



Güney Bağımsız Denetim ve
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(Convenience Translation into English of Independent Auditor's Report Originally Issued in Turkish)

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Koç Holding Anonim Şirketi:

We have audited the accompanying financial statements of Koç Holding Anonim Şirketi ("the Company"), its subsidiaries and joint ventures (collectively referred to as the "Group") which comprise the consolidated balance sheet as at December 31, 2010, and the consolidated income statement, consolidated comprehensive income statement, consolidated statement of changes in equity and consolidated cash flows statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

The Group Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with financial reporting standards issued by the Capital Markets Board of Turkey (CMB). 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 error and/or fraud; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Independent Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Koç Holding Anonim Şirketi as of December 31, 2010, and its financial performance and its cash flows for the year then ended in accordance with financial reporting standards issued by CMB.

Other matters

The consolidated financial statements of Koç Holding A.Ş., its subsidiaries and joint ventures prepared in accordance with financial reporting standards issued by CMB as of December 31, 2009, were audited by another audit firm whose independent auditor's report thereon dated March 12, 2010 expressed an unqualified opinion.

As explained detailed in Note 2.4.1 to the consolidated financial statements, the consolidated financial statements include the accounts of the Company, its subsidiaries and joint ventures. Koç family members allow Koç Holding to exercise the voting power in respect of their shares held in the Group companies. In the accompanying consolidated financial statements, the shares held by Koç family members are treated as minority interest.

As explained in Note 2.1.3 to the consolidated financial statements, EUR and USD amounts shown in the accompanying consolidated financial statements have been translated from Turkish Lira ("TL"), as a matter of arithmetic computation only, at the official EUR and USD bid rates announced by the Central Bank of the Republic of Turkey ("CBRT") at December 31, 2010 for the consolidated balance sheet, and the official EUR and USD average CBRT bid rates of the year 2010 for the consolidated income statement, consolidated comprehensive income statement and consolidated cash flow statement, and they do not form part of these consolidated financial statements.

Additional paragraph for convenience translation into English:

The accounting principles described in Note 2 (defined as CMB Financial Reporting Standards) to the accompanying consolidated financial statements differ from International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board with respect to the final year of the application of inflation accounting and presentation of the basic financial statements and the notes to them. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

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

Ethem Kutucular, SMMM
Partner

March 11, 2011
İstanbul, Turkey

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

Koç Holding A.Ş.

Consolidated Balance Sheets

At 31 December 2010 And 2009

(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

	Notes	2010 (*) EUR'000	2010 (*) USD'000	2010 TL'000	2009 TL'000
ASSETS					
Current assets:					
Cash and cash equivalents	5	6,150,810	8,152,409	12,603,625	9,835,785
Financial assets	6	955,318	1,266,199	1,957,543	2,123,794
Trade receivables	7	2,488,040	3,297,699	5,098,243	4,747,016
Receivables from finance sector operations	8	7,466,135	9,895,767	15,298,856	11,934,199
Inventories	9	2,046,312	2,712,224	4,193,098	3,361,000
Derivative financial instruments	18	163,125	216,210	334,260	250,163
Other current assets	20	884,683	1,172,577	1,812,804	1,348,614
Assets held for sale	29	174,103	230,760	356,755	15,265
Total current assets		20,328,526	26,943,845	41,655,184	33,615,836
Non-current assets:					
Financial assets	6	4,084,866	5,414,165	8,370,299	6,034,947
Trade receivables	7	44,536	59,029	91,259	85,641
Receivables from finance sector operations	8	7,017,621	9,301,299	14,379,808	9,743,214
Investment properties	10	56,324	74,653	115,413	120,344
Property, plant and equipment	11	5,097,776	6,756,696	10,445,852	10,629,539
Intangible assets	12	675,496	895,316	1,384,158	1,319,893
Goodwill	13	1,720,927	2,280,951	3,526,351	3,517,860
Deferred tax assets	16	171,405	227,184	351,226	518,509
Derivative financial instruments	18	16,456	21,812	33,721	126,082
Other non-current assets	20	385,167	510,508	789,246	674,567
Total non-current assets		19,270,574	25,541,613	39,487,333	32,770,596
Total assets		39,599,100	52,485,458	81,142,517	66,386,432
(*) Euro ("EUR") and US Dollar ("USD") amounts presented above have been translated from Turkish Lira ("TL") for convenience purposes only, at the official TL bid rate announced by the Central Bank of the Republic of Turkey ("CBRT") at 31 December 2010, and therefore they do not form part of these consolidated financial statements (Note 2.1.3).					
These consolidated financial statements as of and for the year ended 31 December 2010 have been approved for issue by the Board of Directors ("BOD") on 11 March 2011 and signed on its behalf of the BOD by the CFO (Chief Financial Officer), Ahmet F. Ashaboğlu and by Accounting Director, Emine Alangoya. These consolidated financial statements will become final following their approval in the General Assembly.					
LIABILITIES					
Current liabilities:					
Payables from finance sector operations	14	13,073,953	17,328,485	26,789,839	20,719,836
Financial liabilities	15	4,316,941	5,721,762	8,845,844	8,492,043
Trade payables	7	3,684,236	4,883,162	7,549,368	4,083,434
Other payables	17	754,130	999,539	1,545,288	1,488,466
Derivative financial instruments	18	51,086	67,710	104,680	134,477
Current income tax liabilities	16	102,419	135,748	209,867	144,059
Other current liabilities	20	2,006,226	2,659,092	4,110,957	3,088,086
Liabilities held for sale	29	60,604	80,326	124,184	7,247
Total current liabilities		24,049,595	31,875,824	49,280,027	38,157,648
Non-current liabilities:					
Payables from finance sector operations	14	260,978	345,906	534,770	716,302
Financial liabilities	15	3,919,989	5,195,634	8,032,450	6,428,177
Derivative financial instruments	18	162,315	215,135	332,599	249,894
Provisions for employee benefits	19	384,977	510,257	788,857	763,664
Deferred tax liabilities	16	324,611	430,246	665,161	828,828
Other non-current liabilities	20	259,012	343,301	530,739	459,873
Total non-current liabilities		5,311,882	7,040,479	10,884,576	9,446,738
Total liabilities		29,361,477	38,916,303	60,164,603	47,604,386
Equity:					
Paid-in share capital	21	1,178,635	1,562,187	2,415,141	2,415,141
Adjustment to share capital	21	472,055	625,671	967,288	967,288
Total share capital		1,650,690	2,187,858	3,382,429	3,382,429
Share premium		4,532	6,006	9,286	9,286
Revaluation funds	21	9,664	12,809	19,803	(14,183)
Currency translation differences		23,039	30,537	47,210	51,707
Restricted reserves	21	1,118,501	1,482,484	2,291,920	2,269,812
Prior years' income		2,483,561	3,291,763	5,089,065	4,041,695
Profit for the period		846,459	1,121,914	1,734,479	1,429,210
Equity holders of the parent		6,136,446	8,133,371	12,574,192	11,169,956
Non-controlling interest		4,101,177	5,435,784	8,403,722	7,612,090
Total equity		10,237,623	13,569,155	20,977,914	18,782,046
Total liabilities and equity		39,599,100	52,485,458	81,142,517	66,386,432
Commitments and contingent liabilities	28				

(*) EUR and USD amounts presented above have been translated from TL for convenience purposes only, at the official TL bid rate announced by the CBRT on 31 December 2010, and therefore they do not form part of these consolidated financial statements (Note 2.1.3).

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

Koç Holding A.Ş.

Consolidated Income Statements

For The Years Ended 31 December And 2009

(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

	Notes	2010 (*) EUR'000	2010 (*) USD'000	2010 TL'000	2009 TL'000
Revenue	22	24,541,209	32,539,511	48,822,282	39,458,782
Interest, fee, commission and similar income	4	2,508,371	3,325,882	4,990,154	5,381,772
Total revenue	4	27,049,580	35,865,393	53,812,436	44,840,554
Cost of sales (-)	23	(21,347,271)	(28,304,626)	(42,468,261)	(33,574,597)
Interest, fee, commission and similar expenses (-)		(1,081,999)	(1,434,636)	(2,152,528)	(2,390,124)
Total costs	4	(22,429,270)	(29,739,262)	(44,620,789)	(35,964,721)
Gross profit non-finance		3,193,938	4,234,885	6,354,021	5,884,185
Gross profit finance	4	1,426,372	1,891,246	2,837,626	2,991,648
Gross profit	4	4,620,310	6,126,131	9,191,647	8,875,833
Marketing, selling and distribution expenses (-)	23	(1,105,192)	(1,465,389)	(2,198,669)	(2,128,403)
General administrative expenses (-)	23	(1,309,125)	(1,735,786)	(2,604,373)	(2,303,294)
Research and development expenses (-)	23	(62,262)	(82,554)	(123,864)	(93,656)
Other income	24	234,815	311,344	467,141	300,754
Other expense (-)	24	(315,174)	(417,894)	(627,008)	(1,175,019)
Operating profit	4	2,063,372	2,735,852	4,104,874	3,476,215
Financial income	25	965,065	1,279,593	1,919,901	1,800,509
Financial expense (-)	25	(1,075,110)	(1,425,503)	(2,138,824)	(2,117,672)
Profit before tax		1,953,327	2,589,942	3,885,951	3,159,052
Tax income/expense		(375,767)	(498,234)	(747,551)	(518,464)
-Current income tax expense (-)	16	(375,806)	(498,286)	(747,629)	(598,227)
-Deferred tax income/(expense)	16	39	52	78	79,763
Profit for the period		1,577,560	2,091,708	3,138,400	2,640,588
Attributable to:					
Non-controlling interest		705,701	935,698	1,403,921	1,211,378
Equity holders of the parent		871,859	1,156,010	1,734,479	1,429,210
Earnings per share (Kr)	32			0.718	0.592

(*) EUR and USD amounts presented above have been translated from TL for convenience purposes only, at the EUR and USD average CBRT bid rates for the year ended 31 December 2010, and therefore they do not form part of these consolidated financial statements (Note 2.1.3).

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

Koç Holding A.Ş.

Consolidated Statements of Comprehensive Income

For The Years Ended 31 December And 2009

(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

	2010 (*) EUR'000	2010 (*) USD'000	2010 TL'000	2009 TL'000
Profit for the period	1,577,560	2,091,708	3,138,400	2,640,588
Other comprehensive income:				
Fair value gains/(losses) on financial assets	39,029	51,750	77,645	65,006
Cumulative gains/(losses) on hedging	(13,948)	(18,494)	(27,749)	30,351
Currency translation differences	(9,759)	(12,941)	(19,415)	(6,580)
Other comprehensive income (tax effects) (**)	(7,128)	(9,451)	(14,181)	2,800
Other comprehensive income (after tax)	8,194	10,864	16,300	91,577
Total comprehensive income	1,585,754	2,102,572	3,154,700	2,732,165
Attributable to:				
Non-controlling interest	698,783	926,522	1,390,154	1,224,175
Equity holders of the parent	886,971	1,176,050	1,764,546	1,507,990

(*) EUR and USD amounts presented above have been translated from TL for convenience purposes only, at the EUR and USD average CBRT bid rates for the year ended 31 December 2010, and therefore they do not form part of these consolidated financial statements (Note 2.1.3).

(**) Deferred tax effects of comprehensive income components are presented in Note 16.

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

Koç Holding A.Ş.

Consolidated Statements Of Changes In Equity
For The Years Ended 31 December 2010 And 2009
(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

	Capital		Revaluation funds			Restricted reserves			Retained earnings			Total equity	
	Paid-in share capital	Adjustment to share capital	Financial assets fair value reserve	Cumulative gains/(losses) on hedging	Non-current assets revaluation fund	Currency translation differences	Legal reserves	Special reserves	Profit for the period	Prior years' income	Non-controlling interest		
Balances at 1 January 2009	2,012,618	967,288	9,286	1,465	(112,566)	18,159	52,312	106,096	395,441	2,023,555	4,275,837	6,382,169	16,131,660
Transfers	-	-	-	-	-	-	-	34,121	1,734,154	(2,023,555)	255,280	-	-
Capital increases	402,523	-	-	-	-	-	-	-	-	-	(402,523)	164,589	164,589
Dividends paid	-	-	-	-	-	-	-	-	-	-	(71,628)	(963,312)	(434,940)
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	-	-	(15,897)	204,469	188,572
Total comprehensive income	-	-	-	51,044	27,414	301	(605)	-	-	1,429,210	626	1,224,175	2,732,165
Balances at 31 December 2009	2,415,141	967,288	9,286	52,509	(85,152)	18,460	51,707	140,217	2,129,595	1,429,210	4,041,695	7,612,090	18,782,046
Balances at 1 January 2010	2,415,141	967,288	9,286	52,509	(85,152)	18,460	51,707	140,217	2,129,595	1,429,210	4,041,695	7,612,090	18,782,046
Transfers	-	-	-	-	-	-	-	12,600	9,508	(1,429,210)	1,407,102	-	-
Capital increases	-	-	-	-	-	-	-	-	-	-	-	10,153	10,153
Dividends paid (Note 21)	-	-	-	-	-	-	-	-	-	-	(359,714)	(602,343)	(962,057)
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	-	-	(596)	(5,010)	(5,606)
Changes in the scope of consolidation (Note 2.4.1)	-	-	-	-	-	-	-	-	-	-	-	(1,322)	(1,322)
Total comprehensive income	-	-	-	57,117	(18,333)	(4,798)	(4,497)	-	-	1,734,479	578	1,390,154	3,154,700
Balances at 31 December 2010	2,415,141	967,288	9,286	109,626	(103,485)	13,662	47,210	152,817	2,139,103	1,734,479	5,089,065	8,403,722	20,977,914

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

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

Koç Holding A.Ş.

Consolidated Cash Flow Statements

For The Years Ended 31 December 2010 And 2009

(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

	Notes	2010 (*) EUR'000	2010 (*) USD'000	2010 TL'000	2009 TL'000
Operating activities:					
Profit before tax		1,953,327	2,589,942	3,885,951	3,159,052
Adjustments to reconcile net cash generated:					
Depreciation and amortisation	4	486,566	645,144	967,974	924,658
Changes in provisions	33	487,038	645,770	968,914	1,523,987
Net interest income	33	(852,688)	(1,130,591)	(1,696,338)	(1,627,234)
Finance sector interest received		1,655,015	2,194,406	3,292,487	4,077,095
Finance sector interest paid		(834,167)	(1,106,032)	(1,659,491)	(2,083,266)
Exchange (gains)/losses on borrowings		166,813	221,179	331,857	(15,730)
Exchange (gains)/losses on cash and cash equivalents		(66,855)	(88,644)	(133,001)	74,663
Gain on sale of property, plant and equipment (net)	24	(43,171)	(57,241)	(85,885)	(9,385)
		2,951,878	3,913,933	5,872,468	6,023,840
Net changes in operating assets and liabilities	33	(1,508,516)	(2,000,161)	(3,001,042)	1,072,716
Income taxes paid		(342,727)	(454,426)	(681,821)	(556,279)
Cash flows from operating activities		1,100,635	1,459,346	2,189,605	6,540,277
Investing activities:					
Purchases of property, plant and equipment and intangible assets	4	(626,142)	(830,209)	(1,245,646)	(1,443,884)
Sales of property, plant and equipment and intangible assets		143,141	189,793	284,765	123,829
Cash outflow from acquisition of subsidiary (net)		-	-	-	(14,224)
(Increase)/decrease in financial assets		(7,083)	(9,391)	(14,091)	18,371
Non-finance sector interest received		266,995	354,012	531,160	373,656
Transactions with non-controlling interests (net)		(2,818)	(3,736)	(5,606)	201,646
Cash flows from investing activities		(225,907)	(299,531)	(449,418)	(740,606)
Financing activities:					
Share capital increases		5,104	6,767	10,153	164,589
Dividend payments		(483,592)	(641,200)	(962,057)	(434,940)
Increase/(decrease) in short-term borrowings (net)		132,370	175,512	263,338	(772,325)
Increase/(decrease) in long-term borrowings (net)		711,151	942,925	1,414,764	(1,600,497)
Non-finance sector interest paid		(295,337)	(391,592)	(587,545)	(814,225)
Cash flows from financing activities		69,696	92,412	138,653	(3,457,398)
Effects of foreign exchange rate changes on cash and cash equivalents		66,855	88,644	133,001	(74,663)
Net increase in cash and cash equivalents		1,011,279	1,340,871	2,011,841	2,267,610
Cash and cash equivalents at the beginning of the year		4,086,378	5,418,182	8,129,441	5,861,831
Cash and cash equivalents at the end of the period	33	5,097,657	6,759,053	10,141,282	8,129,441

(*) EUR and USD amounts presented above have been translated from TL for convenience purposes only, at the EUR and USD average CBRT bid rates for the year ended 31 December 2010, and therefore they do not form part of these consolidated financial statements (Note 2.1.3).

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

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

Koç Holding A.Ş.

Notes To The Consolidated Financial Statements

For The Year Ended 31 December 2010

(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 1-GROUP'S ORGANISATION AND NATURE OF OPERATIONS

Koç Holding A.Ş. ("Koç Holding") was established on 11 December 1963 in Turkey. Koç Holding's business activities include acquisition, disposal and exchanging of shares of domestic and foreign corporations and limited liability companies which are established or will be established for all types of commercial, industrial, agricultural and financial activities, buy, sell and exchange securities without brokerage and portfolio management purposes and to increase, decrease or cease its participation to these companies.

As of 31 December 2010, the number of personnel employed by Koç Holding, Subsidiaries and Joint Ventures (collectively referred as the "Group") is 73.063 (31 December 2009: 68.057).

The registered address of Koç Holding is as follows:
Nakkaştepe Azizbey Sok. No: 1
Kuzguncuk-İSTANBUL

Koç Holding is registered to the Capital Markets Board ("CMB") and its shares have been quoted on the Istanbul Stock Exchange ("ISE") since 10 January 1986. As of 31 December 2010, the principal shareholders and their respective shareholding rates in Koç Holding are as follows:

	%
Companies owned by Koç Family members	42.49
Koç Family members	26.02
Vehbi Koç Vakfı	7.15
Koç Holding Emekli ve Yardım Sandığı Vakfı	1.99
Other	22.35
	100.00

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

Koç Holding A.Ş.

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2010 (Continued)

(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 1-GROUP'S ORGANISATION AND NATURE OF OPERATIONS (Continued)

Koç Holding is organised mainly in Turkey under five core business segments:

- Energy
- Automotive
- Consumer durable
- Finance (1)
- Other (2)

(1) The finance segment includes three main groups; banking, insurance and consumer finance. Leasing, factoring, portfolio management, custody and brokerage services are included in the banking sector.

(2) Other operations of Koç Holding mainly comprise of food, retail, tourism, information technologies and construction, none of which are of a sufficient size to be reported separately.

The subsidiaries ("Subsidiaries") and the joint ventures ("Joint Ventures") included in the consolidation scope of Koç Holding, their country of incorporation, nature of business and their respective business segments are as follows:

Energy Sector

Subsidiaries	Country of incorporation	Nature of business
Akpa Dayanımlı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş. ("Akpa")	Turkey	Trading
Anadoluhisari Tankercilik A.Ş. ("Anadoluhisari Tankercilik") (1)	Turkey	Shipping
Aygaz A.Ş. ("Aygaz")	Turkey	LPG
Aygaz Doğal Gaz İletim A.Ş. ("Aygaz İletim")	Turkey	LNG
Aygaz Doğal Gaz Toptan Satış A.Ş. ("Aygaz Toptan Satış")	Turkey	LNG
Beykoz Tankercilik A.Ş. ("Beykoz Tankercilik")	Turkey	Petroleum Shipping
Damla Denizcilik A.Ş. ("Damla Denizcilik")	Turkey	Petroleum Shipping
Demir Export A.Ş. ("Demir Export")	Turkey	Mining
Deniz İşletmeciliği ve Tic. A.Ş. ("Ditaş")	Turkey	Petroleum Shipping
Eltek Elektrik Enerjisi İthalat İhracat ve Toptan Ticaret A.Ş. ("Eltek") (2)	Turkey	Power
Enerji Yatırımları A.Ş. ("Enerji Yatırımları")	Turkey	Investment
Entek Elektrik Üretimi A.Ş. ("Entek") (3)	Turkey	Power Generation
Kadıköy Tankercilik A.Ş. ("Kadıköy Tankercilik")	Turkey	Petroleum Shipping
Kandilli Tankercilik A.Ş. ("Kandilli Tankercilik") (1)	Turkey	Shipping
Kuleli Tankercilik A.Ş. ("Kuleli Tankercilik") (1)	Turkey	Shipping
Kuzguncuk Tankercilik A.Ş. ("Kuzguncuk Tankercilik") (1)	Turkey	Shipping
Mogaz Petrol Gazları A.Ş. ("Mogaz")	Turkey	LPG
Türkiye Petrol Rafinerileri A.Ş. ("Tüpraş")	Turkey	Production and Trading of Petroleum Products
Üsküdar Tankercilik A.Ş. ("Üsküdar Tankercilik")	Turkey	Petroleum Shipping

Joint Ventures	Joint Venture Partner	Country of incorporation	Nature of business
Opet Gıda ve İhtiyaç Mad. Tür. San. İç ve Dış Ticaret A.Ş. ("Opet Gıda") (4)	Öztürk Family	Turkey	Food Distribution
Opet International Limited ("Opet International")	Öztürk Family	The UK	Petroleum Products Trading
Opet Petrolcülük A.Ş. ("Opet")	Öztürk Family	Turkey	Petroleum Products Trading
Opet Trade B.V. ("Opet Trade BV")	Öztürk Family	The Netherlands	Petroleum Products Trading
Opet Trade (Singapore) Pte. Ltd. ("Opet Singapore")	Öztürk Family	Singapore	Petroleum Products Trading
THY Opet Havacılık Yakıtları A.Ş. ("THY Opet") (2)	Türk Hava Yolları	Turkey	Petroleum Products Trading

Liquidation of Opet Trade Ireland ("Opet Trade Ireland") has been completed in 2010.

Automotive Sector

Subsidiaries	Country of incorporation	Nature of business
Otokar Otobüs Karoseri Sanayi A.Ş. ("Otokar")	Turkey	Production
Otokoç Otomotiv Tic. ve San. A.Ş. ("Otokoç")	Turkey	Trading
Otokoç Sigorta Aracılık Hizmetleri A.Ş. ("Otokoç Sigorta")	Turkey	Insurance
Tasfiye Halinde Otoyol Sanayi A.Ş. ("Otoyol") (4)	Turkey	Trading

Joint Ventures	Joint Venture Partner	Country of incorporation	Nature of business
Fer Mas Oto Ticaret A.Ş. ("Fer-Mas")	Fiat Auto S.p.A.	Turkey	Trading
Ford Otomotiv Sanayi A.Ş. ("Ford Otosan")	Ford Motor Co.	Turkey	Production
Platform Araştırma Geliştirme Tasarım ve Tic. A.Ş. ("Platform")	Fiat Auto S.p.A.	Turkey	Research and Development
Tofaş Türk Otomobil Fabrikası A.Ş. ("Tofaş")	Fiat Auto S.p.A.	Turkey	Production
Türk Traktör ve Ziraat Makinaları A.Ş. ("Türk Traktör")	CNH Trade NV	Turkey	Production

Beldeşan Otomotiv Yan Sanayii ve Tic A.Ş. ("Beldeşan") and Beldeşan Motorlu Vasıtalar San. ve Tic. A.Ş. ("Beldeşan") are excluded from the scope of consolidation in 2010.

Liquidation of Mekatro Araştırma Geliştirme A.Ş. ("Mekatro") has been completed in 2010.

(1) Established in 2010.

(2) Included in the scope of consolidation in 2010.

(3) Classified as assets held for sale (Note 29).

(4) In the process of liquidation.

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

Koç Holding A.Ş.

Notes To The Consolidated Financial Statements

For The Year Ended 31 December 2010 (Continued)

(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 1-GROUP'S ORGANISATION AND NATURE OF OPERATIONS (Continued)**Consumer Durables Sector**

Subsidiaries	Country of incorporation	Nature of business
Archin Limited ("Archin") (1)	Hong Kong, China	Trading
Arçelik A.Ş. ("Arçelik")	Turkey	Production/Sales
Arctic Pro SRL ("Arctic Pro") (1)	Romania	Service
Arducth B.V. ("Arducth")	The Netherlands	Holding
Beko Cesko ("Beko Cesko") (1)	Czech Republic	Trading
Beko Deutschland GmbH ("Beko Deutschland")	Germany	Trading
Bekodutch B.V. ("Bekodutch")	The Netherlands	Holding
Beko Elektronik LLC ("Beko Elektronik Russia") (1) (2)	Russia	Production/Sales
Beko Electronics España S.L. ("Beko Espana")	Spain	Trading
Beko France S.A.S. ("Beko France") (3)	France	Trading
Beko Italy SRL ("Beko Italy")	Italy	Trading
Beko LLC ("Beko Russia")	Russia	Production/Sales
Beko Magyarország K.F.T. ("Beko Magyarország") (1)	Hungary	Trading
Beko Plc. ("Beko UK")	The UK	Trading
Beko S.A. ("Beko Polska")	Poland	Trading
Beko S.A. Czech Republic ("Beko Czech")	Czech Republic	Trading
Beko Shanghai Trading Company Ltd. ("Beko Shanghai")	China	Trading
Beko S.A. Hungary ("Beko Hungary") (1)	Hungary	Trading
Beko Slovakia S.R.O. ("Beko Slovakia")	Slovakia	Trading
Blomberg Vertriebsgesellschaft GmbH ("Blomberg Vertrieb") (1)	Germany	Trading
Blomberg Werke GmbH ("Blomberg Werke") (1)	Germany	Production
Changzhou Beko Electrical Appliances Co. Ltd. ("Beko China")	China	Production/Sales
Elektra Bregenz AG ("Elektra Bregenz")	Austria	Trading
Grundig Schweiz AG ("Grundig Switzerland") (1)	Switzerland	Trading
Grundig Ceska Republika S.r.o ("Grundig Czech Republic") (1)	Czech Republic	Trading
Grundig Nordic Danmark A/S ("Grundig Denmark") (1)	Denmark	Trading
Grundig Intermedia Ges.m.b.H ("Grundig Austria") (1)	Austria	Trading
Grundig Intermedia GmbH ("Grundig Intermedia")	Germany	Trading
Grundig Italiana S.p.A. ("Grundig Italy") (1)	Italy	Trading
Grundig Magyarország Kft. ("Grundig Hungary") (1)	Hungary	Trading
Grundig Multimedia B.V. ("Grundig Multimedia")	The Netherlands	Holding
Grundig Nordic No AS ("Grundig Norway")	Norway	Trading
Grundig Nordic Fin OY ("Grundig Finland") (1)	Finland	Trading
Grundig Polska Sp. z o.o. ("Grundig Polska") (1)	Poland	Trading
Grundig Portuguesa Lda ("Grundig Portugal") (1)	Portugal	Trading
Grundig Slovakia s.r.o. ("Grundig Slovakia") (1)	Slovakia	Trading
Grundig Nordic AB. ("Grundig Sweden")	Sweden	Trading
Ram Dış Ticaret A.Ş. ("Ram Dış Ticaret")	Turkey	Foreign Trade
Raupach Wollert GmbH ("Raupach")	Germany	Holding
SC Arctic SA ("Arctic")	Romania	Production/Sales

Fusion Digital Technology Ltd. ("Fusion Digital") was liquidated in 10 August 2010.

Grundig Benelux B.V. ("Grundig Benelux") was liquidated in 15 December 2010.

Grundig España S.A. ("Grundig Espana") merged with Beko Espana in 22 December 2010.

Joint Ventures	Joint Venture Partner	Country of incorporation	Nature of business
Arçelik-LG Klima San. ve Tic. A.Ş. ("Arçelik LG")	LG Electronics Inc.	Turkey	Air Conditioner Production

(1) Ceased its operations.

(2) Dissolved through merger with Beko Russia after the balance sheet date.

(3) Legal title of the subsidiary has been revised as Beko France S.A.S. from Beko France S.A. as of 30 June 2010.

Finance Sector

Subsidiaries	Country of incorporation	Nature of business
Koç Tüketici Finansmanı A.Ş. ("Koç Finans")	Turkey	Consumer Finance

Joint Ventures	Joint Venture Partner	Country of incorporation	Nature of business
Koç Fiat Kredi Tüketici Finansmanı A.Ş. ("Fiat Finans")	Fiat Auto S.p.A.	Turkey	Consumer Finance
Koç Finansal Hizmetler A.Ş. ("Koç Finansal Hizmetler" or "KFS")	UniCredit S.p.A.	Turkey	Holding
Stiching Custody Services YKB ("Stiching Custody")	UniCredit S.p.A.	The Netherlands	Custody
UniCredit Menkul Değerler A.Ş. ("UniCredit Menkul")	UniCredit S.p.A.	Turkey	Brokerage
Yapı Kredi Azerbaycan C.J.S.C. ("Yapı Kredi Azerbaycan")	UniCredit S.p.A.	Azerbaijan	Banking
Yapı ve Kredi Bankası A.Ş. ("Yapı Kredi Bankası")	UniCredit S.p.A.	Turkey	Banking
Yapı Kredi Holding B.V. ("Yapı Kredi Holding")	UniCredit S.p.A.	The Netherlands	Financial Consulting
Yapı Kredi Invest LLC. ("Yapı Kredi Invest")	UniCredit S.p.A.	Azerbaijan	Brokerage
Yapı Kredi Nederland N.V. ("Yapı Kredi Nederland")	UniCredit S.p.A.	The Netherlands	Banking
Yapı Kredi Diversified Payment Rights Finance Company ("Yapı Kredi SPC") (*)	UniCredit S.p.A.	Cayman Islands	Special Purpose Company
Yapı Kredi Emeklilik A.Ş. ("Yapı Kredi Emeklilik")	UniCredit S.p.A.	Turkey	Life Insurance
Yapı Kredi Faktoring A.Ş. ("Yapı Kredi Faktoring")	UniCredit S.p.A.	Turkey	Factoring
Yapı Kredi Finansal Kiralama A.O. ("Yapı Kredi Finansal Kiralama")	UniCredit S.p.A.	Turkey	Leasing
Yapı Kredi Bank Moscow ("Yapı Kredi Moscow")	UniCredit S.p.A.	Russia	Banking
Yapı Kredi Portföy Yönetimi A.Ş. ("Yapı Kredi Portföy")	UniCredit S.p.A.	Turkey	Portfolio Management
Yapı Kredi Sigorta A.Ş. ("Yapı Kredi Sigorta")	UniCredit S.p.A.	Turkey	Insurance
Yapı Kredi Yatırım Menkul Değerler A.Ş. ("Yapı Kredi Menkul")	UniCredit S.p.A.	Turkey	Brokerage
Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. ("Yapı Kredi Yatırım")	UniCredit S.p.A.	Turkey	Investment Trust

(*) Although Yapı Kredi Bankası has no shareholding interest in the company, the special purpose company established for securitisation transactions is included in the scope of consolidation.

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

Koç Holding A.Ş.

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2010 (Continued)

(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 1-GROUP'S ORGANISATION AND NATURE OF OPERATIONS (Continued)

Other Sectors

Subsidiaries	Country of incorporation	Nature of business
Ayvalık Marina ve Yat İşletmeciliği San. ve Tic. A.Ş. ("Ayvalık Marina")	Turkey	Tourism
Bilkom Bilişim Hizmetleri A.Ş. ("Bilkom")	Turkey	Trading
Düzey Tüketim Malları Sanayi Pazarlama A.Ş. ("Düzey")	Turkey	Trading
Harranova Besi ve Tarım Ürünleri A.Ş. ("Harranova Besi")	Turkey	Agriculture and Food
Koçnet Haberleşme Teknoloji ve İletişim Hizm. A.Ş. ("Koçnet")	Turkey	Information Technology
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş. ("Koç Sistem")	Turkey	Technology
Koç Yapı Malzemeleri Ticaret A.Ş. ("Koç Yapı Malzeme")	Turkey	Trading
Marmaris Altinyunus Turistik Tesisleri A.Ş. ("Mares")	Turkey	Tourism
Palmira Turizm Ticaret A.Ş. ("Palmira")	Turkey	Tourism
RMK Marine Gemi Yapım Sanayi ve Deniz Taş. İşl. A.Ş. ("RMK Marine")	Turkey	Ship Construction
Setur Servis Turistik A.Ş. ("Setur")	Turkey	Tourism
Setur Yalova Marina İşletmeciliği A.Ş. ("Yalova Marina")	Turkey	Tourism
Tat Konserve Sanayi A.Ş. ("Tat Konserve")	Turkey	Food
Tat Tohumculuk A.Ş. ("Tat Tohumculuk")	Turkey	Agriculture
Tek-Art Kalamış ve Fenerbahçe Marmara Turizm Tesisleri A.Ş. ("Tek-Art Marina")	Turkey	Tourism
Zer Merkezi Hizmetler ve Ticaret A.Ş. ("Zer Ticaret")	Turkey	Trading

Bozkurt Tarım ve Gıda San. Ve Tic. A.Ş. ("Bozkurt") is excluded from the scope of consolidation in 2010.

Joint Ventures	Joint Venture Partner	Country of incorporation	Nature of business
Koçtaş Yapı Marketleri Ticaret A.Ş. ("Koçtaş Yapı Market")	Kingfisher Plc	Turkey	Retail
Netsel Turizm Yatırımları A.Ş. ("Netsel")	Torunlar GYO A.Ş.	Turkey	Tourism

Ultra Kablolü Televizyon ve Telekomünikasyon San. ve Tic. A.Ş. ("Ultra Kablo") is excluded from the scope of consolidation in 2010.

For the purpose of segment presentation in these consolidated financial statements, Koç Holding's stand-alone financial statements have been included in the "Other" segment (Note 4).

NOTE 2-BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Financial reporting standards

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

With the decision taken on 17 March 2005, the CMB announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with the CMB Financial Reporting Standards. Accordingly, IAS 29, "Financial Reporting in Hyperinflationary Economies", issued by the IASB, has not been applied in the financial statements for the accounting year commencing 1 January 2005.

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

Koç Holding and its Subsidiaries and Joint Ventures registered in Turkey maintain their books of account and prepare their statutory financial statements ("Statutory Financial Statements") in TL in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts ("UCA"), issued by the Ministry of Finance, applicable Turkish insurance laws for insurance companies and banking law, accounting principles and instructions promulgated by the Banking Regulation and Supervision Agency ("BRSA") for banks. The foreign Subsidiaries and Joint Ventures maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. These consolidated financial statements have been prepared under the historical cost convention except for the financial assets and liabilities presented at fair values, and the revaluations related to the difference between the carrying value and fair value of the non-current assets recognised in business combinations.

2.1.2 Comparatives and adjustment of prior periods' financial statements

The consolidated financial statements of the Group include comparative financial information to enable the determination of the financial position and performance. Comparative figures are reclassified, where necessary, to conform to the changes in the presentation in the current period consolidated financial statements. The reclassifications performed in the financial statements as of 31 December 2009 at the Group level are as follows:

- Time deposits with maturities over 3 months amounting to TL255.302 thousand were classified under "cash and cash equivalents" on the balance sheet as of 31 December 2009. These items have been reclassified to short term "financial assets".
- Post dated cheques amounting to TL110.377 thousand were classified under "cash and cash equivalents" on the balance sheet as of 31 December 2009. These items have been reclassified to short-term "trade receivables".
- Bonds and bills with maturities less than 3 months amounting to TL102.842 thousand were classified under "financial assets" on the balance sheet as of 31 December 2009. These items have been reclassified to "cash and cash equivalents".
- Receivables from insurance operations amounting to TL78.666 thousand were classified under "trade receivables" on the balance sheet as of 31 December 2009. These items have been reclassified to "receivables from finance sector operations".
- Idle capacity expenses incurred amounting to TL25.430 thousand were classified under "other income and expenses" on the income statement for the year ended 31 December 2009. These expenses have been reclassified to "cost of sales".

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

Koç Holding A.Ş.

Notes To The Consolidated Financial Statements

For The Year Ended 31 December 2010 (Continued)

(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 2-BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1.3 EUR and USD amounts presented in the financial statements

EUR and USD amounts shown in the consolidated balance sheet prepared in accordance with the CMB Financial Reporting Standards have been translated from TL, as a matter of arithmetic computation only, at the official EUR and USD bid rates announced by the CBRT on 31 December 2010 of TL 2.0491 = EUR1 and TL 1.5460 = USD1, respectively and EUR and USD amounts shown in the consolidated income, comprehensive income and cash flow statements have been translated from TL, as a matter of arithmetic computation only, at the average EUR and USD bid rates calculated from the official daily bid rates announced by the CBRT for the year ended 31 December 2010 of TL 1.9894 = EUR1 and TL 1.5004 = USD1, respectively, and do not form part of these consolidated financial statements.

2.2 Amendments in International Financial Reporting Standards

The accounting policies adopted in the preparation of the financial statements for the year ended and as of 31 December 2010 are consistent with the financial statements dated 31 December 2009 except for the new and amended IFRS and IFRIC interpretations summarised below.

Standards, amendments and interpretations effective as of 1 January 2010:

- IFRIC 17 Distributions of Non-cash Assets to Owners,
- IAS 39 Financial Instruments: Recognition and Measurement (Amended)-Eligible hedged items,
- IFRS 2 Group Cash-settled Share-based Payment Transactions (Amended),
- IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended),
- IFRS 2 Share-based Payment,
- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations,
- IFRS 8 Operating Segment Information,
- IAS 1 Presentation of Financial Statements,
- IAS 7 Statement of Cash Flows,
- IAS 17 Leases,
- IAS 18 Revenue,
- IAS 36 Impairment of Assets,
- IAS 38 Intangible Assets,
- IAS 39 Financial Instruments: Recognition and Measurement-Eligible hedged items,
- IFRIC 9 Reassessment of Embedded Derivatives,
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation.

The aforementioned changes and interpretations had no significant effect on the accounting policies, financial position and the performance of the Group.

Standards, amendments and interpretations issued but not yet effective:

- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments,
- IFRIC 14 Prepayments of a Minimum Funding Requirement (Amended),
- IFRS 9 Financial Instruments-Phase 1 Financial Assets, Classification and Measurement (has not yet been approved by the European Union),
- IAS 32 Classification on Rights Issues (Amended) ,
- IAS 24 Related Party Disclosures (Revised),
- IFRS 7 Financial Instruments: Disclosures as part of its comprehensive review of off balance sheet activities (has not yet been approved by the European Union),
- IAS 12 Income Taxes-Deferred Taxes (has not yet been approved by the European Union).

Amendments resulting from improvements to IFRS issued in May 2010 to remove inconsistencies (has not yet been approved by the European Union):

- IFRS 3 Business Combinations,
- IFRS 7 Financial Instruments: Disclosures,
- IAS 1 Presentation of Financial Statements,
- IAS 27 Consolidated and Separate Financial Statements,
- IAS 34 Interim Financial Reporting,
- IFRIC 13: Customer Loyalty Programmes.

The aforementioned amendments and interpretations have not been early adopted by the Group. The Group evaluates the effects of changes on the consolidated financial statements.

2.3 Restatement and Errors in the Accounting Policies and Estimates

Any change in the accounting policies resulted from first time adoption of a new TAS/IFRS is made either retrospectively or prospectively in accordance with the transition requirements of TAS/IFRS. Changes without any transition requirement, material changes in accounting policies or material errors are corrected, retrospectively by restating the prior period consolidated financial statements. The effect of changes in accounting estimates affecting the current period is recognised in the current period; the effect of changes in accounting estimates affecting current and future periods is recognised in the current and future periods. No material changes exist in the accounting policies or estimations of the Group in the current period.

2.4 Summary of Significant Accounting Policies

Accounting policies used in the preparation of consolidated financial statements, consistent with the prior periods, are summarised below:

2.4.1 Group accounting

a) The consolidated financial statements include the accounts of the parent company, Koç Holding, its Subsidiaries and its Joint Ventures (collectively referred to as the "Group") on the basis set out in sections (b) to (f) below. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements with adjustments and reclassifications for the purpose of fair presentation in accordance with the CMB Financial Reporting Standards and the application of the uniform accounting policies and presentation.

b) Subsidiaries are companies over which Koç Holding has the power to control the financial and operating policies for the benefit of Koç Holding, either (a) through the power to exercise more than 50% of voting rights relating to the shares in the companies as a result of the ownership interest owned directly and indirectly by itself, and/or as a result of agreements by certain Koç Family members and companies owned by them whereby Koç Holding exercises control over the ownership interest of the shares held by them; or (b) although not having the power to exercise more than 50% of the ownership interest, otherwise has the power to exercise control over the financial and operating policies.

The balance sheets and income statements of the Subsidiaries are consolidated on line-by-line basis and the carrying value of the investment held by Koç Holding and its Subsidiaries is eliminated against the related equity. Intercompany transactions and balances between Koç Holding and its Subsidiaries are eliminated during the consolidation. The nominal amount of the shares held by Koç Holding in its Subsidiaries and the associated dividends are eliminated from equity and income for the period, respectively.

Subsidiaries are consolidated from the date on which the control is transferred to the Group and are no longer consolidated from the date that the control ceases.

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

Koç Holding A.Ş.

Notes To The Consolidated Financial Statements

For The Year Ended 31 December 2010 (Continued)

(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 2-BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Subsidiaries included in the scope of the consolidation and their effective interests (%):

Subsidiaries	Proportion of effective interest		Direct and indirect ownership interest held by Koç Holding		Ownership interest held by Koç Family members		Total ownership interest	
	2010	2009	2010	2009	2010	2009	2010	2009
Akpa	40.68	40.68	100.00	100.00	-	-	100.00	100.00
Anadoluhisari Tankercilik	40.68	-	100.00	-	-	-	100.00	-
Archin	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Arctic	39.18	39.18	96.71	96.71	-	-	96.71	96.71
Arctic Pro	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Arçelik	40.51	40.51	40.51	40.51	11.42	11.42	51.93	51.93
Ardutch	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Aygaz	40.68	40.68	40.68	40.68	10.53	10.53	51.21	51.21
Aygaz İletim(1)	40.30	39.89	100.00	100.00	-	-	100.00	100.00
Aygaz Toptan Satış(1)	40.30	39.89	100.00	100.00	-	-	100.00	100.00
Ayvalik Marina	49.34	49.34	95.57	95.57	4.43	4.43	100.00	100.00
Bekodutch	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Beko Cesko	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Beko China	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Beko Czech	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Beko Deutschland	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Beko Espana	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Beko France	40.51	40.49	100.00	99.96	-	-	100.00	99.96
Beko Hungary	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Beko Italy	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Beko Llc	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Beko Magyarorszag	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Beko Plc	20.26	20.26	50.00	50.00	50.00	50.00	100.00	100.00
Beko Polska	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Beko Russia	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Beko Shangai	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Beko Slovakia	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Beldesani(1)	-	91.77	-	91.81	-	5.34	-	97.15
Beldeyama(1)	-	91.77	-	100.00	-	-	-	100.00
Beykoz Tankercilik	34.13	34.13	80.00	80.00	-	-	80.00	80.00
Bilkom	82.29	82.29	99.94	99.94	0.06	0.06	100.00	100.00
Blomberg Vertrieb	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Blomberg Werke	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Bozkurt(1)	-	73.99	-	83.89	-	16.11	-	100.00
Damla Denizcilik	34.13	34.13	80.00	80.00	-	-	80.00	80.00
Demir Export	2.34	2.34	2.34	2.34	97.46	50.48	99.80	52.82
Ditaş	34.13	34.13	80.00	80.00	-	-	80.00	80.00
Düzey	31.65	31.65	32.28	32.28	61.11	61.11	93.39	93.39
Elektra Bregenz	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Eltek(1)	35.03	39.51	100.00	91.00	-	9.00	100.00	100.00
Enerji Yatırımları	83.66	83.66	96.50	96.50	-	-	96.50	96.50
Entek	35.03	34.99	86.09	86.09	13.14	13.14	99.23	99.23
Fusion Digital(2)	-	40.51	-	100.00	-	-	-	100.00
Grundig AG	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Grundig Austria	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Grundig Benelux(2)	-	40.51	-	100.00	-	-	-	100.00
Grundig Ceska	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Grundig Denmark	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Grundig Espana(2)	-	40.51	-	100.00	-	-	-	100.00
Grundig Finland	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Grundig GmbH	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Grundig Hungary	40.51	40.51	100.00	100.00	-	-	100.00	100.00

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

Koç Holding A.Ş.

Notes To The Consolidated Financial Statements

For The Year Ended 31 December 2010 (Continued)

(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 2-BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Subsidiaries	Proportion of effective interest		Direct and indirect ownership interest held by Koç Holding		Ownership interest held by Koç Family members		Total ownership interest	
	2010	2009	2010	2009	2010	2009	2010	2009
Grundig Italy	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Grundig Multimedia	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Grundig Norway	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Grundig Polska	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Grundig Portugal	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Grundig Slovakia	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Grundig Sweden	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Harranova Besi	41.95	41.95	74.62	74.62	15.38	15.38	90.00	90.00
Kadıköy Tankercilik	34.13	34.13	80.00	80.00	-	-	80.00	80.00
Kandilli Tankercilik	40.68	-	100.00	-	-	-	100.00	-
Koçnet	100.00	100.00	100.00	100.00	-	-	100.00	100.00
Koç Finans	64.71	64.71	94.50	94.50	5.50	5.50	100.00	100.00
Koç Yapı Malzeme	43.18	43.18	43.18	43.18	47.62	46.34	90.81	89.52
Koç Sistem	41.11	41.11	41.11	41.11	53.17	53.17	94.28	94.28
Kuleli Tankercilik	40.68	-	100.00	-	-	-	100.00	-
Kuzguncuk Tankercilik	40.68	-	100.00	-	-	-	100.00	-
Mares	36.81	36.81	36.81	36.81	33.46	33.46	70.27	70.27
Mogaz	40.68	39.83	100.00	97.90	-	-	100.00	97.90
Otokar (3)	44.90	44.90	44.92	44.92	2.70	-	47.62	44.92
Otokoç	96.42	96.42	96.57	96.57	3.43	3.43	100.00	100.00
Otokoç Sigorta	48.22	48.22	50.02	50.02	49.98	49.98	100.00	100.00
Otoyol	53.95	53.95	53.95	53.95	10.18	10.18	64.13	64.13
Palmira	9.85	9.85	20.78	20.78	79.22	79.22	100.00	100.00
Ram Dış Ticaret	57.70	57.70	83.44	83.44	14.66	14.66	98.10	98.10
Raupach	40.51	40.51	100.00	100.00	-	-	100.00	100.00
RMK Marine	53.82	53.82	66.84	66.84	33.12	33.12	99.96	99.96
Setur	47.38	47.38	81.07	81.07	18.87	18.87	99.94	99.94
Tat Konserve	43.82	43.82	44.07	44.07	7.12	7.12	51.19	51.19
Tat Tohumculuk (3)	16.15	16.15	33.00	33.00	3.00	3.00	36.00	36.00
Tek-Art Marina	50.51	50.51	51.94	51.94	47.46	47.46	99.40	99.40
Tüpraş	42.67	42.67	51.00	51.00	-	-	51.00	51.00
Üsküdar Denizcilik	34.13	34.13	80.00	80.00	-	-	80.00	80.00
Yalova Marina	47.63	47.63	100.00	100.00	-	-	100.00	100.00
Zer Ticaret	39.00	39.00	39.00	39.00	60.05	60.00	99.05	99.00

(1) Changes in the scope of the consolidation-2010:

The Group's Subsidiaries; Beldesan, Beldeyama and Bozkurt have been excluded from the scope of full consolidation in 2010, on grounds of their immaterial effect on the financial position and financial performance of the Group. These subsidiaries have been accounted in financial assets as of the balance sheet date.

According to the resolution of General Assembly of Otokoç, a subsidiary of the Group, held on 29 July 2010, Beldeyama is merged with Otokoç.

Eltek, a subsidiary of the Group, has been accounted for under financial assets as of 31 December 2009. Considering the foreseeable significance of its operations, the related company has been included in the scope of full consolidation as of the balance sheet date.

Changes in the scope of the consolidation-2009:

Aygaz İletim and Aygaz Toptan Satış, Subsidiaries of the Group, have been included in the scope of consolidation in 2009.

(2) Fusion Digital and Grundig Benelux were dissolved on 10 August 2010 and 15 December 2010 respectively. Grundig Espana merged with Beko Espana on 22 December 2010.

(3) Although the total ownership interest of Koç Holding in these subsidiaries is less than 50%, Koç Holding has the power to exercise control over financial and operating policies of these companies.

c) Joint Ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by Koç Holding and one or more other parties. Koç Holding exercises such joint control through the power to exercise the voting rights relating to shares in the companies as a result of ownership interest directly and indirectly by itself and/or as a result of written agreements by certain Koç Family members and companies, whereby Koç Holding exercises control over the voting rights of the shares held by them. The Group's interest in Joint Ventures is accounted for by way of proportionate consolidation. Under proportionate consolidation method, the Joint Ventures' assets, liabilities, equity, income and expenses are consolidated by the total ownership interest of the Group. Intercompany transactions and balances with Joint Ventures are eliminated during the consolidation.

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Koç Holding A.Ş.

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(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 2-BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Voting rights of the Joint Ventures and their effective interests (%):

Joint Ventures	Proportion of effective interest		Direct and indirect ownership interest held by Koç Holding		Ownership interest held by Koç Family members		Total ownership interest	
	2010	2009	2010	2009	2010	2009	2010	2009
Arçelik LG Klima	23.23	23.23	50.00	50.00	-	-	50.00	50.00
Fer-Mas	37.37	37.36	37.86	37.86	-	-	37.86	37.86
Fiat Finans	37.59	37.59	37.86	37.86	-	-	37.86	37.86
Ford Otosan	38.46	38.46	38.46	38.46	2.58	2.58	41.04	41.04
Koç Finansal Hizmetler	40.21	40.21	44.12	44.12	5.88	5.88	50.00	50.00
Koçtaş Yapı Market	42.64	42.64	49.92	49.92	0.08	0.08	50.00	50.00
Mekatro	-	36.46	-	37.86	-	-	-	37.86
Netsel	27.78	27.78	55.00	55.00	-	-	55.00	55.00
Opet	17.59	17.59	41.33	41.33	8.67	8.67	50.00	50.00
Opet Gıda	17.59	17.59	50.00	50.00	-	-	50.00	50.00
Opet International	17.59	17.59	50.00	50.00	-	-	50.00	50.00
Opet Trade BV	17.59	17.59	50.00	50.00	-	-	50.00	50.00
Opet Trade Ireland	-	17.59	-	50.00	-	-	-	50.00
Opet Trade Singapore	17.59	17.59	50.00	50.00	-	-	50.00	50.00
Platform	37.21	37.21	37.86	37.86	-	-	37.86	37.86
Stiching Custody	32.89	32.89	50.00	50.00	-	-	50.00	50.00
THY Opet (*)	8.79	-	50.00	-	-	-	50.00	-
Tofaş	37.59	37.59	37.59	37.59	0.27	0.27	37.86	37.86
Türk Traktör	37.50	37.50	37.50	37.50	-	-	37.50	37.50
Ultra Kablo (*)	-	41.13	-	50.00	-	-	-	50.00
UniCredit Menkul	40.21	39.42	50.00	50.00	-	-	50.00	50.00
Yapı Kredi Azerbaycan	32.89	32.89	50.00	50.00	-	-	50.00	50.00
Yapı Kredi Bankası	32.89	32.89	50.00	50.00	-	-	50.00	50.00
Yapı Kredi Emeklilik	30.90	30.90	50.00	50.00	-	-	50.00	50.00
Yapı Kredi Faktoring	32.88	32.88	50.00	50.00	-	-	50.00	50.00
Yapı Kredi Fin.Kiralama	32.80	32.80	50.00	50.00	-	-	50.00	50.00
Yapı Kredi Holding	32.89	32.89	50.00	50.00	-	-	50.00	50.00
Yapı Kredi Invest	32.89	32.89	50.00	50.00	-	-	50.00	50.00
Yapı Kredi Menkul	32.88	32.88	50.00	50.00	-	-	50.00	50.00
Yapı Kredi Moscow	32.89	32.89	50.00	50.00	-	-	50.00	50.00
Yapı Kredi Nederland	32.89	32.89	50.00	50.00	-	-	50.00	50.00
Yapı Kredi Portföy	32.87	32.87	50.00	50.00	-	-	50.00	50.00
Yapı Kredi Sigorta	30.90	30.90	50.00	50.00	-	-	50.00	50.00
Yapı Kredi Yatırım	18.44	18.44	50.00	50.00	-	-	50.00	50.00

(*) Changes in the scope of the consolidation:

Ultra Kablo, a Joint Venture of the Group, has been excluded from the scope of proportional consolidation in 2010, on grounds of its immaterial effect on the financial position and financial performance of the Group. This Joint Venture has been accounted in financial assets as of the balance sheet date.

THY Opet, a Joint Venture of the Group, has been accounted for under financial assets as of 31 December 2009. Considering the foreseeable significance of its operations, the related company has been included in the scope of proportionate consolidation as of the balance sheet date.

d) Available-for-sale financial assets in which the Group together with Koç Family members, have ownership interests below 20%, or over which the Group does not exercise a significant influence or which are immaterial and do not have quoted market prices in active markets and whose fair values cannot be reliably measured, are carried at cost, less any accumulated impairment loss.

Available-for-sale financial assets, in which the Group together with Koç Family members, have ownership interests below 20% or which the Group does not exercise a significant influence and that have quoted market prices in active markets and whose fair values can be reliably measured, are carried at fair value in the consolidated financial statements.

e) Non-controlling shares in the net assets and operating results of Subsidiaries are separately classified in the consolidated balance sheets and income statements as "non-controlling interest". Certain Koç Family members and companies controlled by them have interests in the share capital of certain subsidiaries. In the consolidated financial statements, these interests of Koç Family members and companies controlled by them are treated as non-controlling interest and are not included in the Group's net assets and profits attributable to the shareholders of Koç Holding.

f) All balances and transactions of/with the Joint Ventures in the notes to the consolidated financial statements are presented with the total ownership interest of the Group in the Joint Ventures.

2.4.2 Segment reporting

Operating segments are reported in a manner consistent with the reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. As the sectors merged under "Other" do not meet the required minimum quantitative thresholds to be a reportable segment, these sectors have been merged for the purpose of segment reporting.

For an operating segment to be identified as a reportable segment, its reported revenue, including both sales to external customers and intersegment sales or transfers, should be 10 percent or more of the combined revenue, internal and external, of all internal and external operating segments; the absolute amount of its reported profit or loss should be 10 percent or more of the combined profit or loss or its total assets are 10 percent or more of the combined assets of all operating segments. Operating segments that do not meet any of the quantitative thresholds may be considered as reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

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(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 2-BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4.3 Foreign currency translation

Functional and presentation currency

Items included in the consolidated financial statements of the Subsidiaries and Joint Ventures of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in TL, which is Koç Holding's functional and presentation currency.

Foreign currency transactions and balances

Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rates at the balance sheet date. Foreign exchange gains and losses resulting from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated financial statement as interest, fee, commission and similar income by the Group companies operating in the finance sector and as financial income or expense by the Group companies operating in non-finance sectors.

Non monetary items that are measured in terms of historical cost in a foreign currency are translated to functional currency using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Financial statements of foreign subsidiaries and joint ventures

The assets and liabilities, presented in the financial statements of the foreign Subsidiaries and Joint Ventures prepared in accordance with the Group's accounting policies, are translated into TL at the exchange rate at the date of the balance sheet whereas income and expenses are translated at the average exchange rates for the respective periods. Exchange differences resulting from using the exchange rates at the balance sheet date and the average exchange rates are recognised in the "currency translation differences" under the equity.

2.4.4 Discontinued operations and non-current assets (or disposal groups) held for sale

Discontinued operation is a major line of business or geographical area of operations that is part of a single co-ordinated plan to be disposed of or is held-for-sale.

Net assets related with the discontinued operations are measured at the lower of carrying amount and fair value less cost to sell. A single amount on the face of the income statements comprising the total of the post-tax profit or loss of discontinued operations and the post-tax gain or loss recognised by the disposal of the assets constituting the discontinued operation is disclosed. Also, the net cash flows of the discontinued operations associated with the operating, investment and financing activities are specified in the related note.

Group of assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. Liabilities directly associated with those assets are also classified similarly.

2.4.5 Related parties

For the purpose of these consolidated financial statements, shareholders, Koç Holding A.Ş. key management personnel and BOD members, their families and the legal entities over which these related parties exercise control and significant influence, subsidiaries and joint ventures excluded from the scope of consolidation are considered and expressed as "related parties".

2.4.6 Financial assets

The appropriate classification of financial assets is determined at the time of the purchase and re-evaluated by management on a regular basis.

"Financial assets at fair value through profit or loss" are either acquired for generating a profit from short-term price fluctuations or dealers' margin, or included in a portfolio in which a pattern of short-term profit making exists. Financial assets at fair value through profit or loss are initially recognised and subsequently measured at fair value. All related gains and losses are accounted in the income statement.

Non-derivative financial assets with fixed maturities, where management has both the intent and the ability to hold to the maturity excluding the financial assets classified as loans and advances to customers are classified as "held-to-maturity financial assets". Held-to-maturity financial assets are carried at amortised cost using the effective yield method.

"Available-for-sale financial assets" are non-derivatives that are not designated in financial assets at fair value through profit or loss, held-to-maturity financial assets or loans and receivables. These are included in non-current assets unless management has the intention of holding these 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.

Available-for-sale financial assets are subsequently measured at fair value. Available-for-sale financial assets that are quoted in active markets are measured based on current bid prices. If the market for a financial asset is not active the fair value is determined by using valuation techniques such as discounted cash flow analysis and option pricing models.

Unrealised gains and losses arising from changes in the fair value of securities classified as available-for-sale are accounted in the equity net of tax under "financial assets fair value reserve". Unrealised gains and losses arising from changes in the fair value of available-for-sale debt securities are the differences between the fair value of such securities and their amortised costs at the balance sheet date. When available-for-sale securities are sold, collected or otherwise disposed of, related deferred gains and losses in equity are transferred to the consolidated income statement. If the difference between the cost and the fair value of the available-for-sale securities is permanent, gains and losses are transferred to the consolidated income statement.

Interest and dividends associated to the available-for-sale financial assets are accounted under corresponding interest income and dividend income accounts.

"Loans and receivables" are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. Those with maturities more than 12 months are classified as non-current assets. The Group's loans and receivables comprise "cash and cash equivalents", "trade receivables" and "loans and advances to customers".

2.4.7 Repurchase and resale transactions

Securities sold subject to linked repurchase agreements ("repo") are classified in the consolidated financial statements as financial assets with the counter party liabilities included in deposits. The portion of the difference between the sale and repurchase price of these agreements in the current period is treated as interest expense and accrued over the life of the repurchase agreement.

Securities purchased under agreements to resell ("reverse repurchase agreements") are recorded as cash and cash equivalents in the consolidated financial statements. The difference between the purchase and resale price of these repurchase agreements is treated as interest income and accrued over the life of the reverse repurchase agreement.

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Koç Holding A.Ş.

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(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 2-BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4.8 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held in banks with maturities of 3 months or less and other short-term liquid investments.

2.4.9 Trade receivables

Trade receivables that are created by way of providing goods or services directly to a debtor are carried at amortised cost. Trade receivables, net of unearned financial income, are measured at amortised cost, using the effective interest rate method, less the unearned financial income. Short duration receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant.

A credit risk provision for trade receivables is recognised if there is objective evidence for the inability to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount. The recoverable amount is the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other income.

2.4.10 Loans and advances to customers

Financial assets generated as a result of lending money or providing a loan are classified as loans and advances to customers and are carried at amortised cost, less any impairment.

All loans and advances are recognised in the consolidated financial statements when cash is transferred to customers.

A credit risk provision for loan impairment is established if there is objective evidence that the Group will not be able to collect all the amounts due. The amount of the provision for impaired loans and loans under legal follow-up is the difference between the carrying amount and the recoverable amount. The recoverable amount is the net present value of the expected cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of the associated loan.

The provision for loan impairment also covers losses where there is objective evidence that probable losses are present in components of the loan portfolio at the balance sheet date. These have been estimated based upon historical patterns of losses in each component, the internal credit risk rating of the borrowers and the current economic climate in which the borrowers operate. The level of provision is also in line with the applicable Banking Legislation.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. When a loan or receivable is uncollectible, it is written off against the allowance account for loans or receivables. Subsequent recoveries of amounts previously written off are credited against the related account in the consolidated income statement.

2.4.11 Credit finance income/expenses

Credit finance income/expenses represent imputed finance charges on credit sales and purchases. Such income and expenses are recognised using the effective yield method over the period of credit sales and purchases, and included under financial income and expenses.

2.4.12 Inventories

Cost elements included in inventories are materials, labour and an appropriate amount of factory overheads.

The cost of inventories for merchandise stocks is determined by the weighted average method. Inventories are valued at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

2.4.13 Investment property

Land and buildings that are held for rental yields or for capital appreciation or both rather than held in the production or supply of goods or services or for administrative purposes or for the sale in the ordinary course of business are classified as "investment property". Investment properties are carried at cost less accumulated depreciation (except for land).

Investment properties are reviewed for possible impairment losses and where the carrying amount of the investment property is greater than the estimated recoverable amount, it is written down to its recoverable amount. Recoverable amount of the investment property is the higher of future net cash flows from the utilisation of this investment property or fair value less cost to sell.

2.4.14 Property, plant and equipment and related depreciation

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is provided for property, plant and equipment on a straight-line basis. Land is not depreciated as it is deemed to have an indefinite useful life.

The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

Buildings	5-50 years
Land improvements	10-50 years
Machinery and equipment	3-50 years
Furniture and fixtures	2-50 years
Motor vehicles	4-30 years
Leasehold improvements	1-10 years
Other property, plant and equipment	4-10 years

Useful life and the depreciation method are constantly reviewed, and accordingly, parallels are sought between the depreciation method and the period and the useful life to be derived from the related asset.

Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the asset's net selling price or value in use. Recoverable amount of the property, plant and equipment is the higher of future net cash flows from the utilisation of this property, plant and equipment or its fair value less cost to sell.

Repairs and maintenance are charged to the income statements during the period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related assets.

Machinery and equipment are capitalised and amortised when their capacity is fully available for use and their physical situations meet the determined production capacities.

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with their restated carrying amounts and are included in the related income and expense accounts, as appropriate.

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NOTE 2-BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4.15 Intangible assets and related amortisation

Intangible assets comprise of expenditures to acquire usage rights, brands, development costs, information systems and other identified rights. They are initially recognised at acquisition cost and amortised on a straight-line basis over their estimated useful lives. Intangible assets with indefinite useful lives are not amortised, however are tested for impairment annually. Whenever there is an indication that the intangible is impaired, the carrying amount of the intangible asset is reduced to its recoverable amount and the impairment loss is recognised as an expense.

The amortisation periods for intangible assets, which approximate the economic useful lives of such assets, are as follows:

Rights	3-15 years
Brand	10 years
Development costs	2-10 years
Other intangible assets	5-14 years

2.4.16 Leases

a) The Group as the lessee

Finance leases

Leases of property, plant and equipment where the Group substantially assumes all the risks and rewards of ownership are classified as finance leases. Finance leases are included in the property, plant and equipment at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate. The property, plant and equipment acquired under finance leases are depreciated over the useful life of the asset. An impairment loss is recognised when a decrease in the carrying amount of the leased property is identified. Interest expenses and foreign exchange losses related to the finance lease liabilities are accounted in the income statement. Lease payments are deducted from finance lease liabilities.

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 (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease.

b) The Group as the lessor

Finance leases

Assets held under a finance lease are presented in balance sheet as a receivable at an amount equal to the present value of lease payments. Interest income is determined over the term of the lease using the net investment period, which reflects a constant periodic rate of return and the deferred financial income on the transaction date is recognised as unearned finance income.

Operating leases

Assets leased out under operating leases are included in property, plant and equipment in the consolidated balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income is recognised in the consolidated income statement on a straight-line basis over the lease term.

2.4.17 Business combinations and goodwill

A business combination is evaluated as the bringing together of separate entities or businesses into one reporting entity.

Business combinations realized before 1 January 2010 have been accounted for by using the purchase method in the scope of IFRS 3 "Business combinations" prior to the amendment. Under this method, the cost of a business combination is the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree and in addition, any costs directly attributable to the business combination. If a business combination contract includes clauses that enable adjustments in the cost of business combination depending on events after the acquisition date; in case the adjustment is measurable and more probable than not, than cost of business combination at acquisition date is adjusted.

Any excess of the cost of acquisition over the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is accounted for as goodwill in the consolidated financial statements.

Goodwill recognised in business combinations is tested for impairment annually (as of 31 December) or more frequently if events or changes in circumstances indicate impairment, instead of amortization. Impairment losses on goodwill are not reversed. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Any excess of the Group's share in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the business combination is accounted for as income in the related period.

In business combinations involving entities under common control, assets and liabilities subject to a business combination are recognized at their carrying amounts in the consolidated financial statements. In addition, statements of income are consolidated from the beginning of the financial year in which the business combination takes place. Similarly, comparative consolidated financial statements are restated retrospectively for comparison purposes. As a result of these transactions, no goodwill is recognised. The difference arising in the elimination of the carrying value of the investment held and share capital of the acquired company is directly accounted under "effect of transactions under common control" in retained earnings.

The Group has not carried out any business combination in the year ending 31 December 2010. Amended IFRS 3 "Business Combinations", which is effective for the periods beginning 1 January 2010, will be applied for possible future business combinations.

Amended IFRS 3 may have an effect in the amount of the goodwill recognised, the profit or loss of the period that the business combination takes place and the profit or loss of the future periods. These amendments comprises that the costs associated to the combination and any changes in the fair value of the contingent consideration are reflected to the profit or loss (rather than restatement of the goodwill).

Transactions with non-controlling interests

The Group applies a policy of treating transactions with non-controlling interests as transactions with equity owners of the Group. For share purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is deducted from equity. Gains or losses on disposals to non-controlling interests are also recorded in equity. In case of the share sales to non-controlling interests, differences between any proceeds received and the relevant share of non-controllings are also recorded in equity.

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(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 2-BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4.18 Taxes on income

Taxes include current period income tax liabilities and deferred tax liabilities. A provision is recognised for the current period tax liability based on the period results of the Group at the balance sheet date.

Deferred income tax is provided for in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Currently enacted tax rates are used to determine deferred income tax.

Deferred tax liabilities are recognised for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised.

The tax effects of the transactions that are accounted directly in the equity are also reflected to the equity.

When the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority and there is a legally enforceable right to set off current tax assets against current tax liabilities, deferred tax assets and deferred tax liabilities are offset accordingly.

2.4.19 Financial liabilities and deposits

Financial liabilities and deposits are measured initially at fair value. Any transaction costs directly attributable to the undertaking of a financial liability are added on the fair value of the financial liability. These financial liabilities are subsequently stated at amortised cost using the effective interest method. Financial liabilities subject to hedging are accounted within the framework of hedge accounting.

2.4.20 Trade payables

Trade payables are payments to be made arising from the purchase of goods and services from suppliers within the ordinary course of business. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.4.21 Employee benefits

a) Provision for employment termination benefits

The provision for employment termination benefits, as required by Turkish Labour Law represents the present value of future probable obligation of the Group arising from the retirement of its employees regarding the actuarial projections.

b) Pension rights

Personnel of Yapı Kredi Bankası, a joint venture of the Group, are members of the Yapı ve Kredi Bankası Anonim Şirketi Mensupları Yardım ve Emekli Sandığı Vakfı ("the Fund") which was established in accordance with the 20th temporary article of the Social Security Law No. 506. The technical financial statements of the Fund are audited in accordance with the Article 38 of the Insurance Supervision Law and the "Regulation regarding the Actuaries" by a registered independent actuary.

Temporary article 23 paragraph one of the Banking Act published in the Official Gazette dated 1 November 2005 numbered 25983 stated that foundations like the Fund are to be transferred to the Social Security Institution ("SSI") within three years beginning from the published date of the article.

Law article related to the transfer was cancelled (pursuant application by the President on 2 November 2005) by the decision of Constitutional Court (decision no: E.2005/39, K. 2007/33 dated 22 March 2007) published in the Official Gazette No. 26479 dated 31 March 2007, and the effect of the law article stopped from the date of the publication of the decision.

The reasoning of the Constitutional Court regarding the abrogation of the corresponding article was published in the Official Gazette dated 15 December 2007, numbered 26372. With the publication of the reasoning of the decision, the Grand National Assembly of Turkey ("GNAT") started to work on new legal arrangements regarding the transfer of the fund members to SSI and the related articles of the "Law Regarding the Changes in Social Insurance and General Health Insurance Law and Other Related Laws and Regulations" numbered 5754 ("the New Law") regulating the transfer of the funds were approved by the GNAT on 17 April 2008. The New Law was published in the Official Gazette dated 8 May 2008, numbered 26870 and came into force. The New Law requires that the employee funds of the bank are transferred to the SSI in three years periods starting from the issuance date of the related article and this period can be extended for maximum two years with the decision of the Council of Ministers.

Under the New Law, it has been decided to form a committee whose members are the representatives of the SSI, the Ministry of Finance, Turkish Treasury, State Planning Organisation, BRSA and Saving Deposit Insurance Fund representing the Fund and one member representing the Fund members. This committee is in charge of the calculation of the value of the payment that would need to be made to SSI to settle the obligation using a technical interest rate of 9.8% taking into consideration the excess of salaries and income in accordance with the SSI arrangements over the income and expense of the insurance branches of the Funds related to the members of the Fund as of the date of the transfer including the members who have left the scheme and salaries and income of whom were paid by the Funds.

In accordance with the New Law, the social rights and payments of Fund members and their beneficiaries which are not provided although they are included in the Fund Title Deed will be provided by the Fund and the employers of the Fund members.

The main opposition party has applied to the Constitutional Court at 19 June 2008 for cancellation of some articles and requested them to be ineffective until the case of abrogation is finalised. As of the date of the publication of the financial statements, there is no decision of the Constitutional Court announced regarding the court case of abrogation. Yapı Kredi Bankası provided provision for the technical deficit based on the report prepared by a registered actuary in accordance with the rates determined by the New Law.

c) Defined benefit plans

The Group has to pay contributions to the Social Security Institution on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. These contributions are recognised as an employee benefit expense when they are accrued.

d) Short term employee benefits

Liabilities arising from unused vacations of the employees are classified under short term employee benefits. These liabilities are accrued in the period when the unused vacations are qualified and are not discounted.

2.4.22 Insurance technical reserves

Life mathematical reserves

Life mathematical reserves consist of actuarial mathematical reserves (with minimum income guarantee to the policyholders) and life profit share reserves and represent the total liability of the Subsidiaries and Joint Ventures of the Group in the insurance sector to the policyholders in the life branch.

Life mathematical reserves are provided for future compensations the payments of which are guaranteed by the Subsidiary and Joint Venture of the Group operating in the life insurance branch. In accordance with the Insurance Law, the remaining amount of life branch premiums that are collected in accordance with life insurance agreements, after deduction of expense charges, mortality risk premium and commissions are accounted for as life mathematical reserves. The approval of mathematical reserves is made by the actuaries based on current mortality tables that are valid for Turkish insurance companies and prepared by considering the mortality statistics prepared abroad. The life profit share, calculated in accordance with collections from life insurance premiums, is reserved in respect of the income generated from investments financed with these reserves.

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NOTE 2-BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Outstanding claims provision

Full outstanding claims provision is recorded for the estimated ultimate cost of settling claims incurred as of the balance sheet date, less amounts already paid in respect of these claims. Claim provisions are accounted for based on reports of experts or initial assessments of policyholders and experts. Additional outstanding claims provision is booked for all claims that are notified after, but occurred before the balance sheet date (IBNR).

Unearned premium reserve

Unearned premium reserve is calculated as the unearned portion of the premiums on a daily basis in respect of all policies in force as of balance sheet date.

2.4.23 Provisions, contingent assets and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Where the effect of the time value of money is material, the amount of provision shall be the present value of the expenditures expected to be required to settle the obligation. The discount rate reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate shall be a pre-tax rate and shall not reflect risks for which future cash flow estimates have been adjusted.

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in the consolidated financial statements and treated as contingent assets or liabilities.

2.4.24 Revenue recognition

Revenues include the invoiced amounts of goods and services sold. Revenues are recognised on an accrual basis at the time deliveries are made, risks and benefits related to the product are transferred, income amount is reliably measured and when it is highly probable that the Group will obtain future economic benefits. Interest income is realised according to the cut-off basis and accrued income is determined through taking into consideration the effective interest rate and the rate effective until maturity date. Net sales represent the invoiced value of goods shipped less sales returns and discounts. 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 recognised on an accrual basis as financial income.

Contract revenue and costs related to the projects are recognised when the amount of revenue can be reliably measured and the increase in the revenue due to change in the scope of the contract related with the project is probable. Contract revenue is measured at the fair value of the consideration received or receivable. Projects are fixed priced contracts and revenue is recognised in accordance with the percentage of completion method. The portion of the total contract revenue corresponding to the completion rate is recognised as contract revenue in the relevant period.

Banking

Interest income and expenses are recognised in the income statement on an accrual basis. When loans and advances to customers are considered doubtful of collection by management, they are written down to their recoverable amount, and interest income is thereafter recognised based in the rate of interest that was used to discount the future cash flows for the purpose of measuring the recoverable amount. Interest income includes coupons earned on fixed income investment securities and amortised discount and premium on treasury bills and government bonds.

Banking service income is registered as income in the period during which it is collected, other fee and commission income and expenses are recognised on an accrual basis.

Insurance

Premium income represents premiums on policies written during the year, net of cancellations.

2.4.25 Offsetting

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

2.4.26 Dividends

Dividend income is recognised by the Group at the date the right to collect the dividend is realised. Dividend payables are recognised as a result of profit distribution in the period they are declared.

2.4.27 Research and development costs

Research and development costs are recognised and expensed in the income statement in the period in which they are incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised 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 recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in subsequent periods. Development costs that have been capitalised are amortised from the commencement of the commercial production of the product on a straight-line basis over their estimated useful lives (2-10 years).

2.4.28 Warranties

Warranty expenses are recorded as a result of repair and maintenance expenses for products produced and sold, authorised services' labour 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 period.

2.4.29 Government grants

Government grants along with investment, research and development grants are accounted for on an accrual basis for estimated amounts expected to be realised under grant claims filed by the Group. These grants are accounted for as deferred income in the consolidated balance sheet and are credited to consolidated income statement on a straight-line basis over the expected lives of related assets.

2.4.30 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, one that takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. Borrowing costs that are not in this scope are recognised directly in the income statement.

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NOTE 2-BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4.31 Derivative financial instruments, embedded derivatives and hedging activities

Derivative financial instruments are initially recognised at the acquisition cost reflecting the fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The derivative instruments of the Group mainly consist of foreign exchange forward contracts and currency/interest rate swap instruments. These derivative transactions, even though providing effective economic hedges under the Group risk management position, do not generally qualify for hedge accounting under the specific rules and are therefore treated as derivatives held for trading in the consolidated financial statements. The fair value changes for these derivatives are recognized in the consolidated income statement.

The hedging transactions of the Group that qualify for hedge accounting are accounted for as follows:

Cash flow hedge

Hedges of exposures to variability in cash flows that are attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction and could affect profit and loss are designated as cash flow hedges by the Group

Changes in the fair value of derivatives, designated as cash flow hedges and qualified as effective, are recognised in equity as "cumulative loss on hedging". Where the forecasted transaction or firm commitment results in the recognition of an asset or of a liability, the gains and losses previously recognised under equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Otherwise, amounts recognized under equity are transferred to the consolidated income statement in the period in which the hedged firm commitment or forecasted transaction affects the consolidated income statement.

When a hedging instrument expires/sold, or a hedge no longer meets the criteria for hedge accounting any cumulative gain or loss existing in equity at that time remains in equity until the committed or forecasted transaction ultimately recognised in the income statement. However, if a committed or forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated income statement.

Foreign currency hedge of net investments in foreign operations

Gains or losses on the hedging instrument relating to the effective portion of the foreign currency hedge of net investments in foreign operations are recognised as other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the income statement.

On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the income statement.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of hedged asset or liability attributable to the hedged risk is recorded as part of the carrying value of the hedged asset or liability during the effective hedging relationship. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used, is amortised to the income statement over the period to maturity.

2.4.32 Earnings per share

Earnings per share disclosed in the consolidated income statement are determined by dividing net income by the weighted average number of shares outstanding during the period concerned.

In Turkey, companies can increase their share capital through a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and inflation adjustment to equity. For the purpose of earnings per share computations, the weighted average number of shares in existence during the period has been adjusted in respect of bonus share issues without a corresponding change in resources, by giving them retroactive effect for the period in which they were issued and each earlier period as if the event had occurred at the beginning of the earliest period reported.

2.4.33 Events after the balance sheet date

The Group adjusts the amounts recognised in its financial statements to reflect the adjusting events after the balance sheet date. If non-adjusting events after the balance sheet date have material influence on the economic decisions of users of the financial statements, they are disclosed in the notes to the consolidated financial statements.

2.4.34 Statement of cash flow

Cash flows during the period are classified and reported by operating, investing and financing activities in the cash flow statements.

Cash flows from operating activities represent the cash flows generated from the Group's activities.

Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (fixed investments and financial investments).

Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

2.5 Significant Accounting Estimates and Assumptions

Preparation of consolidated financial statements requires the usage of estimations and assumptions which may affect the reported amounts of assets and liabilities as of the balance sheet date, disclosure of contingent assets and liabilities and reported amounts of income and expenses during the financial period. The accounting assessments, forecasts and assumptions are reviewed continuously considering the past experiences, other factors and the reasonable expectations about the future events under current conditions. Although the estimations and assumptions are based on the best estimates of the management's existing incidents and operations, they may differ from the actual results.

2.6 Convenience Translation into English of Consolidated Financial Statements

The accounting principles described in Note 2.1 to the consolidated financial statements (defined as CMB Financial Reporting Standards) differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting for the period between 1 January and 31 December 2005. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

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NOTE 3-INTEREST IN JOINT VENTURES

The aggregate amounts of assets, liabilities and profit/loss of the Joint Ventures, which are proportionately consolidated in the consolidated financial statements, before consolidation adjustments are as follows:

	2010	2009
Current assets	25,524,609	20,974,484
Non-current assets	25,976,382	19,267,879
Total assets	51,500,991	40,242,363
Current liabilities	38,361,369	28,944,324
Non-current liabilities	5,294,997	4,893,507
Equity	7,844,625	6,404,532
Total liabilities and equity	51,500,991	40,242,363
	2010	2009
Total revenue	16,639,651	13,727,725
Operating profit (net)	2,075,050	1,451,952
Profit for the period (net)	1,456,420	1,060,968

NOTE 4-SEGMENT REPORTING

Segment information, prepared under the managerial approach, is presented below:

	2010	2009
a) Revenue		
Energy	31,411,542	24,488,346
Automotive	7,766,786	5,948,139
Consumer durables	7,051,972	6,809,509
Finance	4,990,154	5,381,772
Other	2,591,982	2,212,788
	53,812,436	44,840,554
b) Operating profit		
Energy	1,284,814	1,347,584
Automotive	563,968	406,010
Consumer durables	651,655	635,429
Finance	1,464,597	953,644
Other	139,840	133,548
	4,104,874	3,476,215
c) Depreciation and amortisation		
Energy	367,680	353,695
Automotive	224,187	196,310
Consumer durables	201,554	190,294
Finance	95,126	92,122
Other	79,427	92,237
	967,974	924,658
d) Capital expenditures		
Energy	390,007	497,268
Automotive	357,418	375,456
Consumer durables	257,351	211,633
Finance	120,597	102,643
Other	120,273	256,884
	1,245,646	1,443,884
e) Assets and liabilities		
Total assets:		
Energy	20,137,411	16,857,792
Automotive	4,458,226	3,722,603
Consumer durables	6,414,557	5,951,592
Finance	46,829,941	36,222,512
Other	3,302,382	3,631,933
	81,142,517	66,386,432
Total liabilities:		
Energy	12,995,739	9,727,045
Automotive	2,861,783	2,312,476
Consumer durables	3,789,799	3,586,453
Finance	39,241,418	30,657,450
Other	1,275,864	1,320,962
	60,164,603	47,604,386

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

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NOTE 4-SEGMENT REPORTING (Continued)

f) Segment analysis

1 January- 31 December 2010	Energy	Automotive	Consumer durables	Finance	Other	Inter segment elimination	Total
External revenue	31,411,542	7,766,786	7,051,972	4,990,154	2,591,982	-	53,812,436
Inter segment revenue	178,216	90,681	235,891	46,641	198,590	(750,019)	-
Revenue	31,589,758	7,857,467	7,287,863	5,036,795	2,790,572	(750,019)	53,812,436
Total cost	(29,133,575)	(6,831,302)	(5,161,719)	(2,199,169)	(2,015,030)	720,006	(44,620,789)
Gross profit	2,456,183	1,026,165	2,126,144	2,837,626	775,542	(30,013)	9,191,647
Operating expenses							
Marketing, selling and distribution	(463,635)	(273,463)	(1,192,476)	(53,370)	(215,725)	-	(2,198,669)
General administrative	(592,071)	(158,856)	(292,660)	(1,166,385)	(434,363)	39,962	(2,604,373)
Research and development	(13,264)	(47,104)	(63,431)	-	(65)	-	(123,864)
Other income/expenses (net)	(102,399)	17,226	74,078	(153,274)	14,451	(9,949)	(159,867)
Operating profit	1,284,814	563,968	651,655	1,464,597	139,840	-	4,104,874

1 January- 31 December 2009	Energy	Automotive	Consumer durables	Finance	Other	Inter segment elimination	Total
External revenue	24,488,346	5,948,139	6,809,509	5,381,772	2,212,788	-	44,840,554
Inter segment revenue	103,225	174,497	132,498	41,790	139,422	(591,432)	-
Revenue	24,591,571	6,122,636	6,942,007	5,423,562	2,352,210	(591,432)	44,840,554
Total cost	(22,347,727)	(5,325,125)	(4,717,755)	(2,431,914)	(1,703,616)	561,416	(35,964,721)
Gross profit	2,243,844	797,511	2,224,252	2,991,648	648,594	(30,016)	8,875,833
Operating expenses							
Marketing, selling and distribution	(405,793)	(225,959)	(1,206,026)	(37,244)	(253,381)	-	(2,128,403)
General administrative	(558,138)	(144,596)	(263,263)	(1,104,159)	(272,937)	39,799	(2,303,294)
Research and development	(2,108)	(40,547)	(50,843)	-	(158)	-	(93,656)
Other income/expenses (net)	69,779	19,601	(68,691)	(896,601)	11,430	(9,783)	(874,265)
Operating profit	1,347,584	406,010	635,429	953,644	133,548	-	3,476,215

g) Finance sector operating results

	2010	2009
Gross profit finance:		
Interest income	1,734,690	1,993,252
Fee and commission income	963,138	834,943
Other operating income	139,798	163,453
	2,837,626	2,991,648
Operating expenses:		
General administrative expenses	(1,166,385)	(1,104,159)
Sales, marketing and distribution expenses	(53,370)	(37,244)
Provision for loan impairment (Note 24)	(217,460)	(833,503)
Other operating income/expenses (net)	64,186	(63,098)
	(1,373,029)	(2,038,004)
Operating profit	1,464,597	953,644

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NOTE 5-CASH AND CASH EQUIVALENTS

	2010			2009		
	Finance	Other	Total	Finance	Other	Total
Cash in hand	349,702	2,245	351,947	326,424	2,114	328,538
Cheques received	179	31,370	31,549	92	39,402	39,494
Banks						
-Demand deposits	153,380	495,135	648,515	166,000	492,045	658,045
-Time deposits	610,959	7,706,212	8,317,171	770,111	5,302,258	6,072,369
Bonds and bills	38,754	-	38,754	102,841	-	102,841
Money markets	487,037	-	487,037	790,730	-	790,730
Central banks						
-Reserve deposits	2,194,989	-	2,194,989	1,429,277	-	1,429,277
-Other balances	471,111	-	471,111	357,609	-	357,609
Other	1,230	61,322	62,552	1,265	55,617	56,882
	4,307,341	8,296,284	12,603,625	3,944,349	5,891,436	9,835,785

As of 31 December 2010, total blocked deposits amount to TL359.309 thousand (31 December 2009: TL289.945 thousand).

Reserve deposits at the central banks

	2010	2009
Central Bank of the Republic of Turkey	2,175,754	1,329,487
Other central banks	19,235	99,790
	2,194,989	1,429,277

In accordance with the CBRT regulations, banks operating in Turkey are required to held reserve deposits at the CBRT as 6% of TL liabilities (2009: 5%) and 11% of foreign currency liabilities (2009: 9%). These funds cannot be used for financing the daily operations of banks.

Other balances with the central banks

Balances with the central banks other than reserve requirements represent funds deposited to various central banks in an interest free demand account for liquidity requirements.

NOTE 6-FINANCIAL ASSETS

	2010			2009		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Financial assets at fair value through profit or loss	204,928	-	204,928	199,551	-	199,551
Available-for-sale financial assets	90,959	2,992,132	3,083,091	190,769	835,329	1,026,098
Held-to-maturity financial assets	1,661,656	5,378,167	7,039,823	1,733,474	5,199,618	6,933,092
	1,957,543	8,370,299	10,327,842	2,123,794	6,034,947	8,158,741

a) Financial assets at fair value through profit or loss

	2010			2009		
	Finance	Other	Total	Finance	Other	Total
Debt securities:						
Government bonds	100,750	-	100,750	32,857	-	32,857
Eurobond	30,049	16,633	46,682	50,054	16,644	66,698
Treasury bills	19,477	-	19,477	54,031	-	54,031
Investment funds	28,975	-	28,975	26,446	-	26,446
Other	6,635	-	6,635	8,153	-	8,153
	185,886	16,633	202,519	171,541	16,644	188,185
Equity securities:						
Listed	2,409	-	2,409	11,366	-	11,366
	188,295	16,633	204,928	182,907	16,644	199,551

b) Available-for-sale financial assets

	2010			2009		
	Finance	Other	Total	Finance	Other	Total
Debt securities:						
Government bonds	1,805,765	-	1,805,765	352,699	-	352,699
Eurobond	395,871	-	395,871	468,295	-	468,295
Treasury bills	1,924	-	1,924	24,627	-	24,627
Private sector bonds	658,885	-	658,885	30,335	-	30,335
Investment funds	26,483	-	26,483	22,525	-	22,525
Other	2,009	-	2,009	-	-	-
	2,890,937	-	2,890,937	898,481	-	898,481
Equity securities:						
Listed	11,253	63,592	74,845	12,142	36,773	48,915
Unlisted	47,079	70,230	117,309	41,869	36,833	78,702
	2,949,269	133,822	3,083,091	952,492	73,606	1,026,098

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

Koç Holding A.Ş.

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(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 6-FINANCIAL ASSETS (Continued)

The list of equity securities and the shareholding rates are as follows:

	2010		2009	
		(%)		(%)
Listed:				
Altinyunus Çeşme Turistik Tesisler A.Ş.	63,592	30.00	35,692	30.00
Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A.Ş.	11,133	15.22	11,090	15.22
Türk Traktör ⁽¹⁾	-	-	1,081	0.22
Mastercard Incorporated	-	-	958	0.03
Other	120	-	94	-
	74,845		48,915	
Unlisted:				
Banque de Commerce et de Placements S.A.	35,954	15.34	29,470	15.34
Beldesan ⁽²⁾	13,066	91.82	-	-
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	12,366	88.00	9,652	88.00
Akdeniz Akaryakıt Dep. Ve Nakliyat A.Ş.	8,350	16.67	-	-
Takas ve Saklama Bankası A.Ş.	6,190	2.43	6,190	2.43
Koç Bilgi ve Savunma Teknolojileri A.Ş.	5,180	92.23	5,180	92.23
Promena Elektronik Ticaret A.Ş.	5,000	50.00	5,000	50.00
Körfez Hava Ulaştırma A.Ş.	4,000	100.00	4,000	100.00
Ultra Kablo ⁽²⁾	1,857	50.00	-	-
Bozkurt ⁽²⁾	911	83.89	-	-
Other	24,435	-	19,210	-
	117,309		78,702	

(1) Following the merger between Türk Traktör, a Joint Venture of the Group, and New Holland Trakmak Traktör A.Ş. in 2008; in order to equalize the shares held by Koç Group and CNH at Türk Traktör, the related shares were sold on 13 October 2010.

(2) Excluded from the scope of consolidation in 2010 (Note 2.4.1).

Available-for-sale equity securities that do not have quoted fair values or for which fair values cannot be reliably measured through alternative methods, are measured at cost less any impairment.

Subsidiaries, joint ventures and associates, in which the Group, together with Koç Family members, have attributable interests of 20% or more but are not material for the consolidated financial statements or the Group does not have a significant influence, are not included in the scope of consolidation and classified as available-for-sale financial assets. These financial assets are measured at fair value or carried at cost less any impairment when fair values cannot be reliably measured.

Total assets, revenues and net profit of the unconsolidated subsidiaries and joint ventures are below 1% of the total consolidated assets, revenues and net profit of the Group.

Provision for impairment of unlisted financial assets (equity securities) amounts to TL85.566 thousand as of 31 December 2010 (2009: TL81.198 thousand).

c) Held-to-maturity financial assets

	2010			2009		
	Finance	Other	Total	Finance	Other	Total
Debt securities:						
Eurobond	3,701,223	-	3,701,223	3,126,931	-	3,126,931
Government bonds	2,709,860	-	2,709,860	3,428,381	-	3,428,381
Time deposits	533,465	18,126	551,591	255,301	17,795	273,096
Treasury bills	760	-	760	104,684	-	104,684
Other	76,389	-	76,389	-	-	-
	7,021,697	18,126	7,039,823	6,915,297	17,795	6,933,092

The details of debt securities that are pledged under repurchase agreements are as follows:

	2010	2009
Held-to-maturity financial assets	1,817,086	696,718
Available for-sale financial assets	106,246	-
Financial assets at fair value through profit or loss	21,867	33,327
	1,945,199	730,045

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(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 7-TRADE RECEIVABLES AND PAYABLES

Trade receivables	2010	2009
Trade receivables	3,906,024	3,399,945
Notes and cheques receivables	1,484,389	1,552,009
Less: Provision for doubtful receivables	(214,900)	(191,094)
Less: Unearned finance income	(69,034)	(63,549)
Due from related parties (Note 26)	83,023	135,346
	5,189,502	4,832,657
Short-term trade receivables	5,098,243	4,747,016
Long-term trade receivables	91,259	85,641
	5,189,502	4,832,657

Movement in the provision for doubtful receivables is as follows:

	2010	2009
Beginning of the period-1 January	191,094	159,180
Increases during the period	47,198	45,888
Collections	(13,316)	(10,978)
Acquisitions	-	40
Additions to the scope of consolidation (Note 2.4.1)	-	40
Disposals from the scope of consolidation (Note 2.4.1)	(1,782)	-
Write-offs	(8,504)	-
Currency translation differences	210	(3,076)
End of the period-31 December	214,900	191,094

Trade payables	2010	2009
Trade payables	7,308,840	3,900,992
Notes payables	1,447	16,736
Less: Unearned finance expense	(8,644)	(5,384)
Due to related parties (Note 26)	247,725	171,090
	7,549,368	4,083,434

NOTE 8-RECEIVABLES FROM FINANCE SECTOR OPERATIONS

	31 December 2010			31 December 2009		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Loans and advances to customers	15,205,731	14,375,629	29,581,360	11,855,533	9,743,214	21,598,747
Receivables from insurance business	93,125	4,179	97,304	78,666	-	78,666
	15,298,856	14,379,808	29,678,664	11,934,199	9,743,214	21,677,413

Loans and advances to customers:

	2010					
	Corporate and commercial loans	Consumer loans	Credit card receivables	Financial leasing receivables	Factoring receivables	Total
Performing loans	17,011,630	5,856,980	4,122,234	835,777	906,615	28,733,236
Watch listed loans	463,885	222,916	152,508	96,901	-	936,210
Loans under legal follow-up	486,947	280,603	235,740	156,890	9,022	1,169,202
Gross	17,962,462	6,360,499	4,510,482	1,089,568	915,637	30,838,648
Less: Provision for impairment	(659,741)	(219,570)	(264,335)	(101,699)	(11,943)	(1,257,288)
Net	17,302,721	6,140,929	4,246,147	987,869	903,694	29,581,360
	2009					
	Corporate and commercial loans	Consumer loans	Credit card receivables	Financial leasing receivables	Factoring receivables	Total
Performing loans	11,243,896	4,253,524	3,541,553	855,954	484,979	20,379,906
Watch listed loans	740,949	182,333	205,750	164,333	-	1,293,365
Loans under legal follow-up	620,376	357,011	401,944	142,117	4,087	1,525,535
Gross	12,605,221	4,792,868	4,149,247	1,162,404	489,066	23,198,806
Less: Provision for impairment	(731,846)	(260,078)	(518,632)	(80,708)	(8,795)	(1,600,059)
Net	11,873,375	4,532,790	3,630,615	1,081,696	480,271	21,598,747

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

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(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 8-RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

Movement of provision for impairment on loans and advances to customers is as follows:

	2010	2009
Beginning of the period-1 January	1,600,059	853,457
Increase in provisions for loan impairment	665,246	1,352,086
Recoveries of amounts previously provided	(450,724)	(519,487)
Write-off during the period as uncollectible (*)	(557,835)	(85,350)
Currency translation differences	542	(647)
End of the period-31 December	1,257,288	1,600,059

(*) Includes the releases from the provision due to the sale of non-performing loan portfolio.

Net investment in finance leases is as follows:

	2010	2009
Gross investment in finance leases	1,006,697	1,062,310
Less: Unearned finance income	(170,920)	(206,356)
	835,777	855,954

Leasing receivables consist of rentals over the terms of leases. The rentals according to their maturities are as follows:

	2010	2009
Less than a year	409,111	446,839
1-5 years	597,586	615,471
Less: Unearned finance income	(170,920)	(206,356)
	835,777	855,954

NOTE 9-INVENTORIES

	2010	2009
Raw materials and supplies	1,752,219	1,205,073
Finished goods	1,104,966	1,040,032
Merchandise	905,185	881,598
Work in progress	449,479	326,919
Other inventories	61,859	13,174
Less: Provision for impairment	(80,610)	(105,796)
	4,193,098	3,361,000

Movement of provision for impairment on inventories is as follows:

	2010	2009
Beginning of the period-1 January	105,796	120,508
Increase during the period	9,000	79,050
Reversal of provisions due to sales of inventories	(29,786)	(93,533)
Write-offs	(2,393)	(581)
Currency translation differences	(2,007)	352
End of the period-31 December	80,610	105,796

NOTE 10-INVESTMENT PROPERTIES

	2010	2009
As of 1 January		
Cost	171,830	115,662
Accumulated depreciation	(51,486)	(40,234)
Net book value	120,344	75,428
Net book value at the beginning of the period	120,344	75,428
Disposals	(3,326)	-
Transfers(*)	-	49,091
Currency translation differences	(327)	69
Provision for impairment	-	(2,777)
Current period depreciation	(1,278)	(1,467)
Net book value at the end of the period	115,413	120,344
As of 31 December		
Cost	162,437	171,830
Accumulated depreciation	(47,024)	(51,486)
Net book value	115,413	120,344

(*) Transferred from the property, plant and equipment.

The fair values of investment properties have been determined as TL162.096 thousand as of 31 December 2010, according to the related valuations performed (2009: TL164.275 thousand).

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

Koç Holding A.Ş.Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2010 (Continued)
(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)**NOTE 11-PROPERTY, PLANT AND EQUIPMENT**

	Land and land improvements	Buildings	Machinery and equipment	Motor vehicles	Furniture and fixtures	Constructions in progress	Leasehold improvements	Total
As of 1 January 2010								
Cost	2,753,981	2,375,064	10,776,745	934,765	1,100,254	329,044	383,634	18,653,487
Accumulated depreciation	(245,260)	(1,103,408)	(5,433,275)	(318,328)	(731,039)	-	(192,638)	(8,023,948)
Net book value	2,508,721	1,271,656	5,343,470	616,437	369,215	329,044	190,996	10,629,539
Net book value at the beginning of the period	2,508,721	1,271,656	5,343,470	616,437	369,215	329,044	190,996	10,629,539
Additions	12,520	18,393	101,864	185,055	106,300	557,283	37,286	1,018,701
Disposals	(10,886)	(43,744)	(30,971)	(95,496)	(2,788)	(13,037)	(575)	(197,497)
Transfers (*)	76,800	39,632	100,482	7,672	26,433	(501,259)	10,672	(239,566)
Addition to the scope of consolidation (Note 2.4.1)	1,384	752	4,137	2,367	287	8,737	333	17,997
Disposals from the scope of consolidation (Note 2.4.1)	(1,954)	(3,425)	(3,650)	(13)	(88)	-	(2)	(9,132)
Currency translation differences	(201)	57	(100)	(412)	(134)	(135)	47	(878)
Reversal of impairment	-	25,849	-	-	623	-	-	26,472
Current period depreciation	(61,022)	(58,049)	(492,160)	(59,392)	(93,469)	-	(35,690)	(799,782)
Net book value at the end of the period	2,525,362	1,251,121	5,023,072	656,218	406,379	380,633	203,067	10,445,852
31 December 2010								
Cost	2,825,880	2,320,465	10,565,591	1,006,080	1,201,933	380,633	425,354	18,725,936
Accumulated depreciation	(300,518)	(1,069,344)	(5,542,519)	(349,862)	(795,554)	-	(222,287)	(8,280,084)
Net book value	2,525,362	1,251,121	5,023,072	656,218	406,379	380,633	203,067	10,445,852
(*) Includes transfers amounting to TL220.344 thousand to assets held for sale and TL19.224 thousand to intangible assets.								
As of 1 January 2009								
Cost	2,623,787	2,429,673	10,269,569	848,551	958,424	485,212	348,288	17,963,504
Accumulated depreciation	(193,045)	(1,112,399)	(5,124,327)	(297,619)	(691,121)	-	(171,338)	(7,579,849)
Net book value	2,430,742	1,317,274	5,145,242	550,932	277,303	485,212	176,950	10,383,655
Net book value at the beginning of the period	2,430,742	1,317,274	5,145,242	550,932	277,303	485,212	176,950	10,383,655
Acquisitions	535	40	12,386	1,498	199	114	433	15,205
Additions	7,701	30,968	186,151	146,658	96,124	675,741	20,155	1,163,498
Disposals	(3,176)	(17,754)	(15,246)	(59,726)	(13,754)	(830)	(727)	(111,213)
Transfers (*)	124,997	9,314	482,703	52,065	85,870	(831,459)	27,419	(49,091)
Addition to the scope of consolidation (Note 2.4.1)	535	40	12,386	1,498	199	114	433	15,205
Currency translation differences	(179)	(3,814)	(4,942)	(1,015)	695	152	67	(9,036)
Impairment	-	(1,626)	-	-	-	-	-	(1,626)
Current period depreciation	(52,434)	(62,786)	(475,210)	(75,473)	(77,421)	-	(33,734)	(777,058)
Net book value at year-end	2,508,721	1,271,656	5,343,470	616,437	369,215	329,044	190,996	10,629,539
31 December 2009								
Cost	2,753,981	2,375,064	10,776,745	934,765	1,100,254	329,044	383,634	18,653,487
Accumulated depreciation	(245,260)	(1,103,408)	(5,433,275)	(318,328)	(731,039)	-	(192,638)	(8,023,948)
Net book value	2,508,721	1,271,656	5,343,470	616,437	369,215	329,044	190,996	10,629,539
(*) TL49,091 thousand has been transferred between property, plant and equipment and investment property. Other transfers have been realised between the construction in progress and other line items within property, plant and equipment.								

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

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NOTE 12-INTANGIBLE ASSETS

	Rights	Brand	Development costs	Other	Total
As of 1 January 2010					
Cost	821,079	278,816	798,341	86,784	1,985,020
Accumulated amortisation	(326,727)	(34,655)	(251,225)	(52,520)	(665,127)
Net book value	494,352	244,161	547,116	34,264	1,319,893
Additions	43,536	-	160,414	22,995	226,945
Disposals	(6,447)	-	(86)	(15)	(6,548)
Transfers(*)	8,072	(1,221)	(3,279)	16,318	19,890
Addition to the scope of consolidation (Note 2.4.1)	182	-	-	150	332
Disposals from scope of consolidation (Note 2.4.1)	(583)	-	-	-	(583)
Currency translation differences	309	(10,427)	-	(124)	(10,242)
Current period amortization	(49,902)	(8,177)	(96,964)	(11,871)	(166,914)
Reversal of impairment	-	-	-	1,385	1,385
Net book value at the end of the period	489,519	224,336	607,201	63,102	1,384,158
31 December 2010					
Cost	792,433	267,167	1,012,580	123,350	2,195,530
Accumulated amortisation	(302,914)	(42,831)	(405,379)	(60,248)	(811,372)
Net book value	489,519	224,336	607,201	63,102	1,384,158

(*) Includes transfers from property, plant and equipment of TL19.224 thousand, from other non-current assets of TL1.015 thousand and transfers to assets held for sale of TL349 thousand.

Total research and development expenditures incurred in 2010 amounts to TL284.278 thousand (2009: TL254.602 thousand).

Intangible assets with indefinite useful lives consist of brands and amount to TL184.275 thousand.

	Rights	Brand	Development costs	Other	Total
As of 1 January 2009					
Cost	751,220	276,156	619,401	71,116	1,717,893
Accumulated amortisation	(263,243)	(26,501)	(195,845)	(46,315)	(531,904)
Net book value	487,977	249,655	423,556	24,801	1,185,989
Acquisitions	137	-	-	-	137
Additions	71,455	-	191,099	17,832	280,386
Disposals	(2)	-	(2,998)	(231)	(3,231)
Addition to the scope of consolidation (Note 2.4.1)	137	-	-	-	137
Currency translation differences	(191)	2,660	-	139	2,608
Current period amortisation	(65,161)	(8,154)	(64,541)	(8,277)	(146,133)
Net book value at the end of the period	494,352	244,161	547,116	34,264	1,319,893
31 December 2009					
Cost	821,079	278,816	798,341	86,784	1,985,020
Accumulated amortisation	(326,727)	(34,655)	(251,225)	(52,520)	(665,127)
Net book value	494,352	244,161	547,116	34,264	1,319,893

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(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 13-GOODWILL

	2010	2009
Net book value at the beginning of the period-1 January	3,517,860	3,533,680
Disposals ⁽¹⁾	-	(13,074)
Change in contingent liabilities ⁽²⁾	8,704	(2,807)
Currency translation differences	(213)	61
Net book value at the end of the period-31 December	3,526,351	3,517,860

(1) Partial disposals from goodwill are accounted for as a result of transactions with non-controlling interests.

(2) Contingent liabilities that are settled at the acquisition date are re-settled by taking into account the actual results. The resulting decreases/increases are adjusted reciprocally with goodwill in accordance with IFRS 3, effective for the business combinations carried out before 1 January 2010.

The allocation of the goodwill is as follows:

	2010	2009
Tüpraş	2,736,463	2,736,463
Yapı Kredi Bankası	643,714	633,788
Opet	138,984	138,984
Other	7,190	8,625
	3,526,351	3,517,860

The recoverable amount of a cash generating unit is determined based on the value in use or fair value less cost to sell calculations. These calculations use cash flow projections based on financial budgets approved by the management. The cash flow projections beyond the budgeted period are extrapolated using the estimated growth rates and discounted with the ratios stated below.

The budget period and key assumptions used in the calculations of recoverable amount are as follows:

Cash-generating unit	Method used	Period	Ratio 1	Ratio 2	Ratio 3
Tüpraş	Fair value, USD	10 years	6.1-10.3%	1%	9.4%
Yapı Kredi Bankası	Value in use, TL	9 years	3.8%	3%	15.9-12.0%
Opet	Fair value, USD	10 years	5.3-7.3%	2%	9.0%

Ratio 1: Budgeted gross profit/budgeted net interest margin

Ratio 2: Growth rate used to extrapolate cash flows beyond the budget period

Ratio 3: Discount rate applied to the cash flow projections

NOTE 14-PAYABLES FROM FINANCE SECTOR OPERATIONS

	31 December 2010			31 December 2009		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Deposits	26,530,200	291,923	26,822,123	20,626,473	345,133	20,971,606
Insurance technical reserves	228,711	236,457	465,168	62,234	371,169	433,403
Other payables from insurance business	30,928	6,390	37,318	31,129	-	31,129
	26,789,839	534,770	27,324,609	20,719,836	716,302	21,436,138

Deposits:

	2010			2009		
	Demand	Time	Total	Demand	Time	Total
TL deposits						
Saving deposits	906,379	7,921,605	8,827,984	720,134	6,971,791	7,691,925
Commercial deposits	1,357,091	4,225,557	5,582,648	985,944	2,218,551	3,204,495
Deposits from banks	79,344	189,766	269,110	66,739	143,129	209,868
Funds deposited under repurchase agreements	-	33,920	33,920	-	65,054	65,054
	2,342,814	12,370,848	14,713,662	1,772,817	9,398,525	11,171,342
Foreign currency deposits						
Saving deposits	983,601	3,770,979	4,754,580	1,038,468	4,105,931	5,144,399
Commercial deposits	1,368,793	3,786,460	5,155,253	1,088,905	2,560,737	3,649,642
Deposits from banks	17,169	634,630	651,799	71,706	380,226	451,932
Funds deposited under repurchase agreements	-	1,546,829	1,546,829	-	554,291	554,291
	2,369,563	9,738,898	12,108,461	2,199,079	7,601,185	9,800,264
			26,822,123			20,971,606

Insurance technical reserves:

	2010	2009
Unearned premium reserve-net of reinsurers' share	140,201	108,857
Claim provisions-net of reinsurers' share	60,438	55,815
Life mathematical reserves-net of reinsurers' share	264,529	268,731
	465,168	433,403

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

Koç Holding A.Ş.

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2010 (Continued)

(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 14-PAYABLES FROM FINANCE SECTOR OPERATIONS (Continued)

The movement for insurance technical reserves is as follows:

	2010	2009
Beginning of the period-1 January	433,403	417,600
Change in reserve for unearned premiums-net of reinsurance	31,344	4,591
Paid claims during the period-net of reinsurance	(63,111)	(27,593)
Premium and income earned from life insurance	61,007	84,031
Payments associated with life insurance	(53,104)	(68,405)
Other increases in the provisions	55,629	23,179
End of the period-31 December	465,168	433,403

NOTE 15-FINANCIAL LIABILITIES

	2010	2009
Short-term financial liabilities		
Bank borrowings	8,362,967	8,023,304
Debt securities in issue	355,220	440,534
Factoring payables	124,400	25,527
Financial leasing payables	3,257	2,678
	8,845,844	8,492,043
Long-term financial liabilities		
Bank borrowings	7,103,180	5,719,774
Debt securities in issue	927,674	704,443
Financial leasing payables	1,596	3,960
	8,032,450	6,428,177
	16,878,294	14,920,220

Details of the loans obtained in 2006 in order to finance the acquisition cost of Tüpraş shares and to re-structure the Group's existing loans are presented below:

-a loan of USD950.000.000 from the consortium, comprising of JP Morgan Europe Limited and JP Morgan Chase Bank N.A. with a maturity of 7 years and bearing an interest rate of Libor+1,9%;

-a loan from the consortium comprising of Akbank T.A.Ş. Malta Branch, Türkiye Garanti Bankası A.Ş. Luxembourg Branch, Türkiye İş Bankası A.Ş. Bahrain Offshore Branch, Standard Bank Plc, Türkiye Vakıflar Bankası T.A.O. Bahrain Offshore Branch, Türkiye Halk Bankası A.Ş. in an amount of USD1.800.000.000 with a maturity of 10 years and bearing an interest rate of Libor+2,3% until 2013 and an interest rate of Libor+2,8% thereafter.

Following the principal repayments of the loans detailed above, the outstanding balance of the related loans decreased to USD1.278.181.182 as of 31 December 2010.

As of 31 December 2010, Yapı Kredi Bankası, a joint venture of the Group, has an outstanding securitisation deal from Standard Chartered Bank and Unicredit Markets and Investment Banking amounting to TL704.582 thousand (equivalents of USD273.500.000 and EUR137.500.000) (31 December 2009: TL871.880 thousand). This loan is floating rated and based on Euribor/Libor rates with maturity dates between 7 and 8 years. The repayments are started in the first quarter of 2010.

As of 31 December 2010, Yapı Kredi Bankası, has outstanding subordinated loans amounting to TL1.075.778 thousand, (EUR525.000.000) with 10 years of maturity and repayment option at the end of the 5th year (31 December 2009: TL1.112.012 thousand). These loans were extended by Merrill Lynch Capital Corporation (EUR250.000.000), Goldman Sachs International Bank (EUR175.000.000), and Citibank (EUR100.000.000) with UniCredit S.p.A. as guarantor. For the first 5 years, the interest rates of the loans are determined as Euribor+2%, Euribor +2,25% and Euribor +1,85%, respectively.

In 2010, Yapı Kredi Bankası has obtained two syndicated credit facilities in the amount of TL250.452 thousand (USD162.000.000) and TL528.668 thousand (EUR258.000.000) with interest rates of Libor+1,5% and Euribor+1,5%, respectively.

In 2010, Yapı Kredi Bankası, has obtained a syndicated loan from international banks, consisting of 2 credit tranches with 1 year maturity and a total amount of USD625.000.000; first tranche amounting to USD171.250.000 with an interest rate of Libor+1,30% and the second tranche amounting to EUR335.000.000 with an interest rate of Euribor+1,30%.

In 2010, Yapı Kredi Bankası, has signed a loan agreement with UniCredit Luxembourg amounting to TL579.750 thousand (USD 375.000.000) with a five years of maturity and an interest rate of 5,19%.

In 2010, Koç Holding has obtained a loan in the amount of USD425.000.000, comprising two tranches of USD120.000.000 and EUR211.500.000 from a consortium including 21 financial institutions. The loan is used to meet various financing needs of Koç Group Companies. The principal repayments of the USD denominated part (with 39-month maturity) and the EUR denominated part (with 27-month maturity), will be due at the maturity. For both USD and EUR parts of the loan, interest payment options are available monthly, quarterly or semi-annually and the interest rates, excluding bank charges, are determined as Libor+3,25% for the USD portion and Euribor+2,75% for the EUR portion.

In 2010, Arçelik, a subsidiary of the Group, has obtained loans of approximately TL1.000.000 thousand in different currencies with maturities of 2-3 years in order to finance its due loans. The interest rates of the loans with 2 years maturity are determined as Euribor+1,70% and Tribor+0,70% for EUR and TL parts, respectively. The interest rates of the loans with 3 years maturity are determined as Euribor+1,80%, Libor+1,90% and Tribor+0,75% for EUR, GBP and TL parts, respectively.

In 2009, Koç Holding obtained a loan in the amount of approximately USD770.000.000, comprising two tranches of USD320.000.000 and EUR339.000.000, from a consortium including 14 financial institutions. Following the principal repayments, the outstanding balance of the related loans decreased to EUR15.000.000 as of 31 December 2010 (31 December 2009: USD742.000.000).

The details of collaterals, mortgages and pledges given related with the loans of the Group are disclosed in Note 28.

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Koç Holding A.Ş.

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(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 15-FINANCIAL LIABILITIES (Continued)

The redemption schedule of long-term bank borrowings is as follows:

	2010	2009
2011	-	1,569,162
2012	2,725,090	1,430,144
2013	1,668,451	761,413
2014	752,984	683,637
2015 and over	2,885,925	1,983,821
	8,032,450	6,428,177

NOTE 16-TAX ASSETS AND LIABILITIES

	2010	2009
Current income tax liabilities		
Domestic	728,569	589,549
Foreign	19,060	8,681
Less: Prepaid income tax	(537,762)	(454,171)
Current income tax liabilities (net)	209,867	144,059
Deferred tax liabilities		
Domestic	617,845	782,740
Foreign	47,316	46,088
	665,161	828,828
Deferred tax assets		
Domestic	(331,512)	(501,145)
Foreign	(19,714)	(17,364)
	(351,226)	(518,509)
Deferred tax liabilities (net)	313,935	310,319

Turkish tax legislation does not permit a parent company, its subsidiaries and joint ventures to file a consolidated tax return. Therefore, tax liabilities, as reflected in consolidated financial statements, have been calculated on a separate-entity basis.

The corporation tax rate is 20% in Turkey. Corporation tax is payable on the total income of the company after adjusting for certain disallowable expenses, income not subject to tax and allowances.

Income tax expenses in the consolidated income statements are summarised as follows:

	2010	2009
Current period tax expense	747,629	598,227
Deferred tax income (net)	(78)	(79,763)
	747,551	518,464
Profit before tax	3,885,951	3,159,052
Domestic tax rate	20%	20%
Tax calculated at domestic tax rate	777,190	631,810
Income not subject to tax	(118,790)	(171,969)
Non-deductible expenses	43,737	29,329
Carry forward tax losses (net effect)	38,194	31,355
Tax rate differences	7,691	(2,061)
Other	(471)	-
Tax expense	747,551	518,464

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

Koç Holding A.Ş.

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2010 (Continued)

(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 16-TAX ASSETS AND LIABILITIES (Continued)

Koç Holding, its Subsidiaries and Joint Ventures recognise deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with CMB Financial Reporting Standards and the Turkish tax legislations. These temporary differences usually result in the recognition of revenue and expenses in different reporting periods for CMB Financial Reporting Standards and tax purposes.

The breakdown of cumulative temporary differences and deferred tax assets and liabilities provided using principal tax rates, are as follows:

	Cumulative temporary differences		Deferred tax assets/(liabilities)	
	2010	2009	2010	2009
Property, plant and equipment and intangible assets	4,320,177	4,492,635	(893,515)	(890,922)
Impairment provision for loans	(490,801)	(514,681)	97,892	102,834
Investment incentives	(1,180,519)	(1,277,235)	90,876	80,207
Provision for the Pension Fund	(419,018)	(432,030)	83,804	86,406
Provision for employment termination benefits	(359,113)	(328,002)	71,861	65,625
Warranty and assembly provisions	(204,473)	(202,809)	40,574	40,244
Provision for lawsuits	(181,023)	(64,775)	36,204	12,955
Carryforward tax losses	(174,038)	(334,261)	34,809	67,299
Inventories	(103,488)	(109,987)	20,705	21,964
Research and development incentives	(72,371)	(135,067)	14,474	27,012
Provision for unused vacation	(71,554)	(51,730)	14,242	10,279
Expense accruals (net)	(63,145)	(51,513)	12,629	10,303
Impairment of financial assets	(61,703)	(61,873)	12,341	12,230
Deferred income	(33,122)	(34,550)	6,625	6,910
Provision for credit card bonus	(19,849)	(24,235)	3,970	4,894
Unearned credit finance income (net)	(17,587)	(22,430)	3,490	3,723
Derivative financial instruments	72,906	21,753	(14,326)	(3,328)
Other (net)	(200,634)	(133,949)	49,410	31,046
			(313,935)	(310,319)

Net deferred tax assets and liabilities recognized in the Subsidiaries' and Joint Ventures' financial statements prepared in accordance with CMB Financial Reporting Standards, are separately classified under deferred tax assets and liabilities accounts in Koç Holding's consolidated balance sheet. Temporary differences and deferred tax assets and liabilities presented above, which are prepared on the basis of gross amounts, present the net deferred tax position.

The redemption schedule of carry forward tax losses for which no deferred taxes calculated is as follows:

	2010	2009
2010	-	33,851
2011	137,799	152,971
2012	57,370	49,342
2013	654,229	667,438
2014	183,529	157,442
2015	355,642	-
	1,388,569	1,061,044

The Constitutional Court ruled at the meeting held on 15 October 2009 for the cancellation of the expressions "2006, 2007 and 2008" included in the provisional article of the Income Tax Law regarding the investment incentives. In accordance with the related ruling by the court, the expiration of the investment allowance entitled to three years time as of 31 December 2005 was repealed. Accordingly, Group's unused investment incentives became utilizable. After the change in the related legislation, the Group has prepared its consolidated financial statements by considering the amount of investment incentives that are estimated to be utilized in the following periods in the deferred tax calculations. The Group's investment incentives that can be utilized in the following periods but not considered in the deferred tax calculation amounts to TL292.573 thousand (subject to withholding) (2009: TL319.765 thousand) and TL922 thousand (not subject to withholding) (2009: TL26.167 thousand).

Movements in deferred tax assets and liabilities are as follows:

	2010	2009
Beginning of the period-1 January	(310,319)	(391,101)
Charge to the income statement:	78	79,763
Charge to equity:		
-Financial assets fair value reserve	(13,368)	(540)
-Cumulative gains/losses on hedging	(1,176)	2,947
-Non-current asset revaluation fund	363	393
Currency translation differences	(681)	(653)
Acquisitions	-	(564)
Transfers (*)	10,494	-
Additions to the scope of consolidation (Note 2.4.1)	-	(564)
Disposals from the scope of consolidation (Note 2.4.1)	674	-
End of the period-31 December	(313,935)	(310,319)

(*) Transferred to the assets held for sale.

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

Koç Holding A.Ş.

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(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 17-OTHER PAYABLES

	2010	2009
Taxes and duties payable	1,505,104	1,444,928
Social security premiums payable	40,076	41,175
Other	108	2,363
	1,545,288	1,488,466

NOTE 18-DERIVATIVE FINANCIAL INSTRUMENTS

	2010		2009	
	Asset	Liability	Asset	Liability
Derivatives held for trading	348,183	181,995	311,929	161,765
Derivatives held for hedging	19,798	255,284	64,316	222,606
	367,981	437,279	376,245	384,371

Derivatives held for trading:

	2010			2009		
	Contract amount	Fair values		Contract amount	Fair values	
		Asset	Liability		Asset	Liability
Currency swaps	12,237,454	157,441	98,171	7,345,368	238,444	23,426
Option agreements	5,210,238	42,301	42,415	2,866,261	15,725	15,907
Interest rate swaps	3,346,226	135,004	22,765	5,148,430	34,567	92,964
Currency forwards	3,040,230	13,437	17,482	2,457,284	23,193	29,401
Commodity futures	72,532	-	1,162	4,062	-	67
	23,906,680	348,183	181,995	17,821,405	311,929	161,765

Derivatives held for hedging:

	2010			2009		
	Contract amount	Fair values		Contract amount	Fair values	
		Asset	Liability		Asset	Liability
Interest rate swaps	7,718,913	19,101	255,284	3,833,775	64,316	220,553
Currency swaps	107,615	343	-	-	-	-
Currency forwards	4,327	15	-	511,537	-	2,053
Commodity futures	1,414	339	-	-	-	-
	7,832,269	19,798	255,284	4,345,312	64,316	222,606

NOTE 19-EMPLOYEE BENEFITS

	2010	2009
Provision for employment termination benefits	369,839	331,634
Provision for the Pension Fund	419,018	432,030
	788,857	763,664

Provision for employment termination benefits:

	2010	2009
-Domestic	365,375	328,002
-Foreign	4,464	3,632
	369,839	331,634

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

As of 31 December 2010, the amount payable consists of one month's salary limited to a maximum of TL2.517,01 (2009: TL2.365,16) for each year of service.

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 Koç Holding and its Subsidiaries and Joint Ventures registered in Turkey arising from the retirement of employees.

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised semi-annually, the maximum amount of TL2.623,23 effective from 1 January 2011 (1 January 2010: TL2.427,04) has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

CMB Financial Reporting Standards require actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly the following actuarial assumptions have been used in the calculation of the total liability:

	2010	2009
Discount rate (%)	4.66	5.92
Turnover rate to estimate the probability of retirement (%)	98	98

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

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(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 19-EMPLOYEE BENEFITS (Continued)

Movements in the provision for employment termination benefits are as follows:

	2010	2009
Beginning of the period-1 January	331,634	293,206
Interest expense	16,680	15,878
Actuarial losses/(gains)	14,363	9,101
Increase during the period	57,147	75,831
Payments during the period	(48,763)	(62,400)
Currency translation differences	(182)	18
Additions to the scope of consolidation (Note 2.4.1)	7	-
Disposals from the scope of the consolidation (Note 2.4.1)	(438)	-
Transfers ^(*)	(609)	-
End of the period-31 December	369,839	331,634

(*) Transferred to the liabilities held for sale.

Provision for the Pension Fund:

Yapı Kredi Bankası, a joint venture of the Group, accounted for a provision amounting to TL419,018 thousand (Note 2.4.21) for the technical deficit based on the report prepared by a registered actuary in accordance with the technical interest rate of 9,8% determined by the New Law and CSO 1980 mortality table (2009: TL432.030 thousand).

The amounts recognised in the income statement:

	2010	2009
Provision (income)/expense for the Pension Fund (Note 24)	(13,012)	44,847

Provision for the Pension Fund is determined as follows:

	2010	2009
Transferrable pension benefits	591,766	538,982
Transferrable post-employment benefits	48,017	80,585
Present value of funded obligations	639,783	619,567
Fair value of plan assets	(220,765)	(187,537)
	419,018	432,030

Movements in the provision for the Pension Fund are as follows:

	Pension benefit plans		Post-employment medical benefits	
	2010	2009	2010	2009
Beginning of the period-1 January	538,982	518,069	80,585	13,522
Service cost	32,055	28,991	21,704	19,629
Interest cost	52,820	50,771	7,897	1,325
Contributions by plan participants	27,198	24,599	14,470	13,083
Actuarial losses/(gains)	959	(30,229)	(61,389)	48,871
Benefits paid	(60,248)	(53,219)	(15,250)	(15,845)
End of the period-31 December	591,766	538,982	48,017	80,585

Movements in the fair value of the Pension Fund assets are as follows:

	2010	2009
Beginning of the period-1 January	187,537	144,408
Return on plan assets	34,223	42,758
Employer contributions	32,055	28,991
Employee contributions	27,198	24,599
Benefits paid	(60,248)	(53,219)
End of the period-31 December	220,765	187,537

Pension assets are comprised as follows:

	2010		2009	
	Amount	(%)	Amount	(%)
Government bonds and treasury bills	77,451	35	90,259	48
Property, plant and equipment	58,197	26	56,913	30
Bank placements	66,716	30	14,664	8
Short term receivables	9,747	5	13,454	7
Other	8,654	4	12,247	7
	220,765	100	187,537	100

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NOTE 19-EMPLOYEE BENEFITS (Continued)

The principal actuarial assumptions used are as follows:

	2010	2009
Discount rate (%)	9.80	9.80

Mortality rate:

Based on statistical data, the average life expectancy for men and women retiring at the ages of 64 and 63, respectively, is 15 years for men and 19 years for women.

NOTE 20-OTHER ASSETS AND LIABILITIES

a) Other current assets	2010	2009
Value added tax receivables	376,382	285,823
Advances given	291,577	128,676
Deposits and guarantees given	270,654	134,882
Prepaid expenses	208,508	208,570
Taxes and funds deductible	151,328	227,352
Precious metals	124,886	94,460
Assets obtained as loan collaterals	50,512	53,942
Biological assets	42,850	37,710
Payments for credit card settlements	33,916	32,557
Interbank cheque clearing account	4,149	8,977
Other	258,042	135,665
	1,812,804	1,348,614
b) Other non-current assets	2010	2009
Prepaid expenses	331,296	281,006
Spare parts and other materials	329,518	327,807
Advances given	107,781	54,736
Other	20,651	11,018
	789,246	674,567
c) Short-term provisions and other current liabilities	2010	2009
Provisions:		
Provision for lawsuits (*)	285,380	111,936
Provision for warranty and assembly	218,057	202,547
Cost accruals of construction contracts	146,382	83,695
Provision for losses related with loan commitments (Note 28.a)	100,855	97,717
Provision for unused vacation	76,296	57,306
Provision for credit cards campaigns	19,849	24,235
Provision for the non-core assets option agreement	15,273	18,726
Provision for Energy Market Regulation Authority participation share	14,682	13,407
Provision for the advertising publication agreement	13,611	6,076
Other	124,026	144,453
	1,014,411	760,098
Other current liabilities:		
Credit card payables	1,458,820	1,083,852
Blocked accounts	270,689	138,805
Advances received	288,606	205,914
Payables to personnel and premium accruals	215,035	156,357
Interbank cheque clearing account	140,396	93,938
Collaterals obtained for derivative transactions	80,251	51,279
Accruals for sales and other marketing expenses	74,285	87,100
Transitory accounts	65,428	49,171
Import deposits and transfer orders	61,404	77,336
Deferred income	56,095	81,942
Deposits and guarantees received	30,793	27,848
Accruals for license expenses	22,656	15,567
Export commitment accruals	19,743	19,131
Other	312,345	239,748
	3,096,546	2,327,988
	4,110,957	3,088,086

(*) The amount includes the provision accounted for in 2010 for the tax/penalty notice issued to Tüpras, a subsidiary of the Group, on 9 November 2010. The related provision amounts to TL181 million and has been calculated in accordance with the Law No 6111 (Law on Amendments of Restructuring of Several Types of Receivables and Social Security and General Health Insurance Law and Other Several Law and Executive Orders" published in the Official Gazette, numbered 25857 and dated 25 February 2011).

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NOTE 20-OTHER ASSETS AND LIABILITIES (Continued)

d) Long-term provisions and other non-current liabilities

	2010	2009
Provisions:		
Warranty provision	57,212	58,970
Other non-current liabilities:		
Revenue share (*)	328,716	265,853
Deposits and guarantees received	57,446	56,705
Government grants	48,668	56,703
Other	38,697	21,642
	530,739	459,873

(*) In accordance with the Petroleum Market License Regulation and Liquefied Petroleum Gas ("LPG") Market Regulation, the revenue shares collected by Tüpraş, but not recognized in the comprehensive income statement, has been recorded as revenue share within other long-term liabilities and blocked in banks as demand deposits with special interest rates within cash and cash equivalents according to the decision of National Petroleum Reserves Commission.

NOTE 21-EQUITY

Share Capital

Koç Holding adopted the registered share capital system available to companies registered with the CMB and set a limit on its registered share capital representing registered type shares with a nominal value of Kr1.

Koç Holding's registered and issued share capital is as follows:

	2010
Limit on registered share capital (historical)	3,000,000
Issued share capital in nominal value	2,415,141

Companies in Turkey may exceed the limit on registered share capital in the event of the issuance of free capital shares to existing shareholders.

The shareholding structure of Koç Holding is as follows:

	2010		2009	
	Share %	Amount	Share %	Amount
Temel Ticaret ve Yatırım A.Ş.	42.39	1,023,794	42.39	1,023,794
Semahat Arsel	6.42	154,947	6.42	154,947
Suna Kıraç	5.25	126,764	5.25	126,764
Rahmi M. Koç	5.23	126,311	5.23	126,311
Mustafa V. Koç	3.20	77,271	3.20	77,271
Ali Y. Koç	2.20	53,047	3.05	73,747
İpek Kıraç	1.93	46,558	1.93	46,558
Ömer M. Koç	1.79	43,298	1.79	43,298
Rahmi M. Koç ve Mahdumları Maden, İnşaat, Turizm, Ulaştırma, Yatırım ve Ticaret A.Ş.	0.10	2,532	0.10	2,532
Total Koç Family members and companies owned by Koç Family members	68.51	1,654,522	69.36	1,675,222
Vehbi Koç Vakfı	7.15	172,767	7.15	172,767
Koç Holding Emekli ve Yardım Sandığı Vakfı	1.99	48,049	1.99	48,049
Other	22.35	539,803	21.50	519,103
Paid-in share capital	100.00	2,415,141	100.00	2,415,141
Adjustment to share capital (*)		967,288		967,288
Total share capital		3,382,429		3,382,429

(*) "Adjustment to share capital" represents the restatement effect of cash and cash equivalent contributions to share capital measured in accordance with the CMB Financial Reporting Standards. "Adjustment to share capital" has no use other than being transferred to paid-in share capital.

The analysis of shares by group is as follows:

Group	Unit of shares	TL'000	Nature of shares
A	64,645,087,838	646,451	Registered
B	176,869,012,162	1,768,690	Registered
	241,514,100,000	2,415,141	

In the Articles of Association ("the Articles") Koç Holding sets out the following privileges for A-group shares:

- In accordance with Article 11, pre-emptive rights not used by B-group shareholders, can be used by A-group shareholders within the terms of CMB Legislation.
- In accordance with Article 25, A-group shareholders have two voting rights for each share owned at the General Assembly meeting (except for resolutions to change the Articles).

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NOTE 21-EQUITY (Continued)

Revaluation Funds

Increases/decreases of carrying amounts as a result of revaluations recognised directly in the equity are as follows:

	2010	2009
Financial assets fair value reserve	109,626	52,509
Cumulative losses on hedging	(103,485)	(85,152)
Non-current assets revaluation fund	13,662	18,460
Total revaluation funds	19,803	(14,183)

The movements in the revaluation funds are presented in the statements of changes in equity.

Restricted Reserves

The details of the restricted reserves are as follows:

	2010	2009
Legal reserves	152,817	140,217
Special reserves	2,139,103	2,129,595
Total	2,291,920	2,269,812

Within the scope of the Exemption for Sale of Participation Shares, the 75% portion of gains in statutory financial statements arising from the sale of investments was transferred to "Special Reserves".

Dividend Distribution

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

In accordance with the CMB Decision dated 27 January 2010, concerning allocation basis of profit, starting in 2009, minimum profit distribution obligation will not be applied for listed companies. According to the Board's decision and Communiqué No: IV-27 issued by CMB regarding allocation basis of profit of listed companies, the distribution of the relevant amount may be realised as cash, as bonus shares, partly as cash and bonus shares or the relevant amount can be retained within the company.

In addition, according to aforementioned Board Decision, it is stipulated that companies which have the obligation to prepare consolidated financial statements, calculate the net distributable profit amount by taking into account the net profits for the period in the consolidated financial statements that will be prepared and announced to the public in accordance with the Communiqué XI No: 29, "Principles of Financial Reporting in Capital Markets" issued by CMB providing the profits can be met by the sources in their statutory records.

In accordance with Article 32 of the Company's Articles of Association, a contribution of a maximum 2% (according to the decision of the General Assembly) of the amount remaining after the first legal reserves set aside over income before tax, financial obligations and initial dividends, is paid to Koç Holding Emekli ve Yardım Sandığı Vakfı. In addition, save for the first dividend determined according to the Capital Markets Law, 3% of the amount remaining after the first legal reserves, financial obligations and 5% of the paid-in capital are deducted from the income before tax, is allocated to share certificate owners. However, the share to be paid to the owners of the dividend shares may not be more than 1/10 of the amount remaining after the first legal reserves and first dividend calculated according to CMB regulations are deducted from the net profit.

The total amount of net income after the deduction of accumulated losses at statutory records and inflation adjustment difference that can be subject to dividend distribution is TL1.534.976 thousand.

It was resolved at Koç Holding's Ordinary General Assembly Meeting held on 21 April 2010 to distribute TL310.000 thousand (dividend per share TL 0,128) from the consolidated net profit of 2009 in the amount of TL1.429.210 thousand as first and second level dividends to shareholders, TL10.838 thousand to Koç Holding Emekli ve Yardım Sandığı Vakfı, and TL38.876 thousand to the holders of dividend right certificates as cash dividends (gross=net). Related cash dividend payments were completed as of 5 May 2010.

NOTE 22-REVENUE

	2010	2009
Domestic sales	38,113,939	30,090,282
Foreign sales	12,797,849	10,570,259
Gross sales	50,911,788	40,660,541
Less: Discounts	(2,089,506)	(1,201,759)
Revenue	48,822,282	39,458,782
Sales of goods	47,917,608	38,839,835
Sales of services	904,674	618,947
Revenue	48,822,282	39,458,782

Finance sector operating revenue is disclosed in Note 4.

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NOTE 23-EXPENSES BY NATURE

Expense by nature includes cost of goods sold, marketing, selling and distribution expenses, general administrative expenses and research and development expenses.

	2010	2009
Raw materials and supplies	31,031,025	23,998,007
Changes in work in progress, finished goods	(188,867)	(72,498)
Cost of merchandise sold	8,370,324	6,755,465
Personnel expenses	2,852,173	2,407,676
Depreciation and amortisation charges	964,490	923,100
Energy and utility expenses	635,304	423,455
Transportation, distribution and storage expenses	634,819	570,965
Advertisement and promotion expenses	417,095	350,510
Warranty and assembly costs	399,331	412,604
Rent expenses	339,767	290,259
Maintenance and repair expenses	226,172	197,849
Outsourcing expenses	212,460	106,050
Taxes, duties and charges	171,291	116,579
Information systems and communication expenses	100,746	83,796
Litigation and consultancy expenses	90,769	98,581
Insurance expenses	83,312	74,178
Travel expenses	71,858	59,133
Sales, incentives and premium expenses	69,339	84,946
Royalty and license expenses	48,594	23,807
Grants and donations	40,563	23,324
Other	824,602	1,172,164
	47,395,167	38,099,950

The functional breakdown of amortisation, depreciation and personnel expenses is as follows:

	2010	2009
Depreciation and amortisation charges		
Cost of sales	688,921	673,208
Marketing, selling and distribution expenses	50,945	45,465
General administrative expenses	183,837	174,274
Research and development expenses	40,787	30,153
	964,490	923,100
Personnel expenses		
Cost of sales	1,044,895	816,207
Marketing, selling and distribution expenses	382,866	344,748
General administrative expenses	1,375,664	1,211,588
Research and development expenses	48,748	35,133
	2,852,173	2,407,676

NOTE 24-OTHER INCOME/EXPENSES

	2010	2009
Other income		
Gain on sale of property, plant and equipment	113,952	22,200
Income from incentives	55,025	39,683
Reversal of provisions	60,953	39,055
Gain on sales of non-performing loans	36,760	16,380
Rent income	28,779	31,326
Other	171,672	152,110
	467,141	300,754
Other expenses		
Provision for loan impairment	(214,522)	(832,599)
Other provision expenses	(316,155)	(230,031)
Loss on sale of property, plant and equipment	(28,067)	(12,815)
Provision expenses for the Fund	13,012	(44,847)
Other	(81,276)	(54,727)
	(627,008)	(1,175,019)

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NOTE 25-FINANCIAL INCOME/EXPENSES

	2010	2009
Financial income:		
Foreign exchange gains	1,128,295	1,136,817
Interest income	537,719	384,489
Credit finance income	204,429	240,538
Gains on derivative financial instruments	39,663	32,104
Other financial income	9,795	6,561
	1,919,901	1,800,509
Financial expenses:		
Foreign exchange losses	(1,393,550)	(1,201,321)
Interest expenses	(576,071)	(750,507)
Credit finance charges	(115,566)	(60,184)
Losses on derivative financial instruments	(23,340)	(69,515)
Other financial expenses	(30,297)	(36,145)
	(2,138,824)	(2,117,672)

NOTE 26-RELATED PARTY DISCLOSURES

(a) Related party balances

	2010			2009		
	Joint Ventures (*)	Other	Total	Joint Ventures	Other	Total
Cash and cash equivalents	2,143,670	-	2,143,670	1,103,581	-	1,103,581
Trade receivables	58,537	24,486	83,023	107,427	27,919	135,346
Trade payables	220,168	27,557	247,725	141,968	29,122	171,090
Loans and advances to customers	21,508	19,405	40,913	26,400	13,958	40,358
Deposits	69,555	864,878	934,433	57,613	730,828	788,441
Financial liabilities	463,783	-	463,783	430,496	-	430,496

(b) Related party transactions

	2010			2009		
	Joint Ventures (*)	Other	Total	Joint Ventures	Other	Total
Sales of goods and services	1,482,320	32,920	1,515,240	1,087,999	133,028	1,221,027
Purchases of goods and services	1,418,648	127,792	1,546,440	1,136,836	99,969	1,236,805
Gain on sale of property, plant and equipment (net)	-	40,047	40,047	-	-	-
Interest income	71,097	-	71,097	60,132	-	60,132
Interest expense (-)	42,752	-	42,752	14,317	-	14,317

(*) Presents post elimination balances and transactions with the joint ventures of the Group, which are accounted through proportionate consolidation.

(c) Key management compensation

Total compensation provided to key management personnel by Koç Holding in 2010 amounts to TL20.162 thousand (2009: TL16.999 thousand). The amount is comprised of short-term employee benefits.

NOTE 27-GOVERNMENT GRANTS

The Group is entitled by the following incentives and rights:

- 100 % exemption from customs duty on machinery and equipment imported,
- Exemption from VAT on investment goods supplied from home and abroad, exemption from taxes, duties and charges,
- Incentives under the jurisdiction of the research and development law (100% corporate tax exemption, Social Security Institution incentives, etc.),
- Inward processing permission certificates,
- Cash refund from Tübitak-Teydeb for research and development expenditures,
- Insurance premium employer share incentive,
- Discounted corporate tax incentive,
- Investment incentive allowance (Note 16),
- Brand supporting government grants given by the Undersecretariat of Foreign Trade (Turquality).

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NOTE 28-COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

A) GUARANTEES

The summary of guarantees received and given regarding the non-finance sector companies is as follows:

Guarantees given:

	2010	2009
Letters of credit	1,949,590	1,199,382
Letters of guarantee	1,531,396	1,340,121
Guarantee notes	649,664	1,173,803
Equity Shares (*)	219,414	298,174
Other	56,179	84,119
	4,406,243	4,095,599

(*) The Group's equity shares in Arçelik and Tüpraş with nominal values of TL91.700 thousand and TL127.714 thousand, respectively, (2009: TL160.460 thousand Arçelik-TL10.000 thousand Aygaz-TL127.714 thousand Tüpraş) are pledged as collateral (without prejudice to voting and dividend rights associated with these shares) against the loans obtained to finance the cost of Tüpraş acquisition and refinance the Group's existing loans (Note 15).

Guarantees received:

	2010	2009
Mortgages	1,627,273	1,608,274
Letters of guarantee	1,626,063	1,397,960
Direct crediting limit	434,313	118,299
Bill of guarantees	305,138	292,047
Letters of credit	205,809	210,686
Other commitments	121,294	128,771
	4,319,890	3,756,037

Collaterals/pledges/mortgages ("CPM") of the Group, except finance sector, as of 31 December 2010 and 2009 are as follows (Total amounts in the table below also contains TL denominated CPM balances. Foreign currency CPMs are presented by their TL equivalents):

	2010	2009
A. Total amount of CPM's given in the name of its own legal personality	3,561,056	2,769,588
-USD	2,369,569	1,357,001
-EUR	529,120	368,801
-Other	71,097	1,089
B. Total amount of CPM's given on behalf of the fully consolidated companies (*)	589,432	814,329
-USD	144,628	226,071
-EUR	316,586	382,373
C. Total amount of CPM's given on behalf of third parties for ordinary course of business (*)	255,755	511,682
-USD	108,220	255,969
-EUR	147,535	252,755
D. Total amount of other CPM's given	-	-
i) Total amount of CPM's given on behalf of the majority shareholder	-	-
ii) Total amount of CPM's given to on behalf of other group companies which are not in scope of B and C.	-	-
iii) Total amount of CPM's given on behalf of third parties which are not in scope of C.	-	-
	4,406,243	4,095,599

(*) The amount includes bills of guarantees, provided for the loan obtained from a consortium including 14 financial institutions to meet various financing needs of Koç Group companies (Subsidiaries and Joint Ventures) (Note 15) as part of Koç Holding's main operations.

B) COMMITMENTS

a) Finance

Debt securities pledged as collateral:

As of 31 December 2010, debt securities, amounting to TL1.283.170 thousand (2009: TL1.077.554 thousand), included in the financial assets are pledged;

- to the CBRT and Undersecretariat of Treasury due to legal requirements,
- to Istanbul Stock Exchange and Settlement Custody Bank Incorporation due to stock exchange and money market operations and,
- to various banks, due to loan agreements as guarantees.

Custody services:

The Group's Joint Ventures in the finance sector provide custody services to third parties. The assets held in a fiduciary capacity are not included in these consolidated financial statements. As of 31 December 2010, the Group has custody accounts amounting to TL13.259.444 thousand (2009: TL12.811.713thousand).

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NOTE 28-COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)**Credit related commitments:**

	2010	2009
Letters of guarantee		
- Foreign currency	3,583,683	3,522,557
- TL	3,890,362	3,126,145
Letter of credits	1,999,937	1,369,118
Acceptance credits	82,899	75,835
Other	289,719	199,704
	9,846,600	8,293,359
Less: Provisions (Note 20.c)	(100,855)	(97,717)
	9,745,745	8,195,642

b) Energy

i) Several financial and non-financial covenants exist with respect to the loans obtained in 2006 in order to finance the acquisition cost of Tüpraş and to re-finance the Group's existing loans. In the event that these covenants are not fulfilled, the aforementioned creditors have the right to recall the outstanding loans (Note 15).

ii) National petroleum stock is provided through the obligation of refinery; fuel and LPG distribution licensees to keep a minimum of twenty times the average daily product supplied in their own storages or licensed storage facilities, whether as a whole or separately according to their status. According to the Petroleum Market Law, in order to ensure a sustainable oil market, to prevent the risks in crisis or extraordinary cases and to meet the requirements of international agreements, it is required to keep petroleum stock at an amount equal to at least ninety days of the net import in the previous year's average daily consumption, and refineries have been obliged to retain the complementary portion of the national petroleum stock.

c) Automotive

i) In the scope of the borrowing agreements, Ford Otosan, a joint venture of the Group, is required to process its export proceeds up to an amount EUR69.768.000, EUR10.260.000 and EUR20.109.600 through deposit accounts at Garanti Bankası A.Ş., İş Bankası A.Ş. and Akbank T.A.Ş., respectively for the year 2010. Additionally, Ford Otosan committed to realize exports amounting to EUR6.074.000 within the context of the time loan received from Türkiye İhracat Kredi Bankası A.Ş. (Eximbank).

ii) As of 31 December 2010, Tofaş, a joint venture of the Group, carried out an export transaction amounting to USD458.106.000 within the scope of an export incentive certificate, requiring an export commitment of USD546.319.800 to be fulfilled by 3 June 2011.

d) Consumer durable

i) Arçelik, a subsidiary of the Group, has export commitments amounting to USD480.534.762 within the context of the export incentive certificates of the subsidiary as of 31 December 2010.

NOTE 29-ASSETS HELD FOR SALE**a) Assets and liabilities held for sale**

According to the resolution of the Board of Directors of Aygaz, a subsidiary of the Group, on 30 November 2010, it is agreed to sell 49,62% shares (with a nominal value of TL49.079 thousand) of Aygaz in Entek to AES Mont Blanc Holdings B.V. for a consideration of USD136.455 thousand to be paid in cash at the date when the share transfer transaction is completed.

In addition, due to the liquidation process of Otoyol Sanayi, a subsidiary of the Group; assets and liabilities of the related subsidiary are classified as held for sale in accordance with IFRS 5.

A summary of information regarding assets and liabilities held for sale is as follows:

Assets held for sale	2010	2009
Cash and cash equivalents	91,955	12,878
Trade receivables	30,687	211
Property, plant and equipment	221,331	1,222
Intangible assets	349	-
Other assets	12,433	954
	356,755	15,265
Liabilities held for sale	2010	2009
Financial liabilities	64,295	-
Trade payables	34,879	292
Provision for employment termination benefits	686	83
Deferred tax liability	12,587	-
Other liabilities	11,737	6,872
	124,184	7,247

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NOTE 29-ASSETS HELD FOR SALE (Continued)

b) Income statement related to the assets and liabilities held for sale

	2010	2009
Revenue (net)	400,986	376,074
Cost of sales (-)	(389,031)	(327,567)
Gross profit	11,955	48,507
General administrative expenses (-)	(14,155)	(29,045)
Other income/expense (net)	2,835	(2,787)
Operating profit	635	16,675
Financial income/expense (net)	3,427	22,410
Profit before tax	4,062	39,085
Taxes on income (net)	44	503
Profit for the period	4,106	39,588

NOTE 30-FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial Instruments and Financial Risk Management

Financial Risk Management

The Group is exposed to variety of financial risks due to its operations. These risks include credit risk, market risk (foreign exchange risk and interest rate risk) and liquidity risk. The Group's overall risk management strategy focuses on the unpredictability of financial markets and targets to minimise potential adverse effects on the Group's financial performance. The Group also uses derivative financial instruments to hedge risk exposures.

Financial risk management is carried out by the Subsidiaries and Joint Ventures of the Group under policies approved by their own Boards of Directors.

A) Credit Risk

Credit risk is the risk that a counterparty cannot fulfill its obligations in the agreements that the Group is party to. The Group monitors the credit risk by credit ratings and limitations to the total risk of a single counterparty. The credit risk is diversified as a result of large number of entities comprising the customer bases and the penetration to different business segments.

Credit risk management procedures

Finance sector

Credit risk which is inherent in all products ranging from loans to customers and commitments to letters of credit is monitored through detailed credit policies and procedures by the management of companies operating in the finance sector.

Yapı Kredi Bankası identifies loan limits for each customer considering statutory regulations, the internal scoring system, financial analysis reports and geographical and industry concentration and considering credit policies determined by the Board of the Directors each year. The limits defined by the Board of Directors for each correspondent bank are followed up daily by Treasury Management for the transactions related with placements with domestic and correspondent banks or treasury operations such as forward buy and sell transactions. Moreover, daily positions and limit controls for each Treasury and Fund Management employee authorised for market transactions are followed by the system. In the loan granting process, liquid collaterals are obtained to the greatest extent possible. Long-term projections of the companies are analysed both by financial analysis specialists and head office when granting long-term and project finance loans. Since credit and interest risks are higher in long-term commitments, their pricing is coordinated with Treasury Management.

Commercial and business credit customers are followed up by the related system of the Company by their corresponding credit ratings. Furthermore, by the use of the credit rating systems developed for customers with different characteristics, counterparty default risk is calculated.

Other sectors

The Group's non-finance sector companies are exposed to credit risk arising from their trade receivables, financial assets, derivative instruments and bank deposits.

Major portion of trade receivables stem from the dealers over which the Group exerts a significant control mechanism. Credit risk by dealer is followed up by taking into account the relevant customers' financial position, past experience and other related factors; and guarantees are obtained to the greatest extent possible. Moreover, the risk management program (E-risk), which enables the follow-up of credit risk of trade receivables arising from the Group's activities, aims to minimise the potential adverse effects of market fluctuations.

In financial asset management, it is ensured that investments are made in highly liquid instruments with low level of volatility and financially strong banks are selected for transactions.

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NOTE 30-FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Credit risk details

The maximum exposure of the Group's financial assets to credit risk is as follows:

	Trade receivables	Loans and advances to customers	Cash and cash equivalents	Financial assets	Derivative financial instruments
31 December 2010					
Maximum exposure to credit risk as of reporting date (A+B+C+D+E)	5,189,502	29,581,360	12,251,678	10,133,279	367,981
A. Net book value of neither past due nor impaired financial assets	4,843,928	28,080,085	12,251,678	10,133,279	367,981
B. Net book value of restructured financial assets	31,134	40,215	-	-	Q-
C. Net book value of past due but not impaired financial assets	260,333	1,546,729	-	-	-
D. Net book value of impaired assets	54,107	251,573	-	-	-
-Gross amount	269,007	1,169,202	-	-	-
-Impairment	(214,900)	(917,629)	-	-	-
-Secured with guarantees	51,783	213,306	-	-	-
E. Collective provision for impairment (-)	-	(337,242)	-	-	-
31 December 2009					
Maximum exposure to credit risk as of reporting date (A+B+C+D+E)	4,832,657	21,598,747	9,507,247	8,019,758	376,245
A. Net book value of neither past due nor impaired financial assets	4,124,668	19,584,535	9,507,247	8,019,758	376,245
B. Net book value of restructured financial assets	124,909	34,743	-	-	-
C. Net book value of past due but not impaired financial assets	539,175	2,053,993	-	-	-
D. Net book value of impaired assets	43,905	233,847	-	-	-
-Gross amount	234,999	1,525,535	-	-	-
-Impairment	(191,094)	(1,291,688)	-	-	-
-Secured with guarantees	43,469	379,075	-	-	-
E. Collective provision for impairment (-)	-	(308,371)	-	-	-

Trade receivables

a) Details of neither past due nor impaired or restructured trade receivables' credit quality:

	2010	2009
New customers (less than 3 months)	240,626	165,629
Public institutions and corporations	56,138	117,762
Other customers with no payment defaults	4,198,053	3,555,000
Customers with prior collection delays	349,111	286,277
	4,843,928	4,124,668

As of 31 December 2010, trade receivables that are not due and not impaired amounting to TL2.723.398 thousand are secured with guarantees (2009: TL2.179.954 thousand).

b) Analysis of past due trade receivables:

	2010	2009
Not impaired		
Past due up to 1 month	115,104	189,432
Past due 1-3 months	87,586	231,972
Past due 3-12 months	36,604	81,452
Past due over 1 year	21,039	36,319
	260,333	539,175
As of 31 December 2010, past due but not impaired trade receivables amounting to TL199.497 thousand are secured with guarantees (2009: TL211.664 thousand).		
Impaired		
Past due up to 3 months	69,693	47,695
Past due 3-6 months	4,313	7,315
Past due over 6 months	195,001	179,989
Less: Impairment	(214,900)	(191,094)
	54,107	43,905

All the impaired trade receivables of the Group are past due. As of 31 December 2010, impaired receivables amounting to TL51.783 thousand are secured by guarantees (2009: TL43.469 thousand).

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NOTE 30-FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Loans and advances to customers

a) As of 31 December 2010, the details of neither past due nor impaired or restructured corporate and commercial loans credit quality are as follows:

	Rating Class	Concentration Level
Above average	1-4	31.2%
Average	5+6	47.9%
Below average	7+9	20.9%

b) Details of past due but not impaired loans and advances:

	Corporate and commercial loans	Consumer loans	Credit card receivables	Financial leasing receivables	Total
31 December 2010					
Past due up to 1 month	226,961	220,974	272,028	2,517	722,480
Past due 1-2 months	20,014	82,446	85,128	2,413	190,001
Past due 2-3 months	486,732	78,232	67,381	1,903	634,248
Total	733,707	381,652	424,537	6,833	1,546,729
31 December 2009					
Past due up to 1 month	385,215	225,887	299,832	5,199	916,133
Past due 1-2 months	33,881	109,134	95,027	503	238,545
Past due 2-3 months	705,467	82,495	110,750	603	899,315
Total	1,124,563	417,516	505,609	6,305	2,053,993

c) Sectoral breakdown of loans and advances to customers:

	2010	%	2009	%
Production	6,319,692	21	4,709,913	22
Consumer loans	6,140,929	21	4,532,790	21
Credit card receivables	4,246,148	14	3,630,616	17
Food and retail	1,303,614	4	959,127	4
Public sector	646,116	2	617,075	3
Financial institutions	720,279	2	655,573	3
Real estate	176,526	1	182,898	1
Other sectors	10,028,056	35	6,310,755	29
	29,581,360	100	21,598,747	100

Cash and cash equivalents

As of 31 December 2010 and 2009, total cash and cash equivalents are neither past due nor impaired. A significant portion of the bank deposits that are classified under cash and cash equivalents are held in banks operating in Turkey.

Financial assets

As of 31 December 2010 and 2009, total debt securities classified under financial assets are neither past due nor impaired.

The rating of debt securities is as follows:

	2010	2009
Moody's Credit Rating		
Aaa	35,155	45,262
Aa	-	14,404
Aa2	13,733	-
Aa3	228,650	-
A2	152,493	-
A3	81,605	-
Baa	-	50,451
Baa1	45,655	-
Baa2	94,937	-
Baa3	16,865	-
Ba1	16,046	-
Ba2 (*)	8,753,080	7,078,419
Ba3	20,927	581,882
Unrated	647,133	249,340
	10,133,279	8,019,758

(*) Securities consist of Republic of Turkey government bonds and treasury bills.

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

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(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 30-FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

B) Market Risk

a) Foreign Exchange Risk

The difference between the foreign currency denominated and foreign currency indexed assets and liabilities of the Group are defined as the "Net Foreign Currency Position" and it is the basis of currency risk. Another important dimension of the currency risk is the changes of the exchange rates of different foreign currencies in "Net Foreign Currency Position" (cross currency risk).

Yapı Kredi Bankası, a joint venture of the Group, keeps the currency risk exposure within the related legal limits, follows the currency risk on a daily basis and presents the results to the Asset and Liability Committee. Other Subsidiaries and Joint Ventures of the Group keep the currency risk exposure within the limits approved by Koç Holding, the parent company, and by their Board of Directors. Koç Holding, the parent company, continuously reviews the risk limits of the Subsidiaries and Joint Ventures, taking into account the overall economic conditions and developments in the market and determines new limits, when necessary. Derivative contracts such as swaps, options and forwards are also used as instruments for currency risk management for hedging purposes, when needed.

Assets and liabilities denominated in foreign currency held by the Group before consolidation adjustments are as follows:

	2010	2009
Assets	26,065,224	21,619,519
Liabilities	(30,550,152)	(25,219,656)
Net balance sheet position	(4,484,928)	(3,600,137)
Off-balance sheet derivative instruments net position	64,686	968,225
Net foreign currency position	(4,420,242)	(2,631,912)

Tüpraş, a subsidiary of the Group, manages its foreign currency risk resulting from its net financial liabilities by reflecting the effects of the changes in foreign currencies to its selling prices of petroleum products. As of 31 December 2010, Tüpraş has raw materials and petroleum products amounting to TL1.797.120 thousand (2009: TL1.232.460 thousand).

In addition, the repayment obligation related to the loans of Tofaş, a joint venture of the Group, obtained for investment purposes, is guaranteed by Fiat Auto S.p.A and Peugeot Citroen Automobiles S.A. (the "Purchasers") through future purchases. Accordingly, the exposure to foreign exchange and interest rate risks are undertaken by the Purchasers. Therefore, the net foreign currency liability position should be considered lower by TL374.148 thousand when assessing foreign exchange risk (2009: TL340.223 thousand).

As of 31 December 2010 and 2009, if EUR and USD had appreciated/depreciated by 10% against TL with all other variables held constant, profit before tax would have been TL442.024 thousand (2009: TL263.191 thousand) lower/higher, mainly as a result of foreign exchange losses/gains on the translation of the foreign exchange position as presented in detail in the table below. The net effect of the related foreign exchange losses/gains on the net profit (equity holders)/equity of the parent is approximately TL205.000 thousand.

2010	USD	EUR	Other	Total
Foreign currency net asset/liability	211,787	260,743	(24,037)	448,493
Hedged items	215,851	(235,426)	13,106	(6,469)
	427,638	25,317	(10,931)	(442,024)
2009	USD	EUR	Other	Total
Foreign currency net asset/liability	183,349	228,930	(52,265)	360,014
Hedged items	70,517	(179,216)	11,876	(96,823)
	253,866	49,714	(40,389)	263,191

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NOTE 30-FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2010			
	USD (*)	EUR (*)	Other (TL Equivalent)	Total (TL Equivalent)
Assets:				
Cash and cash equivalents	2,428,461	1,069,257	86,852	6,032,268
Financial assets	2,667,331	228,397	64,397	4,656,098
Trade receivables	329,775	748,607	287,517	2,331,320
Receivables from finance sector operations	4,871,965	2,072,704	341,400	12,120,636
Inventories	42,844	49,106	394	167,255
Deferred tax assets	-	-	795	795
Other assets	212,148	144,476	132,827	756,852
Total assets	10,552,524	4,312,547	914,182	26,065,224
Liabilities:				
Payables from finance sector operations	5,455,340	2,085,078	500,145	13,206,634
Financial liabilities	3,788,783	2,849,838	148,868	11,845,930
Trade payables	2,248,241	417,655	11,408	4,343,005
Current income tax liabilities	-	44	-	90
Provisions for employee benefits	-	668	-	1,369
Deferred tax liabilities	-	520	-	1,066
Other liabilities	430,064	231,217	13,393	1,152,058
Total liabilities	11,922,428	5,585,020	673,814	30,550,152
Net balance sheet position	(1,369,904)	(1,272,473)	240,368	(4,484,928)
Derivative financial assets	4,058,543	2,007,652	280,360	10,668,750
Derivative financial liabilities	(5,454,734)	(858,729)	(411,422)	(10,604,064)
Off-balance sheet derivative instruments net position	(1,396,191)	1,148,923	(131,062)	64,686
Net foreign currency position	(2,766,095)	(123,550)	109,306	(4,420,242)
Monetary items net foreign currency position	(2,808,939)	(172,656)	108,912	(4,587,497)
Fair value of currency hedge instruments	232	-	-	358

(*) Presented in original currencies.

	31 December 2009			
	USD (*)	EUR (*)	Other (TL Equivalent)	Total (TL Equivalent)
Assets:				
Cash and cash equivalents	1,859,854	1,071,297	320,165	5,434,869
Financial assets	2,325,881	335,032	72,042	4,297,891
Trade receivables	266,118	591,436	273,459	1,951,832
Receivables from finance sector operations	3,694,535	1,500,743	293,139	9,098,056
Inventories	29,362	73,382	169,392	372,129
Deferred tax assets	-	577	16,117	17,364
Other assets	88,992	91,191	116,383	447,378
Total assets	8,264,742	3,663,658	1,260,697	21,619,519
Liabilities:				
Payables from finance sector operations	4,305,895	1,770,113	468,559	10,775,920
Financial liabilities	3,303,634	2,510,432	106,337	10,503,906
Trade payables	1,590,021	264,667	57,290	3,023,144
Current income tax liabilities	-	512	13,578	14,683
Provisions for employee benefits	-	1,147	1,155	3,632
Deferred tax liabilities	-	17,507	8,268	46,088
Other liabilities	282,891	158,995	82,856	852,283
Total liabilities	9,482,441	4,723,373	738,043	25,219,656
Net balance sheet position	(1,217,699)	(1,059,715)	522,654	(3,600,137)
Derivative financial assets	3,724,187	1,022,372	177,119	7,993,257
Derivative financial liabilities	(4,192,519)	(192,785)	(295,883)	(7,025,032)
Off-balance sheet derivative instruments net position	(468,332)	829,587	(118,764)	968,225
Net foreign currency position	(1,686,031)	(230,128)	403,890	(2,631,912)
Monetary items net foreign currency position	(1,715,392)	(303,510)	234,498	(3,004,041)
Fair value of currency hedge instruments	1,278	59	-	2,053

(*) Presented in original currencies.

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(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 30-FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)**Import and export details (TL Equivalent)**

Export	2010	2009
USD	5,547,292	3,702,560
EUR	5,285,552	4,849,533
Other	631,507	595,780
	11,464,351	9,147,873
Import		
USD	21,432,670	16,871,640
EUR	3,767,205	2,943,918
Other	50,408	1,548,414
	25,250,283	21,363,972

b) Interest Rate Risk

The Group is exposed to interest rate risk arising from the rate changes on interest-bearing liabilities and assets. The Group manages this risk by offsetting the residual repricing terms of interest-bearing assets and liabilities and by using derivative instruments for hedging purposes.

The monitoring of interest rate sensitive assets and liabilities and sensitivity analysis of Yapı Kredi Bankası, a joint venture of the Group, regarding the effect of interest rate fluctuations on the financial statements are performed by the Risk Management Department for all interest sensitive instruments. The results are presented to the Board of Directors in the context of Asset and Liability Management function. By using sensitivity and scenario analyses, the possible loss effects on the equity are analysed due to the interest rate volatility not only within current year but also for the future periods. The effects of the volatility of market interest rates on positions and on cash flows are also closely monitored.

The weighted average effective annual interest rates (%) for the financial assets and liabilities of the Group are as follows:

	2010			2009		
	USD	EUR	TL	USD	EUR	TL
Assets						
Cash and cash equivalents	2.80	2.75	8.56	2.42	1.28	8.47
Financial assets						
-At fair value through profit or loss	5.95	7.05	8.11	7.60	7.51	8.70
-Available-for-sale financial assets	6.98	5.94	7.85	7.40	7.30	11.97
-Held-to-maturity financial assets	6.76	5.33	10.05	6.81	5.40	11.51
Loans and advances to customers	4.63	5.14	12.74	6.04	6.43	17.74
Liabilities						
Financial liabilities	2.61	2.61	8.40	2.02	2.89	10.10
Deposits	2.56	2.33	8.68	1.90	1.84	7.87

Group's financial assets and liabilities in carrying amounts classified in terms of periods remaining to contractual repricing dates are as follows:

	Up to 3 months	3 months- 1 year	1 year- 5 years	5 years and over	Non-interest bearing	Total
31 December 2010						
Assets						
Cash and cash equivalents	10,112,847	-	-	-	2,490,778	12,603,625
Financial assets						
-At fair value through profit or loss	61,785	44,524	6,107	62,721	29,791	204,928
-Available-for-sale financial assets	381,975	396,674	1,117,417	994,950	192,075	3,083,091
-Held-to-maturity financial assets	2,097,173	748,928	1,299,372	2,894,350	-	7,039,823
Loans and advances to customers	8,983,607	7,502,688	8,697,047	3,883,283	514,735	29,581,360
Total	21,637,387	8,692,814	11,119,943	7,835,304	3,227,379	52,512,827
Liabilities						
Deposits	20,928,958	811,063	302,629	67,096	4,712,377	26,822,123
Financial liabilities	8,463,991	4,459,534	3,474,559	394,015	86,195	16,878,294
Total	29,392,949	5,270,597	3,777,188	461,111	4,798,572	43,700,417
31 December 2009						
Assets						
Cash and cash equivalents	8,145,382	-	-	-	1,690,403	9,835,785
Financial assets						
-At fair value through profit or loss	71,940	41,676	31,512	8,550	45,873	199,551
-Available-for-sale financial assets	225,748	133,904	93,504	443,486	129,456	1,026,098
-Held-to-maturity financial assets	2,481,797	782,048	1,439,666	2,229,581	-	6,933,092
Loans and advances to customers	6,517,197	5,475,157	6,032,893	3,309,368	264,132	21,598,747
Total	17,442,064	6,432,785	7,597,575	5,990,985	2,129,864	39,593,273
Liabilities						
Deposits	15,564,487	877,841	489,424	67,958	3,971,896	20,971,606
Financial liabilities	7,145,049	6,564,672	1,162,395	36,367	11,737	14,920,220
Total	22,709,536	7,442,513	1,651,819	104,325	3,983,633	35,891,826

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(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 30-FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

The interest rate position is as follows:

	2010	2009
Fixed interest rate financial instruments		
Financial assets		
Cash and cash equivalents	9,540,507	8,015,938
At fair value through profit or loss	146,947	139,409
Available for sale	2,190,735	678,911
Loans and advances to customers	22,430,580	15,743,584
Total	34,308,769	24,577,842
Financial liabilities		
Deposits	22,107,250	16,996,139
Financial liabilities	7,127,144	4,545,202
Total	29,234,394	21,541,341
Floating interest rate financial instruments		
Financial assets		
Cash and cash equivalents	572,340	129,444
At fair value through profit or loss	28,190	14,269
Available for sale	700,281	217,731
Loans and advances to customers	6,636,045	5,591,031
Total	7,936,856	5,952,475
Financial liabilities		
Deposits	2,496	3,571
Financial liabilities	9,664,955	10,363,281
Total	9,667,451	10,366,852

As of 31 December 2010, if the annual interest rate on TL basis were 100 base points higher/lower, and all other variables remained constant, due to the changes in the carrying values of financial assets; profit before tax would be TL3.675 thousand (2009: TL1.723 thousand) and due to its direct effect on equity, equity would be TL68.981 thousand (2009: TL20.982 thousand) lower/higher.

C) Liquidity Risk

Liquidity risk comprises the risks arising from the inability to fund the increase in the assets, the inability to cover the liabilities due and the operations performed in illiquid markets. In the framework of liquidity risk management, funding sources are being diversified and sufficient cash and cash equivalents are held. In order to meet instant cash necessities it is ensured that the level of cash and cash equivalent assets does not fall below a predetermined portion of the short term liabilities.

As of 31 December 2010 and 2009 the undiscounted contractual cash flows of the financial liabilities of the Group are as follows:

	Book value	Total contractual cash outflow	Up to 3 months	3 months 1 year	1 year 5 years	5 year and above
31 December 2010						
Financial liabilities:						
Financial liabilities	16,878,294	17,757,897	7,413,323	1,685,442	7,192,853	1,466,279
Deposits	26,822,123	27,144,843	26,618,189	-	440,958	85,696
Trade payables	7,549,368	7,554,839	7,020,713	534,126	-	-
Derivative financial instruments:						
Cash inflow	-	18,697,536	9,004,541	3,285,533	6,027,321	380,141
Cash outflow	-	(19,530,928)	(8,769,688)	(3,485,369)	(6,761,588)	(514,283)
31 December 2009						
Financial Liabilities:						
Financial liabilities	14,920,220	15,981,271	4,127,263	4,896,258	5,357,169	1,600,581
Deposits	20,971,606	21,094,624	19,626,813	1,078,055	307,388	82,368
Trade Payables	4,083,434	4,213,827	3,925,530	288,297	-	-
Derivative financial instruments:						
Cash inflow	-	10,862,378	6,130,178	879,779	3,092,013	760,408
Cash outflow	-	(10,350,860)	(6,187,300)	(561,297)	(2,870,766)	(731,497)

Capital Risk Management

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

In order to maintain or adjust the capital structure, the Group may decide on the amount of dividends paid to shareholders, issue of new shares or sell assets to decrease net financial debt.

The Group monitors capital on the basis of the net financial debt/total equity ratio. Net financial debt is calculated as total financial liabilities less cash and cash equivalents (excluding Central bank reserve requirements and blocked deposits).

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NOTE 30-FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Net financial debt/total capital ratio as of 31 December 2010 and 2009 is as follows:

	2010	2009
Total financial liabilities	16,878,294	14,920,220
Cash and banks	(10,049,327)	(8,116,563)
Net financial debt	6,828,967	6,803,657
Equity	20,977,914	18,782,046
Net financial debt/total equity ratio	33%	36%

NOTE 31-FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES)

Fair value of financial instruments

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

The following methods and assumptions are used to estimate the fair values of financial instruments:

Financial assets

Carrying values of significant portion of cash and cash equivalents are assumed to reflect their fair values due to their short-term nature.

Carrying values of trade receivables are assumed to approximate their fair values.

Fair values of held to maturity financial assets are determined based on market price, or in the case where the price cannot be determined, on market prices quoted for the securities of the same nature in terms of interest, maturity and other similar conditions.

Estimated fair values of loans and advances to customers are determined by calculating the discounted cash flows using the current market interest rates for loans with fixed interest rates. For loans with floating interest rates, it is assumed that the carrying values approximates the fair values.

Financial liabilities

Fair values of short term borrowings and trade payables are assumed to approximate their carrying values due to their short-term nature. Estimated fair values of long-term financial liabilities are determined by calculating the discounted cash flows, using the current market interest rates for borrowings with fixed interest rates.

Estimated fair values of demand deposits indicate the amount to be paid at the withdrawal; and therefore equal to their book values. Estimated fair values of deposits with fixed interest rates are determined by calculating the discounted cash flows, using the market interest rates applied to similar deposits and other debts. In case where the maturities are short, the carrying values are assumed to reflect the fair values.

In the framework of the methods and assumptions explained above, carrying and fair values of financial assets and liabilities as of 31 December 2010 and 2009 are presented in the following table:

	2010		2009	
	Carrying value	Fair value	Carrying value	Fair value
Assets				
Cash and cash equivalents	12,603,625	12,613,533	9,835,785	9,837,682
Held-to-maturity financial assets	7,039,823	7,423,094	6,933,092	7,009,532
Loans and advances to customers	29,581,360	30,311,697	21,958,747	21,646,954
Liabilities				
Deposits	26,822,123	26,711,547	20,971,606	21,081,078
Financial liabilities	16,878,294	16,896,244	14,920,220	14,877,542

Fair Value Estimation

The classification of the Group's financial assets and liabilities at fair value is as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
 Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
 Level 3: Inputs for the asset or liability that is not based on observable market data (that is, unobservable inputs).

The Group's assets and liabilities measured at fair value as of 31 December 2010 are as follows:

Assets	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	204,928	-	-	204,928
Available-for-sale financial assets				
-Debt securities	2,254,171	636,766	-	2,890,937
-Equity securities	63,592	-	-	63,592
Derivative financial instruments	-	367,981	-	367,981
Total assets	2,522,691	1,004,747	-	3,527,438
Derivative financial instruments	-	437,279	-	437,279
Total liabilities	-	437,279	-	437,279

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NOTE 32-EARNINGS PER SHARE

	2010	2009
Earnings per share:		
Profit for the period	3,138,400	2,640,588
Profit attributable to non-controlling interest	(1,403,921)	(1,211,378)
Profit attributable to equity holders of the parent	1,734,479	1,429,210
Weighted average number of shares with nominal value Kr 1 each	241,514,100,000	241,514,100,000
Earnings per share (Kr)	0.718	0.592

NOTE 33-SUPPLEMENTARY CASH FLOW INFORMATION

As of 31 December 2010 and 2009, supplementary information for the details included in the consolidated cash flow statements:

	2010	2009
Changes in provisions:		
Provision for lawsuits	173,444	(1,706)
Provision for warranty and assembly	13,752	11,219
Cost accruals for construction contracts	62,687	27,570
Insurance technical reserves	31,765	15,803
Provision for loans and doubtful receivables	712,444	1,397,974
Provision for employment termination benefits and Pension Fund	25,193	83,275
Provision for impairment on inventories	(25,186)	(14,712)
Provision for impairment on property, plant and equipment	(27,857)	4,403
Other provisions	2,672	161
	968,914	1,523,987
Add back net interest income:		
Interest income from non-finance sector (Note 25)	(537,719)	(384,489)
Interest income from finance sector (Note 4)	(3,418,065)	(3,954,445)
Interest expense from non-finance sector (Note 25)	576,071	750,507
Interest expense from finance sector (Note 4)	1,683,375	1,961,193
	(1,696,338)	(1,627,234)
Net changes in the operating assets and liabilities:		
Finance sector:		
Reserve deposits at the central banks	(765,712)	180,760
Receivables from finance sector operations	(8,540,915)	(976,209)
Payables from finance sector operations	5,856,706	79,640
Financial assets	(2,108,565)	(183,389)
	(5,558,486)	(899,198)
Other:		
Inventories	(806,912)	300,262
Trade receivables	(434,519)	355,373
Blocked deposits	(69,364)	108,602
Other assets	(582,084)	200,743
Trade payables	3,500,521	646,781
Other liabilities	949,802	360,153
	2,557,444	1,971,914
	(3,001,042)	1,072,716
Cash and cash equivalents:		
Cash and cash equivalents (Note 5)	12,603,625	9,835,785
Cash and cash equivalents held for sale (Note 29)	91,955	12,878
Less: Reserve deposits at central banks (Note 5)	(2,194,989)	(1,429,277)
Less: Blocked deposits (Note 5)	(359,309)	(289,945)
	10,141,282	8,129,441

NOTE 34-EVENTS AFTER THE BALANCE SHEET DATE

USD8,000,000 and EUR100,500,000 portions of the loan obtained by Koç Holding in 2010 from a consortium including 21 financial institutions (Note 15) to meet various financing needs of Koç Group companies were repaid on 28 January 2011 before their maturity. The remaining USD and EUR portions of the related loan are repriced as Libor+2.25 and Euribor+1.75, respectively.

USD15,000,000 (total remaining portion) of the loan obtained by Koç Holding in 2009 from a consortium including 14 financial institutions (Note 15) to meet various financing needs of Koç Group companies was repaid on 19 January 2011 before its maturity.

Following the permissions of the Competition Board and the Energy Market Regulation Authority, transfer of 49.61% shares (with a nominal value of TL49,079 thousand) of Aygaz in Entek, a subsidiary of the Group, to AES Mont Blancs Holding BV, was completed on 28 February 2011. Total share transfer price of USD136,455,000 has been paid in cash to the Group. The related price will be subject to an adjustment in accordance with the net financial debt amount on the closing financial statements.