
Investment properties	17	**-**	-
Property, plant and equipment	18	**102.591.845**	96.709.092
Intangibles	19	**39.832.961**	23.542.779
Goodwill	20	**-**	-
Deferred tax asset	35	**2.661.472**	4.476.527
Other non-current assets	26	**-**	-
Total non-current assets		**176.514.826**	164.459.040
Total assets		**600.989.965**	507.856.412

The accompanying policies and explanatory notes on pages 8 through 64 form an integral part of the financial statements.

(Convenience translation of financial statements originally issued in Turkish)

Otokar Otobüs Karoseri Sanayi Anonim Şirketi

Balance sheet as of December 31, 2009
Prepared in accordance with the Communiqué No: XI-29 "Communiqué on Financial Reporting Standards in Capital Market"
(Currency –Turkish Lira (TL) unless otherwise indicated)

	Notes	(Audited) December 31, 2009	(Audited) December 31, 2008
Liabilities			
Current liabilities			
Financial liabilities	8	**69.388.311**	210.331.455
Other financial liabilities	9	**-**	-
Trade payables		**56.548.984**	55.813.758
- Trade payables to related parties	37	**2.467.310**	12.862.156
- Other trade payables	10	**54.081.674**	42.951.602
Other payables	11	**159.900.684**	75.303.004
Liabilities from finance sector operations	12	**-**	-
Government incentives and grants	21	**-**	-
Tax liabilities from net income for the year	35	**-**	-
Provisions	22	**59.157.739**	9.599.800
Other current liabilities	26	**5.417.702**	4.460.501
Total current liabilities		**350.413.420**	355.508.518
Non-current liabilities			
Financial liabilities	8	**71.837.163**	-
Other financial liabilities	9	**-**	-
Trade payables		**-**	-
- Trade payables to related parties	37	**-**	-
- Other trade payables	10	**-**	-
Other payables	11	**-**	-
Liabilities from finance sector operations	12	**-**	-
Government incentives and grants	21	**-**	-
Provisions	22	**-**	-
Reserve for retirement pay	24	**5.616.418**	4.450.303
Deferred tax liability	35	**-**	-
Other non-current liabilities	26	**-**	-
Total non-current liabilities		**77.453.581**	4.450.303
Shareholders' equity			
Parent Company's equity			
Paid-in share capital	27	**24.000.000**	24.000.000
Inflation adjustment on equity items	27	**52.743.030**	52.743.030
Adjustments to share capital and equity instruments (-)		**-**	-
Share premium		**-**	-
Revaluation surplus	27	**-**	1.434.437
Foreign currency translation adjustment		**-**	-
Restricted reserves	27	**14.818.147**	14.218.147
Retained earnings	27	**47.701.977**	20.646.577
Net income for the year	27	**33.859.810**	34.855.400
Minority interest		**-**	-
Total shareholders' equity		**173.122.964**	147.897.591
Total liabilities		**600.989.965**	507.856.412

The accompanying policies and explanatory notes on pages 8 through 64 form an integral part of the financial statements.

Otokar Otobüs Karoseri Sanayi Anonim Şirketi

Income statement for the year ended December 31, 2009
Prepared in accordance with the Communiqué No: XI-29 "Communiqué on Financial Reporting Standards in Capital Market"
(Currency –Turkish Lira (TL) unless otherwise indicated)

	Notes	(Audited) 2009	(Audited) 2008
Continuing operations			
Net sales	28	**503.244.683**	479.114.855
Cost of sales (-)	28	**(372.112.874)**	(362.487.653)
Gross profit		**131.131.809**	116.627.202
Selling, marketing and distribution expense (-)	29	**(43.453.036)**	(36.327.241)
General and administrative expense (-)	29	**(24.145.637)**	(21.044.451)
Research and development expenses (-)	29	**(5.171.960)**	(4.944.475)
Other operating income	31	**5.482.322**	3.293.752
Other operating expense	31	**(4.994.797)**	(2.482.738)
Operating profit		**58.848.701**	55.122.049
Financial income	32	**67.471.766**	82.184.496
Financial expense (-)	33	**(90.645.602)**	(100.740.809)
Net income before taxes from continuing operations		**35.674.865**	36.565.736
Tax income/expense for continuing operations			
- Tax expense for the year	35	**-**	(7.067.137)
- Deferred tax (expense)/ income	35	**(1.815.055)**	5.356.801
Net income		**33.859.810**	34.855.400
Other comprehensive income:			
Change in revaluation fund of financial investments, net of deferred tax	**27**	**(1.434.437)**	536.074
Total comprehensive income		**32.425.373**	35.391.474
Earnings per share	**36**	**0,141**	0,145

The accompanying policies and explanatory notes on pages 8 through 64 form an integral part of the financial statements.

(Convenience translation of financial statements originally issued in Turkish)

Otokar Otobüs Karoseri Sanayi Anonim Şirketi

Statement of changes in equity for the year ended December 31, 2009
Prepared in accordance with the Communiqué No: XI-29 "Communiqué on Financial Reporting Standards in Capital Market"
(Currency –Turkish Lira (TL) unless otherwise indicated)

	Paid-in share capital	Inflation adjustment on equity items	Restricted reserves	Revaluation fund	Retained earnings	Net income for the year	Total shareholders' equity
January 1, 2008	24.000.000	52.743.030	11.338.147	898.363	15.953.643	37.572.934	142.506.117
Transfer to retained earnings	-	-	-	-	34.692.934	(34.692.934)	-
Transfer to restricted reserves	-	-	2.880.000	-	-	(2.880.000)	-
Dividends paid (Note 27)	-	-	-	-	(30.000.000)	-	(30.000.000)
Net income for the year	-	-	-	-	-	34.855.400	34.855.400
Other comprehensive income	-	-	-	536.074	-	-	536.074
Total comprehensive income	-	-	-	536.074	-	34.855.400	35.391.474
December 31, 2008	24.000.000	52.743.030	14.218.147	1.434.437	20.646.577	34.855.400	147.897.591
January 1, 2009	**24.000.000**	**52.743.030**	**14.218.147**	**1.434.437**	**20.646.577**	**34.855.400**	**147.897.591**
Transfer to retained earnings	**-**	**-**	**-**	**-**	**34.855.400**	**(34.855.400)**	**-**
Transfer to restricted reserves	**-**	**-**	**600.000**	**-**	**(600.000)**	**-**	**-**
Dividends paid (Note 27)	**-**	**-**	**-**	**-**	**(7.200.000)**	**-**	**(7.200.000)**
Net income for the year	**-**	**-**	**-**	**-**	**-**	**33.859.810**	**33.859.810**
Other comprehensive income	**-**	**-**	**-**	**(1.434.437)**	**-**	**-**	**(1.434.437)**
Total comprehensive income	**-**	**-**	**-**	**(1.434.437)**	**-**	**33.859.810**	**32.425.373**
December 31, 2009	**24.000.000**	**52.743.030**	**14.818.147**	**-**	**47.701.977**	**33.859.810**	**173.122.964**

The accompanying policies and explanatory notes on pages 8 through 64 form an integral part of the financial statements.

Otokar Otobüs Karoseri Sanayi Anonim Şirketi

Cash flow statement for the year ended December 31, 2009
Prepared in accordance with the Communiqué No: XI-29 "Communiqué on Financial Reporting Standards in Capital Market"
(Currency –Turkish Lira (TL) unless otherwise indicated)

	Notes	December 31, 2009	December 31, 2008
Cash flows from operating activities			
Net income before provision for taxes		**35.674.865**	36.565.736
Adjustments to reconcile income before taxes to net cash flows from operating activities:			
Depreciation and amortization	18, 19	**10.943.887**	6.177.683
Reserve for retirement pay	24	**2.587.328**	1.159.599
(Gain) /loss on sale of property, plant and equipment	31	**(7.453)**	203.914
Interest expense	33	**21.115.831**	13.018.955
Unrealized foreign exchange (gain) /loss from borrowings		**(2.187.000)**	14.387.493
Interest income	32	**(2.709.512)**	(771.755)
Gain on sale of financial investments	31	**(1.434.437)**	-
Operating profit before changes in operating asset and liabilities		**63.983.509**	70.741.625
Trade receivables and other receivables		**14.560.082**	(49.633.738)
Costs and estimated earnings in excess of billings on uncompleted contracts		**(74.129.647)**	-
Inventories		**(49.310.520)**	(16.866.964)
Other current assets		**1.867.646**	(7.425.671)
Trade payables		**735.226**	6.946.475
Other liabilities, provisions and other current liabilities		**135.112.819**	33.600.218
Taxes paid	24	**(1.900.967)**	(14.270.520)
Employee termination benefits paid		**(1.421.213)**	(827.720)
Net cash provided by operating activities		**89.496.935**	22.263.705
Investing activities			
Purchase of property, plant and equipment	18	**(14.258.714)**	(61.107.301)
Purchase of intangible assets	19	**(19.672.758)**	(18.846.365)
Proceeds from sale of property, plant and equipment		**822.103**	272.149
Interest received		**2.709.512**	771.755
Change in financial investments		**2.107.000**	-
Net cash used in investing activities		**(28.292.857)**	(78.909.762)
Financing activities			
Change in spot borrowings, net		**6.695.735**	70.327.513
Proceeds from bank borrowings		**70.689.119**	111.261.173
Repayments of bank borrowings		**(147.206.510)**	(26.839.417)
Interest payments		**(18.213.155)**	(5.793.630)
Dividends paid		**(7.200.000)**	(30.000.000)
Net cash (used in)/ provided by financing activities		**(95.234.811)**	118.955.639
Net (decrease)/ increase in cash and cash equivalents		**(34.030.733)**	62.309.582
Cash and cash equivalents at the beginning of the year	**6**	**65.911.910**	3.602.328
Cash and cash equivalents at the end of the year	**6**	**31.881.177**	65.911.910

The accompanying policies and explanatory notes on pages 8 through 64 form an integral part of the financial statements.

(Currency –Turkish Lira (TL) unless otherwise indicated)

1. Organisation and nature of operations

Otokar Otobüs Karoseri Sanayi A.Ş. ("Otokar" or "the Company") was established in 1963 and is registered in Istanbul, Turkey and operating under the Turkish Commercial Code.

The Company operates in the automotive industry and off road vehicles, armoured vehicles, minibuses and midibuses, trailers, semi-trailers and cross-country comprises the majority of its production. The number of the personnel in the Company is 1.207 (December 31, 2008 - 1.184).

On July 29, 2008, the Company signed an agreement with Undersecretariat of Ministry of Defense for "Term 1 Turkish Battle Tank Design and Prototype Production" under the scope of project "Modern Tank Production Project using National Resources" (Altay Project). The total amount of the agreement is 494 million USD and it covers 78,5 month-period beginning from the sign off of the agreement.

The registered addresses of the Company are as follows:

Headquarters:

Aydınevler Mahallesi, Dumlupınar Cad. No:24 A Bl.
81580 Küçükyalı / İstanbul

Factory:

Atatürk Cad. No: 9
54580 Arifiye / Sakarya

Financial statements are authorized for issue by the Board of Directors of the Company on February 12, 2010. Board of Directors before the General Assembly Meeting or Board of General Assembly have the power to amend the statutory financial statements after issue.

The Company conducts part of its business transactions with the Koç Holding A.Ş. and related parties and has both customer and supplier relationships with related parties. The Company is registered to the Capital Market Board ("CMB") and its shares are listed on the Istanbul Stock Exchange ("ISE") since 1996. As of December 31, 2009, the shares listed on the ISE are 29,91% of the total shares. As of December 31, 2009, the principal shareholders and their respective shareholding percentages are as follows:

	%
Koç Holding A.Ş.	44,68
Ünver Holding A.Ş.	24,81
Other	30,51
	100,00

2. Basis of presentation

2.1 Basis of presentation

The Company maintains its books of account and prepares its statutory financial statements in Turkish Lira (TL) in accordance with regulations on accounting and reporting framework and the Uniform Chart of Accounts issued by the Ministry of Finance. The financial statements have been prepared from statutory financial statement with adjustments and reclassifications for the purpose of fair presentation in accordance with accounting and reporting standards as prescribed by Turkish Capital Market Board. The adjustments are mainly related with deferred taxation, retirement pay liability, prorate and useful life depreciation adjustment of fixed assets, accounting of provisions, construction accounting for tank project and discount of receivables and payables. Additionally, the financial statements of current year are prepared in accordance with International Accounting / Financial Reporting Standards (IAS/IFRS) as prescribed in the CMB communiqué No:XI-29 "Communiqué on Financial Reporting Standards in Capital Markets" (Communiqué) which is published in the official gazette and become effective as of April 9, 2008.

The financial statements have been prepared under the historical cost convention, except financial assets carried at fair value.

Functional and presentation currency

Functional and presentation currency of the Company is TL.

In accordance with the CMB's resolution dated March 17, 2005 and numbered 11/367, the financial statements were restated in accordance with International Accounting Standards (IAS) 29 (Financial Reporting in Hyperinflationary Economies) for the last time as of December 31, 2004 since the objective conditions which require the application of restatement of financial statements have not been realized and that based on the existing data CMB has foreseen that the indications whether such conditions are going to be realized in the future is no longer probable. Therefore, non-monetary assets, liabilities and equity items including the share capital as of December 31, 2009 and December 31, 2008 have been restated by applying the relevant conversion factors through December 31, 2004 and carrying additions after December 31, 2004 at their nominal values.

2. Basis of presentation (continued)

2.2 Changes in accounting policies

The new standards which are effective as of January 1, 2009 and changes and interpretations of current standards are as follows:

IFRS 2 Share-based Payment- Vesting Conditions and Cancellations (Amendment)

The purpose of this amendment is to give greater clarity in respect of vesting conditions and cancellations. The standard defines two subjects: a ‘vesting condition’ and a ‘non-vesting condition’.

IFRS 7 Financial Instruments: Disclosures (Amendment)

IFRS 7 has been amended to enhance disclosures about fair value measurement and liquidity risk. IFRS 7 now requires instruments measured at fair value to be disclosed by the source of the inputs in determining fair value, using three level hierarchy. Disclosures also require a full reconciliation of Level 3 instruments and transfers between Level 1 and Level 2. The minimum liquidity risk disclosures of IFRS 7 have also been amended.

IFRS 8 Operating Segments

IFRS 8 replaces IAS 14 *Segment Reporting* and adopts a full management approach to identifying, measuring and disclosing the results of its operating segments. The information reported is that which the chief operating decision maker uses internally for evaluating the performance of operating segments and allocating resources to those segments. When the information provided to management is recognised or measured on a different basis to IFRS information presented in the primary financial statements, entities need to provide explanations and reconciliations of the differences.

IAS 1 Presentation of Financial Statements (Revised)

IAS 1 has been revised to enhance the usefulness of information presented in the financial statements. The statement of changes in equity includes only transactions with owners, defined as ‘holders of instruments classified as equity’. All non-owner changes are presented in equity as a single line, with details included in a separate statement. The introduction of a new statement of comprehensive income that combines all items of income and expense recognised in profit or loss together with ‘other comprehensive income’. Entities may choose to present all items in one statement, or to present two linked statements, a separate income statement and a statement of comprehensive income.

IAS 23 Borrowing Costs (Revised)

The revised Standard eliminates the option of expensing all borrowing costs and requires borrowing costs to be capitalised if they are directly attributable to the acquisition, construction or production of qualifying asset.

2. Basis of presentation (continued)

IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation (Amendments)

This amendment will permit a range of entities to recognise their capital as equity rather than as financial liabilities, as currently required by IAS 32. IAS 1 has been amended to require the additional disclosures if an entity has a puttable instrument that is presented as equity.

IFRIC 9 and IAS 39 Financial Instruments: Recognition and Measurement - Embedded Derivatives (Amendments)

An entity must assess whether an embedded derivative must be separated from a host contract when the entity reclassifies a hybrid financial asset out of the fair value through profit or loss category. The assessment must be made on the basis of the circumstances that existed on the later of:

(a) The date when the entity first became a party to the contract, and
(b) The date of a change in the terms of the contract that significantly modifies the cash flows that otherwise would have been required under the contract.

IFRIC 13 Customer Loyalty Programmes

The interpretation requires loyalty award credits granted to customers in connection with a sales transaction to be accounted for as a separate component of the sales transaction. The amount allocated to the loyalty award credits is determined by reference to their fair value and is deferred until the awards are redeemed or the liability is otherwise extinguished.

IFRIC 15 Agreements for the Construction of Real Estate

IFRIC 15 provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of IAS 11 Construction Contracts or IAS 18 Revenue and, accordingly, when revenue from the construction should be recognised.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation

IFRIC 16 concludes that the presentation currency does not create an exposure to which an entity may apply hedge accounting. Consequently, a parent entity may designate as a hedged risk only the foreign exchange differences arising from a difference between its own functional currency and that of its foreign operation. The hedging instrument(s) may be held by any entity or entities within the group.

IFRIC 18 Transfers of Assets from Customers

This interpretation provides guidance on how to account for items of property, plant and equipment received from customers, or cash that is received and used to acquire or construct specific assets.

2. Basis of presentation (continued)

Improvements to International Financial Reporting Standards (issued 2008)

The Improvements to IFRS project is an annual process that the IASB has adopted to deal with non-urgent but necessary amendments to IFRS. It is effective for periods beginning on or after 1 January 2009, and transitional provisions vary for each amendment and reference should be made to the standard to ensure correct application.

The amendments explained above do not have any impact other than the additional explanations made in the disclosures.

The new standards which are issued as of the authorization date of the financial statements and effective as of January 1, 2010 and thereafter and not early adopted by the Company and changes and interpretations of current standards are as follows:

a) New and amended standards and interpretations applicable as of December 31, 2010 year-end

Improvements to International Financial Reporting Standards (issued 2009)

Only the improvements effective for December 2009 year-ends are noted in the analysis in this section. The second omnibus edition is issued in April 2009 and 15 amendments to 12 standards are dealt with by the Board. Transitional provisions vary for each amendment and the earliest application date is July 1, 2009.

Amendments to IFRS 2 'Group cash settled share based Payment Transactions'

For group reporting and consolidated financial statements, the amendment clarifies that if an entity receives goods or services that are cash settled by shareholders not within the group, they are outside the scope of IFRS 2. Management will need to consider any such past transactions. The amendment may have a significant affect on the cost recognised in separate financial statements of an entity that has material share-based payment awards that have not previously been accounted for in accordance with IFRS 2.This amendment is applied retrospectively, in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors in respect of changes in accounting policy. Earlier application is permitted and must be disclosed. The amendment does not have any impact on the Company's financial statements.

2. Basis of presentation (continued)

IFRS 3,'Business Combinations' (Revised) and IAS 27,' and Separate Financial Statements' (Amended)

The revised IFRS 3 introduces a number of changes in the accounting for business combinations which will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results. Such changes include the expensing of acquisition related costs and recognizing subsequent changes in fair value of contingent consideration in the profit or loss (rather than by adjusting goodwill). The amended IAS 27 requires that a change in ownership interest of a subsidiary is accounted for as an equity transaction. Therefore such a change will have no impact on goodwill, nor will it give raise to a gain or loss. Furthermore the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The amendment does not have any impact on the Company's financial statements.

IAS 39 Financial Instruments: Recognition and Measurement – 'Eligible Hedged Items'

The amendment addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. The amendment does not have any impact on the Company's financial statements.

IFRIC 17 'Distributions of Non-cash Assets to Owners'

The Interpretation applies to all non-reciprocal distributions of non-cash assets, including those giving the shareholders a choice of receiving non-cash assets or cash. This interpretation is to be applied prospectively. The amendment does not have any impact on the Company's financial statements.

b) New and amended standards and interpretations issued that are effective subsequent to December 31, 2010 year-ends

IFRS 9 Financial Instruments (Effective for periods beginning on or after 1 January 2013)

IFRS 9 introduces new requirements for classifying and measuring financial assets.

IAS 24 Related Party Disclosures (Revised) (Effective for periods beginning on or after 1 January 2011)

The main changes to IAS 24 are a partial exemption from the disclosure requirements for transactions between a government-controlled reporting entity and that government or other entities controlled by that government and amendments to the definition of a related party.

IAS 32 Classification of Rights Issues (Amendment) (Effective for periods beginning on or after 1 February 2010)

The amendment to IAS 32 addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer.

2. Basis of presentation (continued)

IFRIC 14 Prepayments of a Minimum Funding Requirement (Amendment) (Effective for periods beginning on or after 1 January 2011, with earlier application permitted)

Without the amendments, in some circumstances entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (Effective for periods beginning on or after 1 July 2010, with earlier application permitted)

IFRIC 19 addresses only the accounting by the entity that issues equity instruments in order to settle, in full or in part, a financial liability.

2.3 Significant accounting judgments and estimates

The preparation of financial statements require management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. Those estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the periods in which they become known.

Significant estimates used in the preparation of these financial statements and the significant judgments with the most significant effect on amounts recognized in the financial statements are as follows:

a) In the context of IAS 11 “Construction contracts” assumptions are made related to total cost of and profitability of projects(Note 15)

b) Deferred tax asset is recognised to the extent that taxable profit will be available against which the deductible temporary differences can be utilized. When taxable profit is probable, deferred tax asset is recognised for all unused tax losses and for all temporary differences. For the year ended December 31, 2009, since the assumptions related to the Company’s future taxable profit generation are considered reliable, adequate, deferred tax asset is recognized(Note 35).

c) Reserve for retirement pay is determined by using actuarial assumptions (discount rates, future salary increases and employee turnover rates)(Note 24).

d) The Company determines warranty provision by considering the past warranty expenses and remaining warranty period per vehicle(Note 22).

e) Provision for doubtful receivables is an estimated amount that management believes to reflect for possible future losses on existing receivables that have collection risk due to current economic conditions. During the impairment test for the receivables, the debtors, other than the key accounts and related parties, are assessed with their prior year performances, their credit risk in the current market, their performance after the balance sheet date up to the issuing date of the financial statements and furthermore, the renegotiation conditions with these debtors are considered (Note 10).

2. Basis of presentation (continued)

2.4 Summary of significant accounting policies

Revenue recognition

Revenue includes invoiced values of sale of goods and rendering services. Revenue from the sale of goods is recognised on an accrual basis over fair value when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue is recognized to the extent that its is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Significant risk and rewards related to sales passes to the buyer on delivery of the goods or transfer of ownership to buyer. Net sales are invoiced amounts of delivered goods excluding sales returns.

Interest income is recognised using the effective interest rate until maturity and considering the effective interest rate.

When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognized on an accrual basis as financial income.

Dividend income from subsidiaries is recognised when the Company's right to receive the payment is established.

Construction contract activities

Contract revenue and costs are recognized as revenue and expenses, respectively, when the outcome of a construction contract can be estimated reliably. The projects are "fixed cost" and the project revenues are reflected according to the percentage of completion method. The percentage of completion method is used to recognize revenue on a contract as work progresses by matching contract revenue with contract costs incurred based on the proportion of work completed which is determined by the ratio of actual costs incurred through to the end of each reporting period divided by the total estimated contract costs of the project.

Contract costs include all direct material and labor costs and those indirect costs related to contract performance, such as indirect labor, supplies, tools, repairs and depreciation costs. Selling, general and administrative expenses are charged to the income statement as incurred. Provisions for estimated losses on uncompleted contracts are made in full, in the period in which such losses are determined. Changes in job performance, job conditions and estimated profitability, including those arising from contract penalty provisions and final contract settlements may result in revisions to costs and income and are recognized in the period in which the revisions are determined.

Costs and estimated earnings in excess of billings on uncompleted contracts represent revenues recognized in excess of amounts billed. Billings in excess of costs and estimated earnings on uncompleted contracts represent billings in excess of revenues recognized.

2. Basis of presentation (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at banks and short-term highly liquid and the risk of value change is not material investments including time deposits generally having original maturities of three months or less (Note 6).

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 parent, 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 as 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 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); or
(g) the party is a post-employment benefit plan for the benefit of employees of the Company, or of any entity that is a related party of the Company

A related party transaction is a transfer of resources, services or obligation between related parties, regardless of whether a price is charged.

A number of transactions are entered into with related parties in the normal course of business.

Inventories

Inventories are valued at the lower of cost or net realizable value. Cost incurred in bringing each product to its present location and conditions are included in the cost of inventory:

Raw materials - cost is determined on a weighted average basis over the costs netted off imputed interest.

Finished goods and work-in progress -cost of direct materials and labor and a proportion of manufacturing overheads is included based on normal operating capacity using average cost method.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale (Note 13).

2. Basis of presentation (continued)

Property, plant and equipment

All property and equipment is initially recorded at cost and then are carried at restated cost until December 31, 2004 with the index of the related purchase date. Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment loss.

The initial cost of property and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after property, plant and equipment have been put into operation, such as repairs and maintenance, are normally charged to income in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

The useful lives and depreciation methods are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

Depreciation is provided on cost or revalued amount of property, plant and equipment on a straight-line basis (Note 18). Estimated useful lives are as follows:

Land improvements	25-30 years
Building	30 years
Machinery and equipment	3-15 years
Vehicles	9 years
Furniture and fixtures	5-15 years
Leasehold improvements	5 years

Land is not amortized since it has an unlimited economic life.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Recoverable amount is the higher of net selling price or value in use. Net selling price is determined by deducting any expenses to be incurred for the sale of an asset from the fair value of the asset. Value in use is calculated as the discounted value of the estimated future cash flows the entity expects to receive from the asset.

Gains and losses on sale of property, plant and equipment are included in other operating income and expense (Note 31).

2. Basis of presentation (continued)

Intangible assets

Intangible assets mainly comprise software rights, information systems, project costs related to new product development and computer software (Note 19). Intangible assets are initially stated at cost and are restated until December 31, 2004 with the index of the related purchase date. Intangible assets are stated at cost less accumulated depreciation and accumulated impairment loss. Intangible assets are amortized on a straight-line basis over the estimate of their useful lives, which is up to 5 years. Intangible assets are recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise; and the cost of the asset can be measured reliably. Where the carrying amount of an intangible asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Research and development expenses

Research expenditure is recognized as an expense as incurred. Costs incurred on development projects relating to the design and testing of new or improved products are recognized as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and only if the cost can be measured reliably. Other development expenditures are recognized as an expense as incurred. Development costs previously recognized as an expense are not capitalized as an asset in a subsequent period. Capitalized development expenses are amortized in 5 years by straight-line method effective from the start of the production.

Investment, research and development incentives

Investment and research and development incentives are recognized when incentive application of the Company are approved by fiscal authorities.

Borrowings

Borrowings are recognized initially at proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective yield method; any difference between the proceeds and redemption value is recognized in the income statement over the period of the borrowings. Borrowing costs are charged to the income statement when they are incurred (Note 8).

Income taxes

Income tax is the aggregate amount included in the determination of net profit or loss for the year in respect of current and deferred tax.

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

2. Basis of presentation (continued)

Deferred income tax assets are recognised for all deductible temporary differences and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. The carrying amount of deferred income tax assets is reviewed by the Company at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized (Note 35).

Long-term employee benefits

(a) Defined benefit plans:

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

In the financial statements, the Company has recognized a liability using the "Projected Unit Credit Method" based upon factors derived using the Company's experience of personnel terminating and being eligible to receive benefits, discounted by using the current market yield at the balance sheet date on government bonds (Note 24). All actuarial gains and losses are recognized in the income statement.

(b) Defined contribution plans:

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

Foreign currency transactions

Transactions in foreign currencies during the year have been translated at the exchange rates prevailing at the dates of such transactions. Monetary balance sheet items denominated in foreign currencies have been translated at the Central Bank of Turkey (TCB) exchange rates prevailing at the balance sheet date. Exchange gains or losses arising on translation of foreign currency denominated assets and liabilities are included in the income statement.

Derivative instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and subsequently are re-measured at their fair value. The derivative instruments of the Company mainly consist of foreign exchange forward contracts and related transactions. These derivative transactions, even though providing effective economic hedges under the Company risk management position, do not generally qualify for hedge accounting under the specific rules in IAS 39, "Financial Instruments: Recognition and Measurement", and are therefore treated as derivatives held for trading.

2. Basis of presentation (continued)

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Provisions are revised at each balance sheet date and amended in order to reflect management's recent estimations.

Contingent liabilities and assets

Contingent liabilities are not recognized in the financial statements. They are disclosed only, unless the possibility of an outflow of resources embodying economic benefits is probable. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

Share capital and dividend

Ordinary shares are classified under share capital. Dividend distribution on ordinary shares is recognized as an appropriation of profit in the period in which they are declared (Note 27).

Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

Warranty expenses

Warranty expenses are recorded as a result of repair and maintenance expenses for products produced and sold, authorized services' labor and material costs for products under the scope of the warranty terms without any charge to the customers, initial maintenance costs and estimated costs based on statistical information for possible future warranty services and returns of products with respect to the products sold during the year (Note 22).

Trade payables

Trade payables are recognized initially at fair value of and subsequently measured at amortized cost using the effective interest method (Note 10).

2. Basis of presentation (continued)

Financial instruments

Available for sale investments

Investments intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or changes in interest rates are classified as available-for-sale. These are included in non-current assets unless management has the expressed intention of holding the investments for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital, in which case they are included in current assets. Management reviews the classification of these financial assets on a regular basis.

The fair value of available for sale financial assets is determined by the market price at the balance sheet date when available. If market price is not available, then fair value is estimated based on valuation process by using discounted cash flow, similar purchases and observable market parameters. The fair value of financial assets must be carried at cost less impairment, when the fair value of financial assets cannot be measured reliably.

Financial assets whose fair value can be reliably estimated are carried at fair value. All other financial assets classified as available-for-sale are carried at cost after the deduction of any impairment. When the Company is not able to make an estimate of the fair values that are sufficiently reliable for certain unlisted financial assets for which the Company has less than 20% ownership, due to the high variability in the range of reasonable estimates and various outcome probabilities to assess the usefulness of a single estimate, these securities are recorded at cost after deduction for any impairment. The unrealized gains and losses arising from changes in the fair value of available-for-sale securities are recognised in shareholders' equity. When there is objective evidence that an available-for-sale security is impaired, the cumulative loss measured as the difference between the acquisition and the current fair value is removed from equity and recognised in the statement of income.

Loans and receivables

Trade receivables and notes and post-dated checks classified within trade receivables which are recognized at original invoice amount are measured at amortized cost using the effective interest rate method. Short term trade receivables without specified interest rate, are measured at invoice amount when the interest accrual effect is immaterial.

A credit risk provision for trade receivables is established if there is objective evidence that the Company will not be able to collect all amounts due. The allowance is an estimated amount which is difference between existing receivable and collectible amount. Collectible amount is the discounted value of trade receivables, all cash flows including collections from guarantees by using original effective interest rate.

2. Basis of presentation (continued)

The allowance for doubtful receivables is established through a provision charged to expenses. Provision is made when there is objective evidence that the Company will not be able to collect the debts. The allowance is an estimated amount that management believes to be adequate to absorb possible future losses on existing receivables that may become uncollectible due to current economic conditions and inherent risks in the receivables. Bad debt are written off when identified.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, reversal of the provision is credited to other income (Note 10).

Impairments in financial assets

Financial asset are assessed at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that had occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. For loans and receivables impairment loss has been incurred the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows.

Except for trade receivables, which is reduced through the use of an allowance account, impairment on all other financial assets are directly written off in the related account. In case trade receivables can not be collected, the related amount is written off from allowance account. The change in allowance account is accounted in the income statement.

An impairment loss recognized in prior periods for an asset is reversed if the subsequent increase in the asset’s recoverable amount is caused by a specific event since the last impairment loss was recognized. Such a reversal amount cannot be higher than the previously recognized impairment and is recognized as income in the financial statements.

If the fair value of available for sale asset increases after the impairment, the related income is directly booked to shareholder’s equity.

Recognition and derecognition of financial assets and liabilities

The Company recognizes a financial asset or financial liability in its balance sheet when only when it becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial asset or a portion of it only when the control on rights under the contract is discharged. The Company derecognizes a financial liability when the obligation under the liability is discharged or cancelled or expires.

All regular way financial asset purchase and sales are recognized at the date of the transaction, the date the Company committed to purchase or sell. The mentioned purchases or sales are ones which require the delivery of the financial assets within the time interval identified with the established practices and regulations in the market.

2. Basis of presentation (continued)

Earnings per share

Basic earnings per share is calculated by dividing the net profit by the weighted average number of ordinary shares outstanding during the year.

The companies can increase their share capital by making a pro-rata distribution of shares (“Bonus Shares”) to existing shareholders without consideration for amounts resolved to be transferred to share capital from retained earnings. For the purpose of the earnings per share calculation such Bonus Share issues are regarded as stock dividends. Accordingly, the weighted average number of shares used in earnings per share calculation is derived by giving retroactive effect to the issue of such shares.

Subsequent events

Subsequent to the balance sheet date events that provide additional information about the Company’s position at the balance sheet date (adjusting events), are reflected in the financial statements. Subsequent to the balance sheet date events that are not adjusting events are disclosed in the notes when material.

Cash flow statement

For purposes of preparation of the statements of cash flows, cash and cash equivalents include cash on hand, bank deposits and reverse repurchase agreements with maturity of less than three months.

Impairment of assets

At each reporting date, the Company assesses whether there is any indication that book value of tangible and intangible assets, calculated by acquisition cost less accumulative amortization, is impaired. When an indication of impairment exists, the Company estimates the recoverable values of such assets. When individual recoverable value of assets can not be measured, recoverable value of cash generating unit of that asset is measured.

Impairment exists if the carrying value of an asset or a cash generating unit is greater than its recoverable amount, which is the higher of value in use or fair value less costs to sell. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

When recoverable amount of an asset (or a cash generating unit) is lower than its carrying value, the asset’s carrying value is reduced to its recoverable amount. An impairment loss is recognized immediately in income statement.

An impairment loss recognized in prior periods for an asset is reversed if the subsequent increase in the asset’s recoverable amount is caused by a specific event since the last impairment loss was recognized. Such a reversal amount cannot be higher than the previously recognized impairment and is recognized as income in the financial statements.

(Currency –Turkish Lira (TL) unless otherwise indicated)

2. Basis of presentation (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets.

All other borrowing costs are expensed in the period they occur.

Offsetting

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

3. Mergers and acquisitions

None (December 31, 2008 - None).

4. Joint ventures

None (December 31, 2008 - None).

5. Segment reporting

The Company does not prepare segment reporting. Sales by geographical areas and by product groups are disclosed in Note 28.

6. Cash and cash equivalents

	December 31, 2009	December 31, 2008
Cash at banks		
- demand deposits	**2.280.660**	2.367.035
- time deposits	**27.952.966**	62.557.990
Checks and notes received	**1.597.557**	928.159
Other	**49.994**	58.726
	31.881.177	65.911.910

As of December 31, 2009, effective interest rates of time deposits which are originally amounting to USD 13.827.989 and TL 7.130.000 are annually 1,5% for USD and 6,7% for TL and the maturities are 4 days on average (As of December 31, 2008, USD 41.300.000 and TL 100.000).

6. Cash and cash equivalents (continued)

As of December 31, 2009, checks and notes received consist of checks and notes given to banks for collections which are due as of balance sheet date.

As of December 31, 2009, the Company has restricted bank deposit amounting to TL 795 (December 31, 2008 - TL 795).

7. Financial investments

Available for sale financial assets

	December 31, 2009		December 31, 2008	
	TL	**%**	TL	%
Entek Elektrik Üretimi A.Ş. (“Entek”)	-	-	2.107.000	0,86%
			2.107.000	

With the resolution of Board of Directors numbered 2009/8 and dated June 25, 2009, the Company has decided to sell its shares in Entek Elektrik Üretimi A.Ş. With this resolution, the shares of the Company in Entek Elektrik Üretimi A.Ş., with a ratio of 0,86%, are transferred to Aygaz A.Ş. for an amount of TL 2.099.804 in July 21, 2009.

8. Financial liabilities

			December 31, 2009
	Interest rate (%)	**Amount in original currency**	**TL**
Short-term bank borrowings			
Denominated in USD	**2,78%**	**10.059.212**	**15.146.155**
Denominated in EUR	**6,6%**	**10.523.794**	**22.734.553**
Denominated in TL	**11%**	**31.507.603**	**31.507.603**
Total			**69.388.311**

8. Financial liabilities (continued)

				December 31, 2009
	Interest rate (%)	**Maturity**	**Amount in original currency**	**TL**
Long-term bank borrowings (*)				
Denominated in USD	**-**	**-**	**-**	**-**
Denominated in EUR	**3,55%**	**09/06/2011**	**10.014.162**	**21.633.593**
Denominated in TL	**10%**	**01/06/2011**	**50.203.570**	**50.203.570**
Total				**71.837.163**

(*) Principle amount of long- term borrowings as of December 31, 2009 will be repaid on maturity with all interests accrued.

			December 31, 2008
	Interest rate (%)	Amount in original currency	TL
Short-term bank borrowings			
Denominated in USD	3,81% - 11,17%	57.377.299	86.771.689
Denominated in EUR	5,76% - 11,23%	21.943.625	46.976.912
Denominated in TL	18% - 29%	76.582.854	76.582.854
Total			210.331.455

The Company has not provided any guarantees for the borrowings received (December 31, 2008-None).

9. Other financial liabilities

None (December 31, 2008 - None).

(Currency –Turkish Lira (TL) unless otherwise indicated)

10. Trade receivables and payables

Trade receivables

	December 31, 2009	December 31, 2008
Trade receivables, net	**42.949.742**	55.759.020
Notes receivables, net	**63.649.902**	65.997.343
	106.599.644	121.756.363
Less: Provision for doubtful receivables	**(9.032.435)**	(7.725.491)
Other short-term trade receivables	**97.567.209**	114.030.872
Notes receivables, net	**31.422.645**	37.617.739
Other long-term trade receivables	**31.422.645**	37.617.739

Guarantees received for trade receivables

Receivables of the Company mainly relate to the sales to the minibus and bus dealers and trailer sales and military vehicle sales. As of December 31, 2009, the total trade receivable from dealers amounting to TL 37.393.552 (December 31, 2008 - TL 29.269.496), after provision reserved for doubtful receivables, has been secured by mortgages and guarantees at the amount of TL 34.870.008 (December 31, 2008 - TL 50.686.064). The Company manages its credit risk for the remaining receivables through policies and procedures as explained in the *Credit Risk* section of Note 38.

The movement of the provision for doubtful receivables for the year ended December 31, 2009 and December 31, 2008 are as follows:

	December 31, 2009	December 31, 2008
January 1	**7.725.491**	7.249.253
Collections	**(104.107)**	(5.424)
Additional provision	**1.411.051**	481.662
Total	**9.032.435**	7.725.491

(Currency –Turkish Lira (TL) unless otherwise indicated)

10. Trade receivables and payables (continued)

Trade payables

	December 31, 2009	December 31, 2008
Trade payables, net	**53.944.515**	42.888.032
Notes payables, net	**137.159**	63.570
Other short-term trade payables	**54.081.674**	42.951.602

11. Other receivables and payables

Other short-term receivables

	December 31, 2009	December 31, 2008
Due from personnel	**482**	331
Total	**482**	331

Other long-term receivables

	December 31, 2009	December 31, 2008
Deposits and guarantees given	**5.903**	5.903
Total	**5.903**	5.903

Other short term payables

	December 31, 2009	December 31, 2008
Advances received	**156.843.558**	72.141.887
Due to personnel	**3.034.025**	3.139.827
Other miscellaneous payables	**23.101**	21.290
Total	**159.900.684**	75.303.004

12. Receivables and payables from finance sector operations

None (December 31, 2008 - None).

(Currency –Turkish Lira (TL) unless otherwise indicated)

13. Inventories

	December 31, 2009	December 31, 2008
Raw material	**34.750.524**	27.210.962
Work-in-process	**4.441.454**	9.075.982
Finished goods (2008 - net of net realizable value amounting to TL 240.838)	**31.468.170**	24.655.681
Merchandise	**20.306.900**	12.096.664
Goods in transit	**75.389.113**	44.006.352
	166.356.161	117.045.641

14. Biological assets

The Company's operations do not involve any biological assets.

15. Costs and billings on uncompleted contracts

As of December 31, 2009 costs related to uncompleted contracts is amounting to TL 64.326.929.

As of December 31, 2009, the short term advances taken by the Company related with ongoing projects which amounts to TL 108.437.400 was included in other payables in the financial statements (December 31, 2008 – None).

16. Investment accounted using equity method

None (December 31, 2008 - None).

17. Investment properties

The Company does not have any investment properties.

(Currency –Turkish Lira (TL) unless otherwise indicated)

18. Property, plant and equipment

During the year ended December 31, 2009, the movement of property, plant and equipment and the accumulated depreciation is as follows:

	January 1, 2009	Additions	Disposals	Transfers	December 31, 2009
Cost:					
Land	**36.396.386**	**-**	**-**	**-**	**36.396.386**
Land improvements	**5.481.336**	**-**	**-**	**-**	**5.481.336**
Buildings	**50.777.114**	**-**	**-**	**2.354.785**	**53.131.899**
Machinery, equipment and installations	**86.839.417**	**2.123.025**	**(3.733.799)**	**1.235.240**	**86.463.883**
Motor vehicles	**5.024.671**	**937.774**	**(848.914)**	**-**	**5.113.531**
Furniture and fixtures	**17.958.621**	**1.770.583**	**(1.321.111)**	**-**	**18.408.093**
Leasehold improvements	**1.445.746**	**-**	**-**	**-**	**1.445.746**
Construction in progress	**52.196**	**9.427.331**	**-**	**(3.590.025)**	**5.889.502**
	203.975.487	**14.258.713**	**(5.903.824)**	**-**	**212.330.376**
Accumulated depreciation:					
Land improvements	**1.926.769**	**201.655**	**-**	**-**	**2.128.424**
Buildings	**16.144.638**	**2.448.405**	**-**	**-**	**18.593.043**
Machinery, equipment and installations	**69.582.592**	**4.075.033**	**(3.613.759)**	**-**	**70.043.866**
Motor vehicles	**2.992.257**	**298.847**	**(163.682)**	**-**	**3.127.422**
Furniture and fixtures	**15.490.589**	**498.666**	**(1.311.734)**	**-**	**14.677.521**
Leasehold improvements	**1.129.550**	**38.705**	**-**	**-**	**1.168.255**
	107.266.395	**7.561.311**	**(5.089.175)**	**-**	**109.738.531**
Net book value	**96.709.092**	**6.697.402**	**(814.649)**	**-**	**102.591.845**

(Currency –Turkish Lira (TL) unless otherwise indicated)

18. Property, plant and equipment (continued)

During the year ended December 31, 2008, the movement of property, plant and equipment and the accumulated depreciation is as follows:

	January 1, 2008	Additions	Disposal	Transfers	December 31, 2008
Cost:					
Land	5.370.676	31.025.710	-	-	36.396.386
Land improvements	4.543.484	937.852	-	-	5.481.336
Buildings	32.136.056	19.054.910	(413.852)	-	50.777.114
Machinery, equipment and installations	78.803.152	8.193.560	(475.746)	318.451	86.839.417
Motor vehicles	4.700.211	546.442	(221.982)	-	5.024.671
Furniture and fixtures	16.928.245	962.088	-	68.288	17.958.621
Leasehold improvements	1.445.746	-	-	-	1.445.746
Construction in progress	52.196	1.112.155	-	(1.112.155)	52.196
	143.979.766	61.832.717	(1.111.580)	(725.416) (*)	203.975.487
Accumulated depreciation:					
Land improvements	1.765.209	161.560	-	-	1.926.769
Buildings	14.807.956	1.417.250	(80.568)	-	16.144.638
Machinery, equipment and installations	66.941.856	3.116.482	(475.746)	-	69.582.592
Motor vehicles	2.846.488	224.972	(79.203)	-	2.992.257
Furniture and fixtures	15.154.083	336.506	-	-	15.490.589
Leasehold improvements	1.090.845	38.705	-	-	1.129.550
	102.606.437	5.295.475	(635.517)	-	107.266.395
Net book value	41.373.329				96.709.092

(*) This amount is transferred from construction in progress to other intangible assets.

According to Board of Directors resolution dated September 4, 2008 and numbered 2008/7, the Company's defense industry and commercial vehicle projects and related short and long term investment requirements are evaluated, and accordingly, factory, machinery and land located over 383 thousand square meter area which is owned by Otoyol Sanayi A.Ş. in the near location of the Company is purchased for a consideration of USD 47,5 million. By this acquisition, the Company will be operating on 552 thousand square meter area.

Current year depreciation and amortization expense has been allocated to cost of sales by TL 2.826.364 (December 31, 2008 – TL 2.568.645), to development projects in process by TL 425.194 (December 31, 2008 - 557.750), to research and development expenses by TL 2.558.484 (December 31, 2008 - TL 633.000) to general administrative expenses by TL 947.083 (December 31, 2008 - TL 749.031), to selling and marketing expenses by TL 362.221 (December 31, 2008 - TL 257.134), to inventories by TL 1.305.806 (December 31, 2008 - TL 505.773), to other operating expenses (idle capacity expense) by TL 2.518.735 (December 31, 2008 – 906.349).

(Currency –Turkish Lira (TL) unless otherwise indicated)

18. Property, plant and equipment (continued)

As of December 31, 2009 and December 31, 2008, gross values of fully depreciated items which are still in use is as follows :

	December 31, 2009	December 31, 2008
Machinery, equipment and installations	**43.680.810**	47.525.326
Furniture and fixtures	**2.585.412**	13.912.260
Motor vehicles	**12.577.232**	2.585.412
Leasehold improvements	**1.392.258**	1.089.332
	60.235.712	65.112.330

19. Intangible assets

During the year ended December 31, 2009, the movement of intangibles and accumulated amortization is as follows:

	January 1, 2009	**Additions**	**Transfers**	**December 31, 2009**
Cost:				
Other intangible assets	**3.839.826**	**2.096.688**	**-**	**5.936.514**
Development costs	**5.848.347**	**-**	**20.936.041**	**26.784.388**
Development projects in process	**16.758.438**	**17.576.070**	**(20.936.041)**	**13.398.467**
	26.446.611	**19.672.758**	**-**	**46.119.369**
Accumulated amortization:				
Other intangible assets	**2.341.733**	**757.224**	**-**	**3.098.957**
Development costs	**562.099**	**2.625.352**	**-**	**3.187.451**
	2.903.832	**3.382.576**	**-**	**6.286.408**
Net book value	**23.542.779**	**16.290.182**	**-**	**39.832.961**

(Currency –Turkish Lira (TL) unless otherwise indicated)

19. Intangible assets (continued)

During the year ended December 31, 2008, the movement of intangibles and accumulated amortization is as follows:

	January 1, 2008	Additions	Transfers	December 31, 2008
Cost:				
Other intangible assets	2.793.953	320.457	725.416	3.839.826
Development costs	2.550.970	-	3.297.377	5.848.347
Development projects in process	2.255.323	17.800.492	(3.297.377)	16.758.438
	7.600.246	18.120.949	725.416 (*)	26.446.611
Accumulated amortization:				
Other intangible assets	1.979.108	362.625	-	2.341.733
Development costs	42.516	519.583	-	562.099
	2.021.624	882.208	-	2.903.832
Net book value	5.578.622			23.542.779

(*) This amount is transferred from construction in progress to other intangible assets.

As of December 31, 2009 and December 31, 2008, the gross values of fully amortized intangible assets which are still in use is as follows :

	December 31, 2009	December 31, 2008
Other intangible assets	**1.089.332**	1.777.802
	1.089.332	1.777.802

20. Goodwill

None (December 31, 2008 - None).

(Currency –Turkish Lira (TL) unless otherwise indicated)

21. Government incentives

Research and development incentive rate, which will be calculated over the research and development expenditures, is raised to 100% from 40% with the amendment made to the 10th article of the Tax Law numbered 5520 as a result of the amendment in the 35th article of the Law 5746 related to the Support of Research and Development Operations. The aforementioned law has been enacted as of April 1, 2008. Accordingly, as of 2008, income tax-payers can deduct 100% of the expenditures which are related to research and development related to new technology and information developments. In 2009, it is required that 100% research and development incentive rate should be applied for the total of research and development expenditures of the year

The Company has research and development incentive amounting to TL 23.263.413 (December 31, 2008 - TL 14.149.292) as a result of its research and development expenditures amounting to TL 23.263.413 (December 31, 2007 - TL 14.149.292) which is utilized at 100% (December 31, 2008 - 100%) deduction without any withholding tax. The Company has an R&D center certificate.

For the year ended December 31, 2009, government incentives of the Company amounting to TL 2.626.159 included in other income consist of the amounts provided by Scientific & Technological Research Council of Turkey (Tübitak) in order to support research and development (R&D) expenditures of several projects conducted by the Company (December 31, 2008 – TL 1.389.615).

As of December 31, 2009, there is not any incentive which has been gained but not utilized (December 31, 2008 - None).

22. Provisions, contingent assets and liabilities

Provisions

	December 31, 2009	December 31, 2008
Provision for other cost (*)	**51.518.026**	-
Warranty provision	**6.184.720**	6.376.954
Provision for vacation pay liability	**1.438.270**	1.749.665
Provision for sales commission	**-**	1.465.890
Provision for cost of materials committed to be delivered	**16.723**	-
Other	**-**	7.291
	59.157.739	9.599.800

(*) Includes costs incurred by the Company related with tank project, which were not charged yet, and costs incurred by the subcontractors that will be invoiced to the Company at the end of the project, which were computed according to the estimated percentage of completion by the subcontractors.

(Currency –Turkish Lira (TL) unless otherwise indicated)

22. Provisions, contingent assets and liabilities (continued)

Warranty provision

The Company provides one year warranty for minibus and Land Rover vehicles and 2 years warranty for certain armoured vehicle models and midi-busses sold. The Company has no warranty commitment for trailers. Therefore, warranty expense provision has been recorded only for the vehicles under guarantee as of the balance sheet date. The movement of the warranty expense provision is as follows:

	December 31, 2009	December 31, 2008
January 1,	**6.376.954**	5.705.132
Additional provision	**8.686.823**	7.182.448
Payments	**(8.879.057)**	(6.510.626)
	6.184.720	6.376.954

Provision for vacation pay liability

The movements of provision for vacation pay liability are as follows:

	December 31, 2009	December 31, 2008
January 1,	**1.749.665**	1.215.343
Additional provision	**(311.395)**	534.322
	1.438.270	1.749.665

Letters of guarantees

a) Guarantees given as of December 31, 2009 and December 31, 2008 are as follows:

	December 31, 2009	December 31, 2008
Bank letters of guarantee (*)	**291.493.623**	211.826.027
	291.493.623	211.826.027

(*) Bank letters of guarantee amounting to TL 153.066.348 are given to Undersecretariat of Ministry of Defense for the Altay Project.

(Currency –Turkish Lira (TL) unless otherwise indicated)

22. Provisions, contingent assets and liabilities (continued

b) Guarantees received as of December 31, 2009 and December 31, 2008 are as follows:

	December 31, 2009	December 31, 2008
Bank letters of guarantee (**)	**95.238.952**	58.642.264
Guarantee notes	**3.389.000**	8.405.000
Mortgages received	**7.045.000**	7.023.000
Guarantee checks	**135.000**	185.000
	105.807.952	74.255.264

(**) Bank letters of guarantee amounting to TL 55.351.176 are obtained from the sub-contractors for Altay Project.

23. Commitments

None (December 31, 2008 - None).

24. Employee benefits

	December 31, 2009	December 31, 2008
Reserve for retirement pay	**5.616.418**	4.450.303
Total	**5.616.418**	4.450.303

Reserve for retirement pay

There are no agreements for pension commitments other than the legal requirements as explained below.

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men).

(Currency –Turkish Lira (TL) unless otherwise indicated)

24. Employee benefits (continued)

The amount payable consists of one month’s salary limited to a maximum of TL 2.365 for each year of service as of December 31, 2009 (December 31, 2008 - TL 2.088).

The liability is not funded, as there is no funding requirement.

The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees.

The CMB Accounting Standards require actuarial valuation methods to be developed to estimate the enterprises’ obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	December 31, 2009	December 31, 2008
Discount rate (%)	**5,92**	6,26
Turnover rate to estimate the probability of retirement (%)	**8**	7

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation.

As of January 1, 2010, the retirement pay liability ceiling is increased to TL 2.427.

The movement of reserve for retirement pay is as follows:

	December 31, 2009	December 31, 2008
January 1	**4.450.303**	4.118.424
Interest expense	**240.316**	222.395
Current year provision (including actuarial gains/losses)	**2.347.012**	937.204
Payments	**(1.421.213)**	(827.720)
	5.616.418	4.450.303

25. Employee pension plan

As of December 31, 2009 and 2008, the Company does not have any liability related to the employee pension plans.

(Currency –Turkish Lira (TL) unless otherwise indicated)

26. Other assets and liabilities

a) Other current assets	**December 31, 2009**	December 31, 2008
Value added tax receivables	**16.459.668**	20.492.382
Tax and funds deductible	**3.135.804**	1.752.693
Prepaid tax	**2.979.148**	1.078.181
Prepaid expenses	**593.458**	501.361
Job advances	**-**	8.306
Other	**751.157**	52.991
Total	**23.919.235**	23.885.914

b) Other current liabilities	**December 31, 2009**	December 31, 2008
Social security premiums payable	**3.227.485**	2.656.668
Taxes and funds payable	**1.773.651**	1.492.608
Deferred special consumption tax	**259.324**	195.798
Other	**157.242**	115.427
Total	**5.417.702**	4.460.501

27. Shareholders' equity

Share capital

The shareholding structure of the Company as of December 31, 2009 and 2008 is as follows:

	December 31, 2009		December 31, 2008	
Shareholder	**TL**	**%**	TL	%
Koç Holding A.Ş.	**10.722.750**	**44,68**	10.722.750	44,68
Ünver Holding A.Ş.	**5.954.944**	**24,81**	5.954.944	24,81
Other	**7.322.306**	**30,51**	7.322.306	30,51
Total	**24.000.000**	**100,00**	24.000.000	100,00
Adjustments to share capital	**52.743.030**		52.743.030	
Total	**76.743.030**		76.743.030	

27. Shareholders' equity (continued)

Retained earnings, as per the statutory financial statements, other than legal reserves, are available for distribution, subject to the legal reserve requirement referred to below.

The legal reserves consist of first and second legal reserves in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the Company’s share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company’s share capital. The first and second legal reserves are not available for distribution unless they exceed 50% of the share capital, but may be used to absorb losses in the event that the general reserve is exhausted.

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

In accordance with the CMB decision number 1/6 dated January 9, 2009, it was also announced that without considering the fact that a profit distribution has been declared in the general assemblies of the subsidiaries, joint ventures and associates, which are consolidated into the parent company’s financial statements, the net income from these companies that are consolidated into the financial statements of the parent company can be considered when calculating the distributable amount, as long as the statutory reserves of these entities are sufficient for a such profit distribution. After completing these requirements, the parent company may distribute profit by considering the net income included in the consolidated financial statements prepared in accordance with Communiqué No. XI-29 of CMB.

Based on the decision of CMB dated January 27, 2010, it is decided not to determine any minimum dividend payment distribution requirement for publicly held companies.

Inflation adjustments to issued capital and historical amount of extraordinary reserves can be used for in kind capital increase, dividend distribution in cash or the net loss deduction. In case inflation adjustments to issued capital is used as dividend distribution in cash, it is subject to corporation tax.

As of December 31, 2009, in the financial statements of the Company prepared in accordance with financial reporting standards published by Capital Markets Board net income of the year and prior year profits including other reserves to be distributed as dividend is TL 33.859.810 and TL 47.701.977, respectively. Current year net income of the Company in statutory books is TL 21.006.691, other reserves to be distributed as dividend is TL 62.999.596. After deduction of first legal reserves, current year net profit in statutory books is TL 21.006.691. As of our report date, there is no decision of dividend distribution related to 2009.

Revaluation fund amounting to TL 1.434.437 after net of deferred tax amounting to TL 75.496, which was presented in equity was reflected to income statement.

(Currency –Turkish Lira (TL) unless otherwise indicated)

27. Shareholders' equity (continued)

In accordance with the Communiqué, as of December 31, 2009 and December 31, 2008, the details of equity, based on which the dividend will be distributed is as follows:

	December 31, 2009	December 31, 2008
Paid-in share capital	**24.000.000**	24.000.000
Inflation adjustments on equity items	**52.743.030**	52.743.030
Revaluation surplus		
- Revaluation surplus of financial assets	**-**	1.434.437
Restricted reserves	**14.818.147**	14.218.147
Retained earnings		
- Extraordinary reserves	**36.751.894**	9.696.494
- Inflation adjustments on legal reserves	**10.950.083**	10.950.083
- Retained earnings		-
Net income for the year	**33.859.810**	34.855.400
Total shareholder’s equity	**173.122.964**	147.897.591

As of December 31, 2009 and 2008, the restated amounts and the equity restatement differences of the aforementioned nominal values are as follows:

			December 31, 2009
	Historical value	**Restated value**	**Inflation adjustments on equity items**
Share capital	**24.000.000**	**76.743.030**	**52.743.030**
Legal reserves	**14.818.147**	**25.768.230**	**10.950.083**
Total	**38.818.147**	**102.511.260**	**63.693.113**

			December 31, 2008
	Historical value	Restated value	Inflation adjustments on equity items
Share capital	24.000.000	76.743.030	52.743.030
Legal reserves	14.218.147	25.168.230	10.950.083
Total	38.218.147	101.911.260	63.693.113

(Currency –Turkish Lira (TL) unless otherwise indicated)

27. Shareholders' equity (continued)

Historical value of legal and extraordinary reserves in the statutory financial statements are as follows :

	December 31, 2009	December 31, 2008
Legal reserves	**14.818.147**	14.218.147
Extraordinary reserves	**60.181.449**	30.711.001
Total	**74.999.596**	44.929.148
Dividends distributed during year based on previous year's net income per statutory financial statements	**7.200.000**	30.000.000
Dividend paid per share (kuruş)	**0,030**	0,125

The Company's share capital is fully paid, and consists of 24.000.000.000 shares with kuruş 0,1 par value each.

28. Sales and cost of sales

Net sales

	December 31, 2009	December 31, 2008
Domestic sales	**345.620.944**	329.541.298
Export sales	**157.789.678**	149.992.527
Gross sales	**503.410.622**	479.533.825
Less: Sales discounts and sales returns	**(165.939)**	(418.970)
Net sales	**503.244.683**	479.114.855

(Currency –Turkish Lira (TL) unless otherwise indicated)

28. Sales and cost of sales (continued)

As of December 31, 2009 and 2008 sales of the Company in terms of the number of vehicles sold are as follows;

	December 31, 2009
Commercial vehicle	**184.744.300**
Armoured vehicles	**179.238.100**
Other sales (*)	**139.262.283**
	503.244.683

(*) TL 74.129.647 of this amount is related to revenues of uncompleted contracts.

	December 31, 2008
Commercial vehicle	250.519.645
Armoured vehicles	179.263.257
Other sales	49.331.953
	479.114.855

Cost of sales

	December 31, 2009	December 31, 2008
Cost of finished goods sold	**342.976.579**	343.753.430
Cost of merchandise sold	**29.136.295**	18.734.223
Cost of sales	**372.112.874**	362.487.653

29. Research and development expenses, marketing, selling and distribution expenses, general and administrative expenses

	December 31, 2009	December 31, 2008
Selling and marketing expenses	**43.453.036**	36.327.241
General and administrative expenses	**24.145.637**	21.044.451
Research and development expenses	**5.171.960**	4.944.475
Total operating expenses	**72.770.633**	62.316.167

(Currency –Turkish Lira (TL) unless otherwise indicated)

29. Research and development expenses, marketing, selling and distribution expenses, general and administrative expenses (continued)

Personnel expenses totaling to TL 66.733.967 (December 31, 2008 – TL 64.720.489) have been allocated to cost of sales and inventories by TL 31.326.020 (December 31, 2008 – TL 34.184.645), to selling and marketing expenses by TL 8.039.575 (December 31, 2008 – TL 7.412.020), to general and administrative expenses by TL 10.169.609 (December 31, 2008 – TL 9.935.960), to research and development expenses (including the personnel expenses in the capitalized research and development expenses) by TL 17.198.764 (December 31, 2008 – TL 13.187.864).

30. Expenses as nature

	December 31, 2009	December 31, 2008
Cost of raw material and consumption goods	**336.755.300**	327.768.201
Personnel expenses	**51.988.378**	53.834.268
Other production expenses	**8.954.722**	9.784.251
Warranty expense	**8.686.823**	7.182.448
Other sales expenses	**7.591.176**	8.185.363
Depreciation and amortization	**6.684.126**	4.207.810
Transportation and insurance expense	**3.203.739**	3.204.355
Exhibition and fair expenses	**2.410.753**	1.977.019
Change in finished goods, work-in-process and merchandise goods	**(10.388.197)**	(11.507.650)
Other expenses	**28.996.687**	20.167.755
Total expenses	**444.883.507**	424.803.820

The breakdown of personnel expenses is as follows:

	December 31, 2009	December 31, 2008
Personnel expenses		
Wages and salaries	**52.393.720**	50.115.214
SSK employee contribution	**8.480.044**	9.360.254
Other social benefits	**4.095.442**	4.085.422
Employee termination benefits	**2.930.877**	1.159.599
	67.900.083	64.720.489

(Currency –Turkish Lira (TL) unless otherwise indicated)

31. Other operating income / expense

	December 31, 2009	December 31, 2008
Other income		
R&D incentives income	**2.626.157**	1.389.615
Income related to Entek sales	**1.434.437**	-
Gain on sale of property, plant and equipment	**7.454**	-
Sales incentives income	**-**	466.612
Other	**1.414.274**	1.437.525
Total	**5.482.322**	3.293.752

	December 31, 2009	December 31, 2008
Other expense		
Idle capacity depreciation expense (*)	**(4.354.161)**	(906.349)
Bank expenses	**(698.800)**	(356.491)
Provision for doubtful receivables	**(253.231)**	(481.662)
Loss on sales of property, plant and equipment	**-**	(203.914)
Other expenses, net	**311.395**	(534.322)
	(4.994.797)	(2.482.738)

(*) Idle capacity depreciation expense is depreciation expense of the factory and machinery which are not in use for the year ended December 31, 2009.

32. Financial income

	December 31, 2009	December 31, 2008
Foreign exchange gain	**43.943.632**	60.841.310
Foreign exchange gain on bank borrowings	**18.423.156**	13.803.775
Interest income from time deposits	**2.709.512**	771.755
Term difference income related to sales	**2.395.466**	6.767.656
Total	**67.471.766**	82.184.496

(Currency –Turkish Lira (TL) unless otherwise indicated)

33. Financial expense

	December 31, 2009	December 31, 2008
Foreign exchange losses	**(51.755.997)**	(55.307.540)
Interest expense on bank borrowings	**(21.115.831)**	(13.018.955)
Foreign exchange losses on bank borrowings	**(17.773.774)**	(32.284.668)
Unearned financial expense	**-**	(129.646)
Total	**(90.645.602)**	(100.740.809)

34. Available for sale asset and discontinued operations

None (December 31, 2008 - None).

35. Tax assets and liabilities

The Company is subject to taxation in accordance with the tax regulation and the legislation effective in Turkey.

In Turkey, the corporation tax rate is 20% (December 31, 2008 - 20%). Corporate tax returns are required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid in one installment by the end of the fourth month. The tax legislation provides for a temporary tax of 20% (2008 - 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 year.

Corporate tax losses can be carried forward for a maximum period of 5 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.

15% withholding applies to dividends distributed by resident real persons, those who are not liable to income and corporation tax, non-resident real persons, non-resident corporations (excluding those that acquire dividend through a permanent establishment or permanent representative in Turkey) and non-resident corporations exempted from income and corporation tax. Dividend distribution by resident corporations to resident corporations is not subject to a withholding tax. Furthermore, in the event the profit is not distributed or included in capital, no withholding tax shall be applicable.

(Currency –Turkish Lira (TL) unless otherwise indicated)

35. Tax assets and liabilities (continued)

As of December 31, 2009 and December 31, 2008, income tax payables net off prepaid taxes presented in the balance sheet is as follows:

	December 31, 2009	December 31, 2008
Income tax payable	**-**	7.067.137
Prepaid taxes	**-**	(7.067.137)
Income tax payable	**-**	-

The breakdown of total tax expense for the year ended December 31, 2009 and 2008:

	December 31, 2009	December 31, 2008
Deferred tax credit	**1.815.055**	(5.356.801)
Corporate tax charge	**-**	7.067.137
Total tax expense	**1.815.055**	1.710.336

The reconciliation of profit before tax to total tax expense is as follows:

	December 31, 2009	December 31, 2008
Profit before tax	**35.674.865**	36.565.736
Income tax charge at effective tax rate 20% (2008- 20%)	**7.134.973**	7.313.147
Effect of non-tax deductible and tax exempt items	**(5.480.336)**	(6.022.229)
Dissallowable expenses	**160.418**	419.418
Total tax expense	**1.815.055**	1.710.336

(Currency –Turkish Lira (TL) unless otherwise indicated)

35. Tax assets and liabilities (continued)

As of December 31, 2009 and 2008, the breakdown of deferred tax bases and deferred tax liability computed using the current effective tax rates are as follows:

	Cumulative temporary differences		Deferred tax assets/(liability)	
	December 31, 2009	December 31, 2008	**December 31, 2009**	December 31, 2008
Property, plant and equipment	**(5.245.615)**	(3.399.951)	**2.432.172**	2.801.305
Intangibles	**(4.353.089)**	(787.966)	**(870.618)**	(157.593)
Deferred financial expense	**(1.665.601)**	(4.567.855)	**(333.120)**	(913.571)
Inventories	**970.454**	380.773	**194.091**	76.155
Warranty reserve	**6.184.720**	6.376.954	**1.236.944**	1.275.391
Reserve for retirement pay	**5.616.418**	4.450.303	**1.123.284**	890.061
Deferred financial income	**1.223.640**	803.483	**244.728**	160.697
Other provisions	**3.765.163**	2.073.179	**753.033**	414.634
Adjustment for percentage of completion method on construction projects	**(9.802.719)**	-	**(1.960.544)**	-
Other	**(792.487)**	(1.411.042)	**(158.498)**	(70.552)
Deferred tax asset			**2.661.472**	4.476.527

The movement of deferred tax liability and asset for the year ended December 31, 2009 and 2008 is as follows:

	December 31, 2009	December 31, 2008
January 1	**(4.476.527)**	852.060
Deferred tax credit for the current year	**1.815.055**	(5.356.801)
Tax expense recorded in equity	**-**	28.214
	(2.661.472)	(4.476.527)

36. Earnings per share

Earnings per share is calculated by dividing net profit by the weighted average number of shares that have been outstanding during the year concerned.

Companies can increase their share capital by making a pro rata distribution of shares (Bonus Shares) to existing shareholders without consideration for amounts resolved to be transferred to share capital from retained earnings. For the purpose of the earnings per share calculation such Bonus Share issues are regarded as stock dividends. Dividend payments, which are immediately reinvested in the shares of the Company, are regarded similarly.

(Currency –Turkish Lira (TL) unless otherwise indicated)

36. Earnings per share (continued)

Earnings per main share are determined by dividing net income of the shareholders by the weighted average number of shares that have been outstanding during the related year concerned.

	December 31, 2009	December 31, 2008
Net income attributable to shareholders (TL)	**33.859.810**	34.855.400
Weighted average number of issued shares	**24.000.000.000**	24.000.000.000
Earnings per share (kuruş)	**0,141**	0,145

37. Related party disclosures

Due from and due to the related parties at the year end and transactions with related parties during the year are as follows:

i) Due from and due to related party balances as of December 31, 2009 and December 31, 2008:

Due from related parties	**December 31, 2009**	December 31, 2008
Ram Dış Ticaret A.Ş.(Ram Dış) (1)	**30.535.451**	22.444.543
Rmk Marine Gemi San.A.Ş.(Rmk Gemi) (1)	**22.905**	2.723
Ford Otosan A.Ş.(Ford) (1)	**18.514**	22.740
Zer Merkezi Hizmetler Ve Ticaret A.Ş.(Zer) (1)	**-**	27.384
Otoyol Sanayi A.Ş. which is in liquidation process (3)	**-**	11.859
Other (1)	**44.358**	13.455
Total	**30.621.228**	22.522.704

(1) Shareholders’ subsidiary
(2) Shareholder
(3) Shareholder’s subsidiary in liquidation process

(Currency –Turkish Lira (TL) unless otherwise indicated)

37. Related party disclosures (continued)

Due to related parties	December 31, 2009	December 31, 2008
Zer (1)	**748.163**	671.064
Ram Dış (1)	**276.840**	1.270.398
Koç Sistem Bilgi İle.Hizm.A.Ş. (Koç Sistem) (1)	**265.270**	70.532
Setur Servis Turistik A.Ş. (Setur) (1)	**263.272**	178.110
Otokoç Otomotiv Tic.San.A.Ş. (Otokoç) (1)	**203.549**	108.970
Platform Araştırma ve Geliştirme Taş.Tic. A.Ş.(Platform) (1)	**194.149**	148.392
Akpa Dayanıklı Tük.Paz.A.Ş. (Akpa) (1)	**177.502**	137.474
Koç Holding A.Ş.(Koç Holding) (2)	**108.280**	128.367
Setair Hava Taşım.ve Hiz.A.Ş.(Setair) (1)	**78.266**	-
Ram Sigorta Aracılık Hiz.A.Ş. (Ram Sigorta) (1)	**55.238**	39.137
Koç-Net Haberleşme A.Ş (Koçnet) (1)	**28.245**	1.606
Ford (1)	**24.533**	17.833
Opet Petrolcülük A.Ş. (Opet) (1)	**18.087**	14.048
Promena Elektronik Tic. A.Ş. (Promena) (1)	**14.950**	-
Palmira Turizm Tic.A.Ş (Palmira)(1)	**1.863**	1.013
Yapı Kredi Kültür ve Sanat (1)	**1.790**	-
Koçtaş Yapı Marketleri T.A.Ş. (Koçtaş) (1)	**78**	10.945
Tasfiyel Halinde Otoyol (3)	**-**	9.889.872
Koç Üniversitesi (1)	**-**	11.379
Koç Finansal Kiralama A.Ş. (1)	**-**	1.462
Oltaş Otomotiv Last.Tev.A.Ş. (Oltaş) (1)	**-**	346
Beldeyama Motorlu Vast.A.Ş. (Beldeyama) (1)	**-**	142.599
Tofaş Türk Otomobıl Fabr.A.Ş. (Tofaş) (1)	**-**	11.662
Other	**7.235**	6.947
Total	**2.467.310**	12.862.156

(1) Shareholders' subsidiary
(2) Shareholder
(3) Shareholder's subsidiary in liquidation process

(Currency –Turkish Lira (TL) unless otherwise indicated)

37. Related party disclosures (continued)

ii) Major sales and purchase transactions with related parties for the year ended December 31:

Product sales and service revenue	December 31, 2009	December 31, 2008
Ram Dış (1)	**132.084.295**	37.748.392
Zer (1)	**302.435**	-
Aygaz Anonim Şirketi (Aygaz) (1)	**161.698**	161.158
Beldeyama (1)	**126.746**	-
Ford (1)	**14.073**	65.738
Aygaz Doğalgaz İletim A.Ş. (Aygaz Doğalgaz) (1)	**3.170**	-
Rmk Gemi (1)	**-**	26.864
Otoyol which is in liquidation process (3)	**-**	10.063.715
Total	**132.692.417**	48.065.867

Purchase of property, plant and equipment	December 31, 2009	December 31, 2008
Koç Sistem (1)	**1.360.133**	1.057.314
Otokoç (1)	**150.950**	-
Koçnet (1)	**26.451**	4.212
Otoyol which is in liquidation process (3)	**-**	57.171.000
Total	**1.537.534**	58.232.526

Inventory purchases	December 31, 2009	December 31, 2008
Zer (1)	**4.192.838**	3.540.356
Ram Dış (1)	**1.407.186**	5.737.304
Akpa (1)	**1.207.464**	1.257.854
Beldeyama (1)	**623.350**	1.736.268
Opet (1)	**263.381**	237.519
Koçtaş (1)	**20.469**	26.530
Arçelik A.Ş. (1)	**12.874**	-
Ford (1)	**5.643**	10.760
Tasfiye Halinde Otoyol (3)	**-**	7.355.088
Oltaş (1)	**-**	105.922
Sanal Merkez T.A.Ş. (1)	**-**	15.646
Zer (1)	**-**	-
Total	**7.733.205**	20.023.247

(1) Shareholders' subsidiary
(2) Shareholder
(3) Shareholder's subsidiary in liquidation process

(Currency –Turkish Lira (TL) unless otherwise indicated)

37. Related party disclosures (continued)

Services received	**December 31, 2009**	December 31, 2008
Ram Dış (1)	**8.090.341**	2.442.081
Setur (1)	**1.355.000**	1.671.395
Koç Holding A.Ş.(2)	**1.096.183**	978.379
Ram Sigorta (1)	**1.073.286**	1.198.582
Otokoç (1)	**622.313**	432.608
Koç Sistem (1)	**285.070**	457.270
Koç.Net (1)	**207.963**	151.089
Platform (1)	**165.129**	126.666
Setair (1)	**108.620**	61.215
Promena (1)	**42.907**	-
Tofaş(1)	**8.104**	14.125
Koç Üniversitesi (1)	**7.595**	10.612
Palmira (1)	**6.789**	845.251
Tasfiye Halinde Otoyol (3)	**5.953**	-
Yapi Kredi Kültür ve Sanat Yay (1)	**1.662**	-
Migros T.A.Ş.	**-**	167.025
VKV Amerikan Hastanesi (1)	**-**	27.175
Koç Bilgi Savunma A.Ş. (1)	**-**	1.211
Rahmi M.Koç Müzesi (1)	**-**	613
Total	**13.076.915**	8.585.297

Bank deposits	**December 31, 2009**	December 31, 2008
Yapı ve Kredi Bankası A.Ş. (1)		
- demand deposits	**7.131.308**	43.956.700
- time deposits	**626.547**	1.352.273
	7.757.855	45.308.973

Checks and notes in collection	**December 31, 2009**	December 31, 2008
Yapı ve Kredi Bankası A.Ş. (1)	**14.309.918**	18.392.003
	14.309.918	18.392.003

(Currency –Turkish Lira (TL) unless otherwise indicated)

37. Related party disclosures (continued)

Bank loans	December 31, 2009	December 31, 2008
Yapı ve Kredi Bankası A.Ş. (1)	**50.203.570**	16.955.881
	50.203.570	16.955.881

The Company has also a loan amounting to USD 10.000.000 obtained under guarantee of Koç Holding A.Ş. (2008 – None).

iii) For the year ended December 31, financial income and expense with related parties:

Interest income	December 31, 2009	December 31, 2008
Yapı ve Kredi Bankası A.Ş. (1)	**1.180.929**	430.902
Total	**1.180.929**	430.902

(1) Shareholders' subsidiary
(2) Shareholder
(3) Shareholder's subsidiary in liquidation process

Foreign exchange gains	December 31, 2009	December 31, 2008
Yapı ve Kredi Bankası A.Ş. (1)	**14.206.510**	2.488.826
Ram Dış (1)	**7.757.256**	3.114.237
Ram Sigorta (1)	**-**	-
Total	**21.963.766**	5.603.063

Forward gains /losses	December 31, 2009	December 31, 2008
Yapı ve Kredi Bankası A.Ş.		
Forward income	**678.416**	-
Forward expense	**(1.879.244)**	-
Total	**(1.200.828)**	-

(Currency –Turkish Lira (TL) unless otherwise indicated)

37. Related party disclosures (continued)

Foreign exchange losses	December 31, 2009	December 31, 2008
Yapı ve Kredi Bankası A.Ş. (1)	**16.015.358**	8.345.200
Ram Dış (1)	**11.253.453**	4.289.826
Otoyol which is in liquidation process (3)	**668.266**	13.236.552 (*)
Ram Sigorta (1)	**-**	2.307
Total	**27.937.077**	25.873.885

(*) Foreign exchange losses invoiced by Otoyol Sanayi A.Ş are resulted from the foreign exchange difference between the date of the invoice and the date of the payments related to the purchase of fixed assets from Otoyol Sanayi A.Ş. amounting to USD 47,5 million.

Interest expense	December 31, 2009	December 31, 2008
Yapı ve Kredi Bankası A.Ş. (1)	**2.315.952**	405.431
Total	**2.315.952**	405.431

(1) Shareholders' subsidiary
(2) Shareholder
(3) Shareholder's subsidiary in liquidation process

Forward agreements with Yapı ve Kredi Bankası A.Ş.

				December 31, 2009
Amount	**Currency**	**Parity**	**Transaction date**	**Maturity**
-	-	-	-	-

				December 31, 2008
Amount	Currency	Parity	Transaction date	Maturity
15.000.000	USD-Euro	1,3973	31.12.2008	15.05.2009
12.000.000	USD-Euro	1,3959	31.12.2008	30.06.2009
11.000.000	USD-Euro	1,3947	31.12.2008	06.08.2009
15.000.000	USD-Euro	1,3944	31.12.2008	12.10.2009

Salaries and similar benefits provided to the executive management by the Company for the year ended December 31, 2009 is amounted to TL 4.350.657 (December 31, 2008 - TL 4.842.413).

(Currency –Turkish Lira (TL) unless otherwise indicated)

38. Nature and level of risks arising from financial instruments

The Company is exposed to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. These risks are market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Company’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

Credit risk

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. These risks are monitored by limiting the aggregate risk from any individual counterparty (excluding related parties) and by receiving guarantees from customers when considered necessary. Credit risk of the Company mainly arises from trade receivables. The Company manages this risk that may arise from its dealers or from other customers by restricting the credit limits determined for the dealers according the amount of guarantees received, by receiving advance payments or by receiving the pledge of ownership of the vehicles sold. Credit limits are regularly monitored by the Company and the customers’ credit quality are regularly evaluated by considering the customer’s financial position, past experiences and other factors. All foreign sales are made after receiving confirmed letters of credit. Military vehicle sales are made to domestic or foreign governmental institutions or to companies acting as agents to these institutions; accordingly, the Company does not anticipate any collection risk related to military vehicle sales. Trade receivables are evaluated by management based on their past experiences and current economic condition, and are presented in financial statements net of provision for doubtful receivables (Note 10).

	Receivables			
Current year	**Trade receivables**	**Other receivables**	**Bank deposits (Note 6)**	**Derivative instruments**
Maximum credit risk exposure as of reporting date (A+B+C+D+E) (1)	**159.793.780**	**6.385**	**30.233.627**	**-**
- Maximum risk secured by guarantee **(2)**	**(125.401.848)**	**-**	**-**	**-**
A. Net book value of financial assets neither overdue nor impaired	**157.273.528**	**6.385**	**30.233.627**	**-**
B. Net book value of financial assets of which conditions are negotiated, otherwise considered as impaired or overdue	**-**	**-**	**-**	**-**
C. Net book value of assets overdue but not impaired	**1.113.718**	**-**	**-**	**-**
D. Net book value of impaired assets	**1.406.534**	**-**	**-**	**-**
- Overdue (gross book value)	**10.438.968**	**-**	**-**	**-**
- Impairment (-) (Note 10)	**(9.032.435)**	**-**	**-**	**-**
- Net value under guarantee	**1.406.533**	**-**	**-**	**-**
- Not overdue (gross book value)	**-**	**-**	**-**	**-**
- Impairment (-)	**-**	**-**	**-**	**-**
- Net value under guarantee	**-**	**-**	**-**	**-**
E. Off- balance sheet items having credit risk	**-**	**-**	**-**	**-**

(Currency –Turkish Lira (TL) unless otherwise indicated)

38. Nature and level of risks arising from financial instruments (continued)

	Receivables			
Prior year	Trade receivables	Other receivables	Bank deposits (Note 6)	Derivative instruments
Maximum credit risk exposure as of reporting date (A+B+C+D+E) (1)	174.171.315	6.234	64.925.025	80.151.900
- Maximum risk secured by guarantee **(2)**	(90.565.396)	-	-	-
A. Net book value of financial assets neither overdue nor impaired	169.790.541	6.234	64.925.025	-
B. Net book value of financial assets of which conditions are negotiated, otherwise considered as impaired or overdue	-	-	-	-
C. Net book value of assets overdue but not impaired	2.310.746	-	-	-
D. Net book value of impaired assets	2.070.028	-	-	-
- Overdue (gross book value)	9.795.519	-	-	-
- Impairment (-) (Note 10)	(7.725.491)	-	-	-
- Net value under guarantee	2.070.028	-	-	-
- Not overdue (gross book value)	-	-	-	-
- Impairment (-)	-	-	-	-
- Net value under guarantee	-	-	-	-
E. Off- balance sheet items having credit risk	-	-	-	80.151.900

(1) Guarantees received and factors increasing the loan reliability are not considered when determining this amount.
(2) Guarantees consist of guarantee notes, guarantee checks, mortgages and car pledges received from customers.

Trade receivables aging analysis

As of December 31, 2009, trade receivables amounting to TL 2.520.252 (December 31, 2008 - TL 4.380.774) have not been collected at the due dates.

The aging of the past due but not impaired receivables is as follows:

Current year	**Trade receivables**
1- 30 day past due	**-**
1- 3 month past due	**-**
3- 12 month past due	**-**
1- 5 year past due	**2.520.252**
Over 5 year past due	**-**
Amount secured with guarantee (1)	**2.520.252**

Prior year	Trade receivables
1- 30 day past due	-
1- 3 month past due	1.094.674
3- 12 month past due	2.160.889
1- 5 year past due	1.125.211
Over 5 year past due	-
Amount secured with guarantee (1)	4.380.774

(1) Pledges on trailer vehicles.

(Currency –Turkish Lira (TL) unless otherwise indicated)

38. Nature and level of risks arising from financial instruments (continued)

Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions.

The ability to fund existing and prospective debt requirements is managed by maintaining the availability of adequate committed funding lines from high quality lenders.

As of December 31, 2009 and December 31, 2008, maturities of gross trade payables and financial liabilities are as follows:

Current year

Maturities per agreements	Book value	Total cash outflow per agreement (=I+II+III+IV)	Less than 3 month (I)	Between 3-12 month (II)	Between 1-5 year (III)	Over 5 years (IV)
Non-derivative financial liabilities						
Bank loans	**141.225.474**	**150.063.565**	**69.854.413**	**-**	**80.209.152**	**-**
Trade payables	**56.548.984**	**56.769.351**	**46.154.444**	**10.607.642**	**7.265**	**-**
Other payables	**156.843.558**	**156.843.558**	**-**	**156.843.558**	**-**	**-**

Expected maturities	Book value	Total expected cash outflow (=I+II+III+IV)	Less than 3 month (I)	Between 3-12 month (II)	Between 1-5 year (III)	Over 5 years (IV)
Non-derivative financial liabilities						
Other payables	**3.057.126**	**3.057.126**	**-**	**3.057.126**	**-**	**-**
Other current liabilities	**5.417.702**	**5.417.702**	**5.417.702**	**-**	**-**	**-**

Expected maturities (or maturities per agreement)	Book value	Total cash outflow expected / per agreement (=I+II+III+IV)	Less than 3 month (I)	Between 3-12 month (II)	Between 1-5 year (III)	Over 5 years (IV)
Derivative financial liabilities (net)						
Derivative cash inflows	-	-	-	-	-	-
Derivative cash outflows	-	-	-	-	-	-

(Currency –Turkish Lira (TL) unless otherwise indicated)

38. Nature and level of risks arising from financial instruments (continued)

Prior year

Maturities per agreements	Book value	Total cash outflow per agreement (=I+II+III+IV)	Less than 3 month (I)	Between 3-12 month (II)	Between 1-5 year (III)	Over 5 years (IV)
Non-derivative financial liabilities						
Bank loans	210.331.455	218.382.520	66.407.476	151.975.044	-	-
Trade payables	55.813.758	56.317.189	46.141.466	10.175.723	-	-
Other payables	72.141.887	72.141.887	-	72.141.887	-	-

Expected maturities	Book value	Total expected cash outflow (=I+II+III+IV)	Less than 3 month (I)	Between 3-12 month (II)	Between 1-5 year (III)	Over 5 years (IV)
Non-derivative financial liabilities						
Other payables	3.161.117	3.161.117	3.161.117	-	-	-
Other current liabilities	4.460.501	4.460.501	4.460.501	-	-	-

Expected maturities (or maturities per agreement)	Book value	Total cash outflow expected / per agreement (=I+II+III+IV)	Less than 3 month (I)	Between 3-12 month (II)	Between 1-5 year (III)	Over 5 years (IV)
Derivative financial liabilities (net)						
Derivative cash inflows	(1.146.926)	(1.146.926)	-	(*)	-	-
Derivative cash outflows	80.151.900	80.151.900	-	(*)	-	-

(*) On December 31, 2008, the Company signed forward agreement amounting to USD 53.000.000 to hedge the risk of EUR/USD parity fluctuations . According to this agreement, the Company will purchase USD 53.000.000 in exchange for EUR 37.975.909. Since TL denominated cash inflows and outflows on maturity can not be computed, TL amounts are not presented.

(Currency –Turkish Lira (TL) unless otherwise indicated)

38. Nature and level of risks arising from financial instruments (continued)

Market risk

a) *Foreign currency risk and related sensitivity analysis*

The Company is exposed to the foreign exchange risk through the rate changes at the translation of foreign currency denominated liabilities to local currency. These risks are monitored and limited by analyzing the foreign currency position. Currency risk is monitored and limited by analyzing the foreign currency position. The Company follows a policy of diversifying its foreign currency position in order to manage the foreign currency risk that may arise due to future operations and recognized assets and liabilities.

The accompanying table represents the foreign currency risk of the Company as of December 31, 2009;

						Table of foreign currency position
						Current year
		TL equivalent (functional currency)	USD	EUR	GBP	CHF
1.	Trade receivables	171.980.703	48.631.610	44.843.135	787.486	-
2a.	Monetary financial assets (including cash, bank accounts)	22.948.379	14.373.088	545.916	53.356	-
2b.	Non-monetary financial assets	-	-	-	-	-
3.	Other	36.306.118	22.915.011	834.600	-	-
4.	**Current assets (1+2+3)**	**231.235.200**	**85.919.709**	**46.223.651**	**840.842**	**-**
5.	Trade receivables	31.422.645	-	14.545.501	-	-
6a.	Monetary financial assets	-	-	-	-	-
6b.	Non-monetary financial assets	-	-	-	-	-
7.	Other	-	-	-	-	-
8.	**Non-current assets (5+6+7)**	**31.422.645**	**-**	**14.545.501**	**-**	**-**
9.	**Total assets(4+8)**	**262.657.845**	**85.919.709**	**60.769.152**	**840.842**	**-**
10.	Trade payables	(27.889.814)	(808.758)	(2.474.573)	(8.926.104)	-
11.	Financial liabilities	(37.880.708)	(10.059.212)	(10.523.794)	-	-
12a.	Monetary other liabilities	-	-	-	-	-
12b.	Non-monetary other liabilities	(155.430.988)	(93.028.466)	(7.109.210)	-	-
13.	**Current liabilities (10+11+12)**	**(221.201.510)**	**(103.896.436)**	**(20.107.577)**	**(8.926.104)**	**-**
14.	Trade payables	-	-	-	-	-
15.	Financial liabilities	(21.633.593)	-	(10.014.162)	-	-
16a.	Monetary other liabilities	-	-	-	-	-
16b.	Non-monetary other liabilities	-	-	-	-	-
17.	**Non-current liabilities (14+15+16)**	**(21.633.593)**	**-**	**(10.014.162)**	**-**	**-**
18.	**Total liabilities (13+17)**	**(242.835.103)**	**(103.896.436)**	**(30.121.739)**	**(8.926.104)**	**-**
19.	Net asset/(liability) position of off-balance sheet derivative instruments(19a-19b)	-	-	-	-	-
19a.	Hedged total assets amount	-	-	-	-	-
19b.	Hedged total liabilities amount	-	-	-	-	-
20.	**Net foreign currency asset/(liability) position (9+18+19)**	**19.822.742**	**(17.976.727)**	**30.647.413**	**(8.085.262)**	**-**
21.	**Net foreign currency asset/(liability) position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)**	**138.947.612**	**52.136.728**	**36.922.023**	**(8.085.262)**	**-**
22.	Total fair value of financial instruments used for foreign currency hedging	-	-	-	-	-
23.	Export	158.023.446	54.461.939	27.342.162	4.495.814	-
24.	Import	153.977.582	26.863.275	35.628.214	14.246.113	872.942

(Currency –Turkish Lira (TL) unless otherwise indicated)

38. Nature and level of risks arising from financial instruments (continued)

		Table of foreign currency position				
		Prior year				
		TL equivalent (functional currency)	USD	EUR	GBP	CHF
1.	Trade receivables	95.427.613	1.747.043	42.713.233	613.515	-
2a.	Monetary financial assets (including cash, bank accounts)	65.601.564	41.439.146	1.358.473	11.369	-
2b.	Non-monetary financial assets	-	-	-	-	-
3.	Other	-	-	-	-	-
4.	Current assets (1+2+3)	161.029.177	43.186.189	44.071.706	624.884	-
5.	Trade receivables	37.617.739	-	17.571.814	-	-
6a.	Monetary financial assets	-	-	-	-	-
6b.	Non-monetary financial assets	-	-	-	-	-
7.	Other	-	-	-	-	-
8.	Non-current assets (5+6+7)	37.617.739	-	17.571.814	-	-
9.	Total assets(4+8)	198.646.916	43.186.189	61.643.520	624.884	-
10.	Trade payables	(29.047.890)	(8.092.591)	(6.606.517)	(1.048.255)	(264.691)
11.	Financial liabilities	(133.748.602)	(57.377.299)	(21.943.625)	-	-
12a.	Monetary other liabilities	-	-	-	-	-
12b.	Non-monetary other liabilities	(72.141.887)	(47.218.498)	(342.560)	-	-
13.	Current liabilities (10+11+12)	(234.938.379)	(112.688.388)	(28.892.702)	(1.048.255)	(264.691)
14.	Trade payables	-	-	-	-	-
15.	Financial liabilities	-	-	-	-	-
16a.	Monetary other liabilities	-	-	-	-	-
16b.	Non-monetary other liabilities	-	-	-	-	-
17.	Non-current liabilities (14+15+16)	-	-	-	-	-
18.	Total liabilities (13+17)	(234.938.379)	(112.688.388)	(28.892.702)	(1.048.255)	(264.691)
19.	Net asset/(liability) position of off-balance sheet derivative instruments(19a-19b)	-	-	-	-	-
19a.	Hedged total assets amount	-	-	-	-	-
19b.	Hedged total liabilities amount	-	-	-	-	-
20.	Net foreign currency asset/(liability) position (9+18+19)	(36.291.463)	(69.502.199)	32.750.818	(423.371)	(264.691)
21.	Net foreign currency asset/(liability) position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	35.850.424	(22.283.701)	33.093.378	(423.371)	(264.691)
22.	Total fair value of financial instruments used for foreign currency hedging	-	-	-	-	-
23.	Export	149.992.527	58.895.933	33.126.944	4.331.594	-
24.	Import	151.405.544	36.060.533	47.804.806	7.070.534	1.107.478

On December 31, 2008, the Company signed forward agreement amounting to USD 53.000.000 to hedge the risk of EUR/USD parity fluctuations. According to this agreement, the Company will purchase USD 53.000.000 in exchange for EUR 37.975.909 (Note 37).

(Currency –Turkish Lira (TL) unless otherwise indicated)

38. Nature and level of risks arising from financial instruments (continued)

The following table demonstrates the sensitivity to a possible change of 10% in the USD, Euro and GBP exchange rates, with all other variables held constant, on the Company’s income before tax as of December 31, 2009 and 2008:

		Exchange rate sensitivity analysis table	
			Current year
		Profit/loss	Profit/loss
		Appreciation of foreign currency	Appreciation of foreign currency
	In case 10% appreciation of USD against TL:		
1-	USD net asset/liability	**7.850.227**	**(7.850.227)**
2-	Amount hedged for USD risk (-)	**-**	**-**
3-	**USD net effect (1+2)**	**7.850.227**	**(7.850.227)**
	In case 10% appreciation of EUR against TL:		
4-	EUR net asset/liability	**7.976.265**	**(7.976.265)**
5-	Amount hedged for EUR risk (-)	**-**	**-**
6-	**EUR net effect (4+5)**	**7.976.265**	**(7.976.265)**
	In case 10% appreciation of GBP against TL:		
7-	GBP net asset/liability	**(1.931.731)**	**1.931.731**
8-	Amount hedged for GBP risk (-)	**-**	**-**
9-	**GBP net effect (7+8)**	**(1.931.731)**	**1.931.731**
	In case 10% appreciation of CHF against TL:		
10-	CHF net asset/liability	**-**	**-**
11-	Amount hedged for CHF risk (-)	**-**	**-**
12-	**CHF net effect (10+11)**	**-**	**-**
	Total (3+6+9+12)	**13.894.761**	**(13.894.761)**

(Currency –Turkish Lira (TL) unless otherwise indicated)

38. Nature and level of risks arising from financial instruments (continued)

		Exchange rate sensitivity analysis table	
			Prior year
		Profit/loss	Profit/loss
		Appreciation of foreign currency	Appreciation of foreign currency
	In case 10% appreciation of USD against TL:		
1-	USD net asset/liability	(3.369.964)	3.369.964
2-	Amount hedged for USD risk (-)	-	-
3-	**USD net effect (1+2)**	(3.369.964)	3.369.964
	In case 10% appreciation of EUR against TL:		
4-	EUR net asset/liability	7.084.631	(7.084.631)
5-	Amount hedged for EUR risk (-)	-	-
6-	**EUR net effect (4+5)**	7.084.631	(7.084.631)
	In case 10% appreciation of GBP against TL:		
7-	GBP net asset/liability	(92.820)	92.820
8-	Amount hedged for GBP risk (-)	-	-
9-	**GBP net effect (7+8)**	(92.820)	92.820
	In case 10% appreciation of CHF against TL:		
10-	CHF net asset/liability	(36.804)	36.804
11-	Amount hedged for CHF risk (-)	-	-
12-	**CHF net effect (10+11)**	(36.804)	36.804
	Total (3+6+9+12)	3.585.043	(3.585.043)

As of December 31, 2009, the Company does not have any derivative instruments

As of December 31, 2008, the Company signed a forward agreement amounting to USD 53.000.000 with Yapı Kredi Bankası in order to hedge the risk of EUR/USD parity fluctuations. Maturities and parities of related agreement are as follows:

Amount	Currency	Parity	Transaction date	Maturity
15.000.000	USD	1,3973	31.12.2008	15.05.2009
12.000.000	USD	1,3959	31.12.2008	30.06.2009
11.000.000	USD	1,3947	31.12.2008	06.08.2009
12.000.000	USD	1,3944	31.12.2008	12.10.2009

38. Nature and level of risks arising from financial instruments (continued)

b) Interest position table and related sensitivity analysis

Interest rate risk

As the Company has no significant interest-bearing assets, the Company's income and operating cash flows are not substantially subject to changes in market interest rates.

The Company's interest rate risk arises from short-term borrowings and time deposits. The Company has obtained fixed rate bearing borrowings and time deposits however the borrowings and time deposits that the Company will obtain in future will be affected from future interest rates.

According to IFRS 7 "Financial Assets" effective from January 1, 2008 the interest rate position of the Company is as following:

Interest rate position table		**Current year**	Prior year
	Fixed-interest bearing financial instruments		
Financial assets	Financial assets at fair value through profit/loss	**-**	-
	Available for sale financial assets	**-**	-
Financial liabilities		**141.225.475**	210.331.455
	Variable interest bearing financial instruments		
Financial assets		**-**	-
Financial liabilities		**-**	-

As of December 31, 2009 and 2008, financial liabilities of the Company are bank loans with fixed interest rates.

Capital risk management

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

Consistent with other companies in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including borrowings and trade and other payables, as shown in balance sheet) less cash and cash equivalents. Total capital is calculated as equity, as shown in the balance sheet, plus net debt.

(Currency –Turkish Lira (TL) unless otherwise indicated)

38. Nature and level of risks arising from financial instruments (continued)

	December 31, 2009	December 31, 2008
Total debt (*)	**363.092.844**	345.908.718
Less: Cash and cash equivalents (Note 6)	**(31.881.177)**	(65.911.910)
Net debt	**331.211.667**	279.996.808
Total equity	**173.122.964**	147.897.591
Total share capital	**504.334.631**	427.894.399
Debt/share capital rate	**66%**	65%

(*) As of December 31, 2009, advances received for sales orders amounting to TL 156.843.558 (December 31, 2008 - TL 72.141.887) is included in total debt. Had this amount been deducted from total debt, such ratio would have been 50% as of December 31, 2009 (December 31, 2008- 58%).

39. Fair values of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current market exchange.

Company considers that carrying amounts reflect fair values of the financial instruments.

Monetary assets -- The fair value of the foreign currency assets which are converted by the year end foreign exchange rates are considered to approximate their respective carrying values. Short term monetary assets are considered to approximate their respective carrying values due to their short-term nature and low level of credit risk.

Monetary liabilities – The fair value of the foreign currency liabilities which are converted by the year end foreign exchange rates are considered to approximate their respective carrying values. Trade payables and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature. The fair values of long-term bank borrowings with fixed interest rates are noted that it is close to approximate their respective carrying values, since the interest rate as of balance sheet date is used. The fair values of short-term bank borrowings are considered to approximate their respective carrying values due to their short-term nature.

40. Subsequent events

None.

41. Other matters which are significant to the financial statements or which should be disclosed for the purpose of true and fair interpretation of the financial statements

There is no other matters having significant impact on or requiring explanation in order to provide the clarity, interpretability and perceptibility of the financial statements