

Financial Statements



KOÇ HOLDİNG A.Ş. (Parent Only)

Independent Auditors' Report

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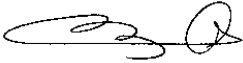
KOÇ HOLDING A.Ş.
CONVENIENCE TRANSLATION INTO ENGLISH
OF AUDITORS' REPORT ORIGINALLY ISSUED IN TURKISH - SEE NOTE 34

INDEPENDENT AUDITORS' REPORT
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 1999 AND 1998

1. We have audited the accompanying balance sheets of Koç Holding Anonim Şirketi at 31 December 1999 and 1998 and the related statements of income and notes for the years then ended. Our examination was made in accordance with generally accepted auditing standards issued by the Turkish Capital Markets Board (CMB), and accordingly included such tests of the accounting records and such other audit procedures as we considered necessary under the circumstances.
2. In our opinion, the accompanying financial statements present fairly the financial position of Koç Holding Anonim Şirketi at 31 December 1999 and 1998, and the results of its operations for the years then ended in accordance with generally accepted accounting principles (see Note 11) issued by the CMB, which are consistently applied.
3. Additional paragraph for convenience translation into English:

The effects of differences between the accounting principles issued by the CMB, accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Accounting Standards (IAS) have not been quantified in the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations, and changes in financial position and cash flows in accordance with accounting principles generally accepted in such countries and IAS.

Başaran Nas Serbest Muhasebeci
Mali Müşavirlik Anonim Şirketi
a member of
PricewaterhouseCoopers



Cansen Başaran, SMMM
Partner
İstanbul, 17 February 2000

KOÇ HOLDİNG A.Ş.
 CONVENIENCE TRANSLATION INTO ENGLISH OF AUDITORS'
 REPORT ORIGINALLY ISSUED IN TURKISH - SEE NOTE 34
 BALANCE SHEETS AT 31 DECEMBER 1999 AND 1998

(Amounts expressed in millions of Turkish Lira)

	<u>31 December 1999</u>	<u>31 December 1998</u>
ASSETS		
CURRENT ASSETS	49,305,008	32,191,647
LIQUID ASSETS	36,057,216	6,950,312
Cash	1,055	147
Banks	36,056,161	6,950,165
MARKETABLE SECURITIES	-	23,011,046
Government bonds and treasury bills	-	23,011,046
OTHER SHORT-TERM RECEIVABLES	1,889,335	1,332,917
Due from shareholders	182,335	853
Due from associates and investments	972,066	913,111
Due from subsidiaries	49,645	37,439
Other short-term receivables	685,289	381,514
OTHER CURRENT ASSETS	11,358,457	897,372
NON-CURRENT ASSETS	124,088,761	65,147,534
LONG-TERM TRADE RECEIVABLES	3,738	3,738
Deposits and guarantees given	3,738	3,738
LONG-TERM FINANCIAL ASSETS	116,826,366	59,060,881
Associates and investments	105,029,137	49,247,674
Capital commitments to investments	(516,405)	-
Subsidiaries	12,313,634	9,813,207
FIXED ASSETS	7,089,816	5,905,144
Land	288,547	288,547
Buildings and installations	5,261,292	3,455,321
Motor vehicles	7,312,312	6,933,418
Furniture and fixtures	995,333	632,542
Accumulated depreciation	(7,075,463)	(5,404,684)
Construction in progress	307,795	-
INTANGIBLE ASSETS	168,841	152,889
Rights	-	171
Other intangible fixed assets	168,841	152,718
OTHER NON-CURRENT ASSETS	-	24,882
TOTAL ASSETS	<u>173,393,769</u>	<u>97,339,181</u>

KOÇ HOLDİNG A.Ş.
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 BALANCE SHEETS AT 31 DECEMBER 1999 AND 1998

(Amounts expressed in millions of Turkish Lira)

	<u>31 December 1999</u>	<u>31 December 1998</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES	11,069,612	5,506,451
TRADE PAYABLES	700,465	163,471
Suppliers	700,465	163,471
OTHER CURRENT LIABILITIES	1,973,006	1,665,765
Due to shareholders	7,914	30,566
Due to associates and investments	591	143,599
Due to subsidiaries	-	17,319
Taxes and withholdings payable	1,917,593	1,473,313
Other short-term liabilities	46,908	968
ACCRUED LIABILITIES AND EXPENSES	8,396,141	3,677,215
Provisions for taxes	7,997,048	3,669,494
Other accrued liabilities and expenses	399,093	7,721
LONG-TERM LIABILITIES	340,902	215,248
ACCRUED LIABILITIES AND EXPENSES	340,902	215,248
Employment termination benefits	340,902	215,248
SHAREHOLDERS' EQUITY	161,983,255	91,617,482
SHARE CAPITAL	32,051,100	16,025,550
SHARE CAPITAL PREMIUM	31,847	31,847
REVALUATION SURPLUS	40,554,364	25,611,062
Revaluation surplus - fixed assets	2,536,443	3,618,702
Revaluation surplus - investments	25,866,383	11,453,296
Fund generated from fixed asset and investment sales income of participations	10,258,864	8,607,122
Associates and investments	-	-
Extraordinary reserves of investments	1,892,674	1,931,942
RESERVES	47,049,621	22,809,177
Legal reserves	3,214,476	1,857,484
Extraordinary reserves	40,616,200	18,998,017
Cost increase fund	2,675,582	1,410,313
Fixed assets renewal fund	543,363	543,363
NET INCOME FOR THE YEAR	42,296,323	27,139,846
TOTAL LIABILITIES	<u>173,393,769</u>	<u>97,339,181</u>

The accompanying notes form an integral part of these financial statements

KOÇ HOLDİNG A.Ş.
 CONVENIENCE TRANSLATION INTO ENGLISH OF AUDITORS'
 REPORT ORIGINALLY ISSUED IN TURKISH - SEE NOTE 34
 NOTES TO BALANCE SHEETS
 FOR THE PERIODS 1 JANUARY - 31 DECEMBER 1999 AND 1998

(Amounts expressed in millions of Turkish Lira)

The Capital Markets Board (CMB) has set forth principles and rules relating to the preparation and presentation of financial statements and reports prepared on or after 31 December 1988 by companies and intermediary institutions in Communiqué XI/1, as amended and supplemented by Communiqués XI/4, XI/5, XI/11, XI/13, XI/14, XI/15 and XI/17. Hereafter such principles and rules are referred to as "generally accepted accounting principles issued by the CMB".

Koç Holding A.Ş. (the Company) has therefore prepared its financial statements in accordance with Turkish commercial legislation and the generally accepted accounting principles issued by the CMB.

1. Primary operations of the Company

The primary operations of the Company involve capital participations in domestic and foreign companies of limited or corporate nature, established or to be established for any kind of trade, industrial, agricultural or financial purposes; sale and purchase of all types of shares, their exchange with other shares, increase, decrease or termination of participations, without intent to administer a marketable securities portfolio or act as a financial intermediary.

2. Shareholders with a nominal share of 10% or more in capital

Shareholders	Shareholding percentage (%)	Shareholding amount
Temel Ticaret and Yatırım A.Ş.	35.94	11,520,000

3. Privileges given to shares representing the capital

The preferred stocks and the privileges pertaining to these stocks under the Articles of Association are listed below:-

<u>Preferred stock group</u>	<u>Nature of privilege</u>
Group A	1. According to the 11th article of the articles of association, unused rights of preference for Group B are transferred to the shareholders of Group A. 2. According to the 25th article of the articles of association (except for meetings held for the amendment of the articles of association), Group A shares have two voting rights for each share in general assembly meetings.

4. Registered share capital limit

The limit in respect of registered share capital is TL50,000,000 (1998: TL50,000,000).

5. Capital increases and their resources

The capital increases that were made during 1999 are as follows:

Date of increase	<u>Amount</u>	<u>Revaluation surplus</u>		<u>Investment sale income</u>
		<u>Associates and investments</u>	<u>Fixed assets</u>	
12 March 1999	16,025,550	10,749,398	3,617,128	1,659,024

There is no capital increase in 1998.

6. Marketable securities apart from share stock issued during the year

None.

KOÇ HOLDİNG A.Ş.
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(Amounts expressed in millions of Turkish Lira)

7. Marketable securities representing borrowings repaid during the year

None.

8. Fixed asset movements in the current year

a) The total cost of fixed assets purchased is TL208,231 (1998 :TL1,650,772).

b) The total cost of fixed assets sold is TL2,161,566 (1998:TL1,273,350).

c) The revaluation increases on fixed assets are as follows:

	<u>31 December 1999</u>	<u>31 December 1998</u>	<u>31 December 1997</u>
Increase in cost	4,500,991	4,063,302	1,641,033
Increase in accumulated depreciation	(1,964,548)	(1,552,279)	(459,761)
	<u>2,536,443</u>	<u>2,511,023</u>	<u>1,181,272</u>

d) Construction in progress: As of 31 December 1999 the construction of an administrative building at the beginning stage is valued in the amount of TL307,794.

9. Unused investment allowances

None.

10. Account balances and transactions with shareholders, associates, investments and subsidiaries.

Since 81% (1998: 81%) of the paid-up share capital belongs to Koç family members and companies that are controlled by, and trusts founded by family members, the Company has a direct and/or indirect management or shareholding relationship with Koç Group companies as set forth in CMB Communiqué XI/1.

Companies in which the Company has a shareholding percentage of more than 50% are considered and referred to as subsidiaries, and the remainder are considered as associates or investments.

a) The shareholding percentages and amounts for associates, investments and subsidiaries, the total amount of bonus shares obtained by capital increases from internal sources, and the details of short-term trade receivables and payables with such companies and their current period net profit/losses are as follows:

KOÇ HOLDİNG A.Ş.
CONVENIENCE TRANSLATION INTO ENGLISH OF AUDITORS'
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FOR THE PERIODS 1 JANUARY - 31 DECEMBER 1999 AND 1998
(Amounts expressed in millions of Turkish Lira)

10. Account balances and transactions with shareholders, associates, investments and subsidiaries (Continued)

31 DECEMBER 1999

	Registered value	Percentage of issued capital owned(%)	Revaluation surplus	Fixed asset sale income	Extraordinary reserves	Cost increase fund	Short-term trade receivables payables	Net profit (loss) for the year(*)
ASSOCIATES & INVESTMENTS								
AKPA AKDENİZ SAN.MAM.PAZ. A.Ş.	750	15.00	-	-	-	-	-	115,639
ALTINYUNUS ÇEŞME TUR. TES.A.Ş.	105,300	30.00	88,744	-	-	-	-	7,210 (**)
ARÇELİK A.Ş.	12,945,017	37.6	8,363,580	703,076	9,375	-	(100,961)	32,285,930 (**)
ARÇELİK LG KLİMA SAN. VE TİC. A.Ş.	399,900	5.00	-	-	-	-	-	-
ASIA PACIFIC A.Ş.	868	11.50	95	-	-	-	-	-
ATILIM DAY.TÜK.MAL.PAZ.A.Ş.	96,671	39.98	4,105	20,952	-	-	(4,080)	-
AYGAZ A.Ş.	4,123,149	41.23	3,768,967	111,441	11,148	125,038	23,540	11,697,328 (**)
BASIC INT.INVESTMENT LTD.	508,137	18.49	-	-	-	-	-	-
BEKO TİCARET A.Ş.	195,000	39.00	60,529	93,534	3,425	1,368	26,030	2,236,803
BEKO ELEKTRONİK A.Ş.	3,484,600	32.87	1,402,224	1,184	906	-	40,302	4,582,585 (**)
BELDESAN MOTORLU VASIT.SAN.A.Ş.	1,852,247	44.10	147,051	1,619,485	18,691	26,512	(16,305)	49,292
BİRLEŞİK OKSİJEN SAN.A.Ş.	1,590	1.00	-	-	-	-	(26,601)	600,453
BURSA OTO A.Ş.	858,000	39.00	190,100	653,585	3,551	1,478	1,010	580,460
BURSA GAZ VE TİC.A.Ş.	3,980	39.80	187	-	9	-	-	339,346
DOĞU YATIRIM HOLDİNG A.Ş.	10,000	1.43	-	-	-	-	-	-
DÜZEY TÜKETİM MALLARI PAZ. A.Ş.	17,972	31.51	1,923	11,702	277	-	29,280	337,481
EGE OTO A.Ş.	230,100	38.35	88,639	137,362	953	-	-	124,426
EGEMAK EGE MAKİNE VE TİC.A.Ş.	872,350	39.83	182,404	675,875	-	3,179	91	179,780
ENDİKSAN ENDİK.VE GEREÇ.SAN.A.Ş.	30,000	30.00	2,187	-	-	9	56	418,695
ENTEK ELEK.ÜRET.OTO PRODUK.GRUBU A.Ş.	764,400	7.80	-	-	-	-	64	-
FORD OTOMOTİV SAN.A.Ş.	11,013,349	37.66	4,372,648	-	65,094	-	327,553	794,904 (**)
GARANTİ KOZA-İNŞAAT SAN.VE TİC.A.Ş.	611,220	40.75	117,541	-	198	1,187	1,010	715,117
GAZAL GAZ ALETLERİ A.Ş.	126,000	28.00	43,786	29,051	8,000	1,860	-	(136,572)
GELİŞİM DAY.TÜK.MAL.PAZ.A.Ş.	47,418	39.97	-	-	-	-	(1,081)	-
GOOD-YEAR LASTİKLERİ T.A.Ş.	762,336	9.60	397,203	29,622	11,389	-	-	(5,540,060) (**)
GÜNÖTÖ GÜNEY OTO.VE TİC. A.Ş.	477,000	39.75	102,228	359,322	346	1,779	7,649	636,897
İST.FRUEHAUF TAŞ. ARÇ.SA.TİC.A.Ş.	34,850	34.85	33,979	-	-	-	18,970	370,493
İSTANBUL OTO A.Ş.	1,188,174	39.61	421,702	728,533	-	-	10,137	384,176
İZOCAM TİC.VE SAN. A.Ş.	610,855	20.36	575,484	65	723	-	1,711	1,432,569 (**)
KAV DANIŞMANLIK PAZARLAMA VE TİC. A.Ş.	1,221,083	18.98	352,961	844,536	615	8,622	1,456	3,852,848 (**)
KOÇBANK A.Ş.	4,831,823	9.66	677,075	-	1,159,637	-	500	38,092,414
KOÇ ALLIANZ HAYAT SİG.A.Ş.	1,053,457	49.00	-	-	458,131	-	1,623	1,481,401
KOÇ ALLIANZ SİGORTA A.Ş.	1,085,175	43.41	1,016,554	49,949	10,735	-	19,636	3,963,645
KOÇ ATA BEŞİ VE TARIM ÜRÜNLERİ A.Ş.	487,500	19.50	-	-	-	-	684	-
KOÇ FİNANSAL KİRALAMA A.Ş.	550,000	11.00	-	-	-	-	-	6,705,296
KOÇ TÜKETİCİ FİNANSMANI A.Ş.	4,005,000	44.50	-	-	-	-	2,730	6,491,398
KOÇTAŞ TİCARET A.Ş.	336,828	43.18	17,323	31,440	4,704	2,070	8,582	39,186
KOÇ SİSTEM BİLGİ VE İLET.SİS.A.Ş.	618,450	39.90	1,205	-	2,656	-	(64,524)	1,284,788
KUZEY MOTORLARI TİC.VE SAN.A.Ş.	33,480	31.00	30	293	708	-	-	131,263
LİPET LİKİT PET. GAZ.TİC. A.Ş.	29,250	32.50	28,875	-	-	-	23,151	338,586
MAKO ELEKTRİK SAN.VE TİC. A.Ş.	600,000	40.00	254,237	207,113	119,459	1,121	4,570	705,973
MARET MARMARA BES. ET SA.TİC. A.Ş.	130,378	31.04	122,331	-	-	-	-	359,433 (**)
MARMARA OTO A.Ş.	902,000	41.00	207,490	665,322	88	2,229	-	494,711
MARES ALTINYUNUS TUR.TES. A.Ş.	177,883	31.21	94,768	-	-	-	10,038	262,692 (**)
MATAY OTOM. YAN. SAN.VE TİC. A.Ş.	19,600	3.11	16,450	-	-	-	-	-
METAŞ İZMİR METALURJİ FB.A.Ş.	2,895	0.41	3,461	-	-	-	-	(2,500,881) (**)
MOTOR TİC.A.Ş.	154,680	38.67	8,320	137,858	745	-	(976)	165,279
NEW HOLL. TRAKMAK TRAK.ZİRAAT MAK.A.Ş.	166,304	31.68	3,910	4,025	142,547	-	13,353	3,122,571
ORMAK ORTA ANADOLU MAK.TİC. A.Ş.	273,000	39.00	72,256	158,329	1,318	5,415	-	677,096
OTOKAR OTOBÜS KAROSERİ SAN.A.Ş.	991,248	42.06	700,243	3,332	2,754	-	48,412	1,513,446 (**)
OTOKOÇ A.Ş.	234,060	39.01	87,218	139,543	741	111	-	321,730
OTOMOTİV LAST. TEVZİİ A.Ş.	4,800	12.00	2,887	577	-	174	(33,447)	32,271
OTOYOL PAZ. A.Ş.	240,000	40.00	76,412	10,024	3,600	-	64,232	415,354
OTTAR OTO VE TARIM ARAÇ.TİC. A.Ş.	452,865	39.90	71,394	372,427	109	1,194	12,366	286,982
PASTAVİLLA MAKARNACILIK SAN.TİC.A.Ş.	147,337	29.47	51,050	-	-	518	9	167,770 (**)
PORSUK TİC. A.Ş.	39,000	39.00	10,799	23,857	946	335	5,924	110,230
RAM DIŞ TİC. A.Ş.	471,337	17.14	270	-	-	-	(78,718)	12,555

KOÇ HOLDİNG A.Ş.
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 FOR THE PERIODS 1 JANUARY - 31 DECEMBER 1999 AND 1998
 (Amounts expressed in millions of Turkish Lira)

10. Account balances and transactions with shareholders, associates, investments and subsidiaries (Continued)

31 DECEMBER 1999

	Registered value	Percentage of issued capital owned(%)	Revaluation surplus	Fixed asset sale income	Extraordinary reserves	Cost increase fund	Short-term trade receivables payables	Net profit (loss) for the year(*)
RAMERİKA SAM. OTO A.Ş.	462,686	33.33	-	-	-	-	-	-
SAM OTO A.Ş.	26,000	26.00	-	-	-	-	4,650	19,865
SAMKOÇAUTO OZBEKİSTAN	858,396	5.00	-	-	-	-	-	-
SET OTO TİC.VE TURİZM A.Ş.	76,000	8.00	-	-	-	-	3,598	773
SETUR MAKİNA VE YAT. İŞL. SANAYİ VE TİC. A.Ş.	30,864	7.72	-	-	-	-	-	-
SİMKO TİC. VE SAN. A.Ş.	123,509	8.49	155,205	-	13,431	-	-	150,791 (1)
STANDARD BELDE TİC. VE SAN.A.Ş.	250,000	25.00	42,274	200,541	1,895	459	(608)	332,225
TAM SİGORTA A.Ş.	177	0.35	27	42	65	-	-	-
TAT KONSERVE SAN. A.Ş.	3,244,786	46.35	1,190,938	419,318	3	-	2,423	995,391 (**)
TAT TOHUMCULUK A.Ş.	150	3.00	90	-	-	-	403	44,039
TEK-ART KALAMIŞ VE FENERBAHÇE MARİNA	601,220	26.14	-	-	-	-	(591)	-
TOFAŞ TÜRK OTOMOBİL FAB.A.Ş.	24,045,130	37.86	10,185,792	-	26,901	-	41,479	(34,077,120) (**)
TOFAŞ OTO TİC. A.Ş.	273,120	8.96	217,145	6,669	78,744	-	19,252	18,449 (**)
TORMAK TOROS MAK. VE TİC. A.Ş.	842,800	39.20	159,914	672,736	619	-	14,956	601,547
TOROTO OTOMOTİV TİC. A.Ş.	18,750	15.00	-	-	-	-	-	86,578
TURYAT TURİSTİK YAT VE HİZM.A.Ş.	815,689	9.71	4,865	119,586	-	2,064	(12,872)	(691,221)
TÜRK DEMİRDÖKÜM FAB.A.Ş.	4,609,647	46.10	2,541,618	131,951	10,627	829,415	56,100	(4,894,806) (**)
TÜRK TRAKTÖR VE ZİRAAT MAK.A.Ş.	2,926,609	48.78	2,829,789	-	-	-	31,525	10,065,829
TÜTAŞ TÜRK TURİZM A.Ş.	1,240,175	28.84	431,849	-	188	-	32,977	(1,082,066)
ZİNERJİ ENERJİ SAN. TİC. A.Ş.	74,000	37.00	-	-	-	-	-	-
TOTAL	101,150,374		41,995,932	9,374,259	2,176,047	1,016,137	571,268	

31 DECEMBER 1999

	Registered value	Percentage of issued capital owned(%)	Revaluation surplus	Fixed asset sale income	Extraordinary reserves	Cost increase fund	Short-term trade receivables payables	Net profit (loss) for the year(*)
SUBSIDIARIES								
AKYAK TİC. A.Ş.	70,400	88.00	44,431	-	880	18,920	11,125	185,338
BOZKURT MENSUCAT SAN. A.Ş.	723,324	67.54	486	-	-	-	-	-
DÖKTAŞ DÖKÜM TİC.VE SAN. A.Ş.	2,452,938	51.10	1,244,271	794,752	241	-	19,905	7,692 (**)
İ.D.E.A. A.Ş.	122,000	81.33	-	-	-	-	(43,058)	-
KOFİSA TRADING COMP. SA.	161	50.00	-	-	-	-	-	-
OTOMOTÖR TİC. A.Ş.	13,630	68.15	3	-	-	-	-	45,957
OTOYOL SAN. A.Ş.	2,400,000	60.00	2,245,275	2,187	18,000	-	1,067	(1,183,408)
RMK MARINE GEMİ YAPIM SAN.VE DENİZ T.A.Ş.	522,500	55.00	1,485	-	-	-	13,209	-
SEK SÜT END.KUR. SAN VE TİC. A.Ş.	2,899,170	56.31	608,970	-	-	-	4,314	(1,950,743)
SETAİR HAVA TAŞ.VE HİZM. A.Ş.	30,000	60.00	-	-	-	-	(98,219)	-
SET AUTO BAKÜ AZERBEYCAN LTD.	16,475	60.00	-	-	-	-	-	-
SUR OTO A.Ş.	318,400	79.60	298,500	-	-	-	25	245,351
TOTAL	9,568,998		4,443,420	796,939	19,121	18,920	(91,632)	
GRAND TOTAL	110,719,372		46,439,353	10,171,198	2,195,168	1,035,057	479,636	

(*) For listed companies 30 September 1998 financial statements, for other companies 31 December 1997 financial statements that were authorised by the General Assembly have been considered.

(**) These are listed companies. For listed companies six month limited and year end audit reports are available and the audit opinions are all clean.

(1) Fiscal period 1 October 1997 – 30 September 1998.

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10. Account balances and transactions with shareholders, associates, investments and subsidiaries (Continued)

31 DECEMBER 1998	Registered value	Percentage of issued capital owned(%)	Revaluation surplus	Fixed asset sale income	Extraordinary reserves	Cost increase fund	Short-term trade receivables payables	Net profit (loss) for the year(*)
ASSOCIATES & INVESTMENTS								
AKPA AKDENİZ SAN.MAM.PAZ. A.Ş.	750	15.00	-	-	-	-	1,157	60,837
ALTINYUNUS ÇEŞME TUR. TES.A.Ş.	105,300	30.00	88,744	-	-	-	-	(13,487) (**)
ARÇELİK A.Ş.	7,745,759	38.25	3,326,922	625,123	8,875	-	3,999	18,295,461 (**)
ARDEM PİŞ. VE İSİ. CİH. SAN. A.Ş.	384,213	10.01	182,276	77,953	500	-	-	4,490,014 (**)
ASIA PACIFIC A.Ş.	868	11.50	95	-	-	-	-	9,148
ATILIM DAY.TÜK.MAL.PAZ.A.Ş.	96,671	39.98	4,105	20,952	-	-	-	3,180,286
AYGAZ A.Ş.	2,061,574	41.23	1,707,393	111,441	11,148	125,037	38,727	5,291,683 (**)
BASIC INT.INVESTMENT LTD.	508,137	18.49	-	-	-	-	-	-
BEKO TİCARET A.Ş.	195,000	39.00	60,529	93,534	3,425	1,368	1,331	2,442,394
BEKO ELEKTRONİK A.Ş.	1,840,921	32.87	679,005	1,184	906	-	21,460	3,662,602 (**)
BELDESAN MOTORLU VASIT.SAN.A.Ş.	595,365	44.10	115,629	411,622	18,691	8,916	(6,322)	185,322
BİRLEŞİK OKSİJEN SAN.A.Ş.	1,590	1.00	-	-	-	-	5,383	408,450
BURSA OTO A.Ş.	858,000	39.00	190,100	653,585	3,551	1,478	4,520	258,175
BURSA GAZ VE TİC.A.Ş.	3,980	39.80	187	-	9	-	-	240,721
DOĞU YATIRIM HOLDİNG A.Ş.	10,000	1.43	-	-	-	-	-	-
DÜZEY TÜKETİM MALLARI PAZ. A.Ş.	17,972	31.51	1,923	11,702	277	-	11,712	283,285
EGE OTO A.Ş.	153,400	38.35	11,939	137,362	953	-	27	152,075
EGEMAK EGE MAKİNE VE TİC.A.Ş.	872,350	39.83	182,404	675,875	-	3,179	-	241,590
ENDİKSAN ENDİK.VE GEREÇ.SAN.A.Ş.	30,000	30.00	2,187	-	-	9	10,575	487,776
ENTEK ELEK.ÜRET.OTO PRODUK.GRUBU A.Ş.	483,600	7.80	-	-	-	-	2,495	675,456
FORD OTOMOTİV SAN.A.Ş.	524,445	37.66	177,087	-	65,094	-	197,130	18,897,512 (**)
GARANTİ KOZA-İNŞAAT SAN.VE TİC.A.Ş.	164,187	19.78	51,866	-	198	1,187	27,351	479,264
GAZAL GAZ ALETLERİ A.Ş.	126,000	28.00	43,786	29,051	8,000	1,860	16,456	637,915
GELİŞİM DAY.TÜK.MAL.PAZ.A.Ş.	47,418	39.97	-	-	-	-	-	2,624,257
GOOD-YEAR LASTİKLERİ T.A.Ş.	435,621	9.60	209,015	-	11,389	-	-	2,990,151 (**)
GÜNOTO GÜNEY OTO.VE TİC. A.Ş.	477,000	39.75	102,228	359,322	346	1,779	9,099	244,202
İST.FRUEHAUF TAŞ. ARÇ.SA.TİC.A.Ş.	34,850	34.85	33,979	-	-	-	11,032	321,504
İSTANBUL OTO A.Ş.	1,188,174	39.61	421,702	728,533	-	-	3,333	525,454
İZOCAM TİC.VE SAN. A.Ş.	366,513	20.36	331,142	65	723	-	15,194	807,482 (**)
KARSAN PAZARLAMA A.Ş.	4,000	20.00	27	-	100	-	6,472	333,196
KAV ORMAN SAN. A.Ş.	1,221,083	18.98	352,961	844,536	615	8,622	7,692	409,100 (**)
KOÇBANK A.Ş.	1,546,183	9.66	620	-	1,159,637	-	317,	16,030,811
KOÇ ALLIANZ HAYAT SİG.A.Ş.	195,992	49.00	-	-	188,642	-	4,671	873,242
KOÇ ALLIANZ SİGORTA A.Ş.	651,105	43.41	582,484	49,949	10,735	-	17,841	2,607,366
KOÇ FİNANSAL KİRALAMA A.Ş.	220,000	11.00	-	-	-	-	24,455	1,179,629
KOÇ TÜKETİCİ FİNANSMANI A.Ş.	2,670,000	44.50	-	-	-	-	17,861	3,466,120
KOÇTAŞ TİCARET A.Ş.	336,828	43.18	17,323	31,440	4,704	2,070	24,312	106,058
KOÇ SİSTEM BİLGİ VE İLET.SİS.A.Ş.	618,450	39.90	1,205	-	2,656	-	(6,262)	1,147,477
KUZEY MOTORLARI TİC.VE SAN.A.Ş.	33,480	31.00	30	293	708	-	1,376	132,355
LİPET LİKİT PET. GAZ.TİC. A.Ş.	29,250	32.50	28,875	-	-	-	13,817	150,559
MAKO ELEKTRİK SAN.VE TİC. A.Ş.	600,000	40.00	254,237	207,113	119,459	1,121	11,311	1,251,075
MARET MARMARA BES. ET SA.TİC. A.Ş.	130,378	31.04	122,331	-	-	-	20,184	69,377 (**)
MARMARA OTO A.Ş.	902,000	41.00	207,490	665,322	88	2,229	311	232,290
MARES ALTINYUNUS TUR.TES. A.Ş.	177,884	31.21	94,768	-	-	-	5,704	279,244 (**)
MATAY OTOM. YAN. SAN.VE TİC. A.Ş.	12,600	14.00	9,450	-	-	-	5,050	106,024
METAŞ İZMİR METALURJİ F.B.A.Ş.	2,895	0.41	3,461	-	-	-	-	-
MOTOR TİC.A.Ş.	154,680	38.67	8,320	137,858	745	-	516	232,589
NEW HOLL. TRAKMAK TRAK.ZİRAAT MAK.A.Ş.	166,304	31.68	3,910	4,025	142,547	-	73,756	2,046,248
ORMAK ORTA ANADOLU MAK.TİC. A.Ş.	273,000	39.00	72,256	158,329	1,318	5,415	148	329,648
OTOKAR OTOBÜS KAROSERİ SAN.A.Ş.	294,350	42.05	111,543	3,277	2,754	-	17,221	253,103 (**)
OTOKAR PAZARLAMA A.Ş.	25,300	42.17	-	55	-	-	7,784	280,247
OTOKOÇ A.Ş.	156,040	39.01	9,309	139,543	741	-	425	412,288
OTOMOTİV LAST. TEVZİİ A.Ş.	4,800	12.00	2,887	577	-	174	(6,786)	326,904
OTOYOL PAZ. A.Ş.	120,000	40.00	76,412	10,024	3,600	-	1	1,149,516
OTTAR OTO VE TARIM ARAÇ.TİC. A.Ş.	452,865	39.90	71,394	372,427	109	1,194	5,375	100,959
PASTAVİLLA MAKARNACILIK SAN.TİC.A.Ş.	147,337	29.47	51,050	-	-	518	3,391	358,098 (**)
PORSUK TİC. A.Ş.	39,000	39.00	10,799	23,857	946	335	4,528	81,584
RAM DIŞ TİC. A.Ş.	269,414	17.11	270	-	-	-	47,901	273,013

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31 DECEMBER 1998	Registered value	Percentage of issued capital owned(%)	Revaluation surplus	Fixed asset sale income	Extraordinary reserves	Cost increase fund	Short-term trade receivables payables	Net profit (loss) for the year(*)
RAMERİKA SAM. OTO A.Ş.	2,907	33.33	-	-	-	-	-	(101,300)
SAM OTO A.Ş.	5,200	26.00	-	-	-	-	4,735	20,872
SAMKOÇAUTO OZBEKİSTAN	858,396	5.00	-	-	-	-	-	-
SET OTO TİC.VE TURİZM A.Ş.	68,000	8.00	-	-	-	-	1,355	(266,152)
SİMKO TİC. VE SAN. A.Ş.	123,509	8.49	155,205	-	13,431	-	4,261	1,089,666 (1)
STANDARD BELDE TİC. VE SAN.A.Ş.	250,000	25.00	42,274	200,541	1,895	459	(2,407)	271,251
TAM SİGORTA A.Ş.	177	0.35	27	42	65	-	-	-
TAT KONSERVE SAN. A.Ş.	1,147,264	46.35	457,931	5,061	3	-	(48,566)	732,207 (**)
TAT TOHUMCULUK A.Ş.	150	3.00	90	-	-	-	-	83,631
TEK-ART KALAMIŞ VE FENERBAHÇE MARİNA	1,307	26.14	-	-	-	-	(591)	-
TOFAŞ TÜRK OTOMOBİL FAB.A.Ş.	6,679,203	37.86	576,390	-	26,901	-	(32,210)	(13,072,261) (**)
TOFAŞ OTO TİC. A.Ş.	136,560	8.96	74,185	6,669	78,744	-	7,938	(893,424) (**)
TORMAK TOROS MAK. VE TİC. A.Ş.	842,800	39.20	159,914	672,736	619	-	7,710	242,676
TOROTO OTOMOTİV TİC. A.Ş.	18,750	15.00	-	-	-	-	6,529	98,738
TURYAT TURİSTİK YAT VE HİZM.A.Ş.	815,689	9.71	4,865	119,586	-	2,064	(8,813)	(1,987,749)
TURK DEMİRDÖKÜM FAB.A.Ş.	2,304,823	46.10	1,242,653	131,951	10,627	54,039	64,810	668,957 (**)
TÜRK SIEMENS KAB. VE ELE. SAN. A.Ş.	132,742	10.54	101,613	-	39,016	-	197	1,397,246 (**)
TÜRK TRAKTÖR VE ZİRAAT MAK.A.Ş.	1,463,304	48.78	1,366,485	-	-	-	61,143	7,534,700
TÜTAŞ TÜRK TURİZM A.Ş.	1,240,175	28.84	431,849	-	188	-	6,952	(805,484)
ZİNERJİ ENERJİ SAN. TİC. A.Ş.	74,000	37.00	-	-	-	-	(56,036)	-
TOTAL	46,949,832		19,231,137	7,722,517	1,945,674	223,053	701,038	

31 DECEMBER 1998	Registered value	Percentage of issued capital owned(%)	Revaluation surplus	Fixed asset sale income	Extraordinary reserves	Cost increase fund	Short-term trade receivables payables	Net profit (loss) for the year(*)
SUBSIDIARIES								
AKYAK TİC. A.Ş.	70,480	88.00	431	-	880	-	6,047	102,186
AYVALIK MARİNA VE YAT. İŞL. SAN. TİC. A.Ş.	15,432	71.11	-	-	-	-	-	-
BOZKURT MENSUCAT SAN. A.Ş.	723,324	67.54	486	-	-	-	-	505,630
DÖKTAŞ DÖKÜM TİC.VE SAN. A.Ş.	1,226,469	51.10	324,419	794,752	241	-	(16,728)	1,164,601 (**)
İ.D.E.A. A.Ş.	122,000	81.33	-	-	-	-	(37,606)	-
KOFİSA TRADING COMP. SA.	161	50.00	-	-	-	-	-	415,592
OTOMOTÖR TİC. A.Ş.	13,630	68.15	3	-	-	-	1,356	61,339
OTOYOL SAN. A.Ş.	1,200,000	60.00	1,045,275	2,187	18,000	-	26,991	3,185,698
RMK MARINE GEMİ YAPIM SAN.VE DENİZ T.A.Ş.	522,500	55.00	1,485	-	-	-	830	(67,020)
SEK SÜT END.KUR. SAN VE TİC. A.Ş.	2,899,170	56.31	608,970	-	-	-	2,179	22,133
SETAİR HAVA TAŞ.VE HİZM. A.Ş.	30,000	60.00	-	-	-	-	(40,536)	5,528
SET AUTO BAKÜ AZERBEYCAN LTD.	16,475	60.00	-	-	-	-	-	-
SUR OTO A.Ş.	159,200	79.60	139,300	-	-	-	35	174,008
TOTAL	6,935,841		2,120,368	796,939	19,121	-	(57,432)	
GRAND TOTAL	53,885,673		21,351,506	8,519,456	1,964,795	223,053	643,606	

(*) For listed companies 30 September 1998 financial statements, for other companies 31 December 1997 financial statements that were authorised by the General Assembly have been considered.

(**) These are listed companies. For listed companies six month limited and year end audit reports are available and the audit opinions are all clean.

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b) As of 31 December 1999 and 1998 capital commitments to associates, investments and subsidiaries are listed below:

	<u>31 December 1999</u>	<u>31 December 1998</u>
Koç Ata Besi ve Tarım Ürünleri A.Ş.	241,800	-
Entek Elek. Üret. Oto Prod. Grubu A.Ş.	152,100	-
Arçelik LG Klima Sanayi ve Tic. A.Ş.	73,232	-
Tek-Art Kalamış Fenerbahçe Marina	<u>49,273</u>	-
	<u>516,405</u>	

c) As of 31 December 1999 and 1998 account balances with shareholders are listed below:

	<u>31 December 1999</u>	<u>31 December 1998</u>
<u>Receivables from shareholders</u>		
Temel Ticaret ve Yatırım A.Ş.	182,330	-
Vehbi Koç Vakfı	5	-
Nazar Dayanıklı ve Dayanısız		
Sınai Mallar Pazarlama A.Ş.	-	834
Koç family	<u>-</u>	<u>19</u>
	<u>182,335</u>	<u>853</u>

Payables to shareholders

	<u>31 December 1999</u>	<u>31 December 1998</u>
Temel Ticaret ve Yatırım A.Ş.	-	23,617
Dividends payable	<u>7,914</u>	<u>6,949</u>
	<u>7,914</u>	<u>30,566</u>

d) As of 31 December 1999 TL54,452 (1998: TL35,072) of the other short-term receivables balance includes project expenses incurred for associates, investments and subsidiaries and each will be invoiced to the relevant associate, investment or subsidiary.

11. Accounting policies:

a) Fixed assets and depreciation

Fixed assets subject to depreciation are reflected at acquisition cost in the accounts and they are revalued based on the rates and procedures determined by the Ministry of Finance each year. Except for buildings, depreciation is allocated from revalued amounts. Depreciation is provided for using the straight-line method up to 1992 and the double-declining balance method beginning from the purchases of 1993 based on the rates stated below:

	For 1982 and before %	For 1983-1992 %	For 1993-1994 %	For 1995 and after %
Buildings	2	2	4	4
Machinery, plant and equipment	-	25	50	40
Motor vehicles	15	25	50	40
Furniture and fixtures	6 - 15	25	50	40

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11. Accounting policies (Continued)

b) Associates, investments and subsidiaries

Associates, investments and subsidiaries are stated at acquisition cost plus the nominal value of shares obtained by paid and non-paid capital increases of the companies concerned.

Associates, investments and subsidiaries are revalued at their market prices if there is a material decrease in their market value and there is no objective and reasonable proof that this decrease is temporary.

If the capital increase of the associate and/or investment is funded from the associate's and/or investment's retained earnings or from the revaluation fund, the nominal value of the shares obtained is added to the Company's investment revaluation fund.

c) Marketable securities

Marketable securities are stated at acquisition cost and as of the balance sheet date, the marketable securities balance represents repurchase agreements with banks including interest income accruals.

d) Foreign currency transactions

Transactions in foreign currencies are translated into Turkish Lira at the exchange rates prevailing at the dates of such transactions. Balance sheet items denominated in foreign currencies are translated at the exchange rates prevailing at the balance sheet dates. Foreign exchange gains or losses arising from settlement and translation of foreign currency items are included in the related income and expense accounts, as appropriate.

e) Employment termination benefits

In accordance with existing social legislation in Turkey, the Company is required to pay lump sum termination indemnities to each employee who has completed one year of service with the Company and whose employment is terminated without due cause, who retires, completes 25 years of service (20 years for women), is called up for military service, or dies. Such payments are calculated on the basis of 30 days' pay limited to TL345.2 at 31 December 1999 (1998: TL200.6) per year of employment (at the rate of pay applicable at the date of retirement or termination). As required by Turkish Labour Law employment termination benefits are recognised in the financial statements as they are earned.

f) Other balance sheet items

Other balance sheet items are principally reflected at their historical values.

12. Subsequent events

i- As of 1 January 2000 the legal limit for employment termination benefits increased to TL489 (1 January 1999: TL286.3). This increased the Company's liabilities by TL101,428 (1998: TL69,145) subsequent to the balance sheet date.

ii- As of 17 February 2000 the registered capital ceiling was increased to TL250,000 million by decision of the Executive Committee.

13. Contingent losses and gains

None.

14. Changes in accounting forecasts and their monetary effects

There have been no changes in accounting estimations having a material effect on the Company's gross profit margin.

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15. Mortgages or guarantees on assets

None.

16. Total insurance coverage on assets

The total insurance coverage for cash and fixed assets amounted to TL14,264,365 (1998: TL9,100,905).

17. Guarantees and collaterals obtained

Letters of guarantee obtained from Koçbank A.Ş. amounting to TL6,033,112 (1998: TL4,401,505) are recorded in off-balance sheet accounts.

18. Off-balance sheet commitments and contingent liabilities

The Company has a commitment on behalf of Arçelik A.Ş. amounting to US\$1,600,000 (1998: US\$3,200,000), and has syndicated credits that were received from banks abroad amounting to US\$110,000,000 (1998: US\$100,000,000) and transferred with the same conditions to group companies (Döktaş Döküm Tic. ve San. A.Ş., Koç Tüketici Finansmanı A.Ş., Koç Finansal Kiralama A.Ş., Otogar Otobüs Karoseri Sanayi A.Ş., Ram Dış Ticaret A.Ş., Sek Süt End. Kur. San. ve Tic. A.Ş., Turyat Turizm Yatırım A.Ş., Türk Demir Döküm Fab. A.Ş. and Türk Traktör ve Ziraat Makinaları A.Ş.; for 1998 also Kav Ambalaj A.Ş. and Tat Konserve Sanayi A.Ş.).

19. Blocked deposits at banks

None.

20. Marketable securities

In financial assets, the market value of 18 investments (1998:19) with an acquisition cost of TL72,756,282 (1998: TL28,823,061) which are quoted on the İstanbul Stock Exchange is TL1,570,993,278 (1998: TL218,986,804). The other associates, investments and subsidiaries are not quoted on the Stock Exchange.

Marketable securities in the form of Turkish government bonds and bills cost TL19,446,880 and are shown at a market value of TL23,011,046 on the balance sheet including TL3,564,116 interest income accrual.

On the balance sheet the marketable securities and financial assets are not stated at their market value.

21. Marketable securities or shareholders, affiliates and subsidiaries included under marketable securities

None.

22. Items that exceed 20% of the "other" captions under which they are included or that exceed 5% of the balance sheet total assets in the financial statements

Other current assets:

	<u>31 December 1999</u>	<u>31 December 1998</u>
Interest income accrual	5,677,944	60,536
Prepaid taxes and funds	4,027,556	-
Deductible taxes and funds	1,369,616	594,147
Other	<u>283,341</u>	<u>242,689</u>
	<u>11,358,457</u>	<u>897,372</u>

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22. Items that exceed 20% of the "other" captions under which they are included or that exceed 5% of the balance sheet total assets in the financial statements (Continued)

<u>Other short-term receivables:</u>	<u>31 December 1999</u>	<u>31 December 1998</u>
Customers	679,829	378,364
Job advances	4,829	-
Personel advances	611	3,136
Other	<u>20</u>	<u>14</u>
	<u>685,289</u>	<u>381,514</u>
<u>Other intangible assets:</u>	<u>31 December 1999</u>	<u>31 December 1998</u>
Koç Holding A.Ş. and Koç Yatırım ve Sanayi Mamülleri Pazarlama A.Ş. merger account	150,759	150,759
Other	<u>18,082</u>	<u>1,959</u>
	<u>168,841</u>	<u>152,718</u>
<u>Provision for other liabilities and expenses:</u>	<u>31 December 1999</u>	<u>31 December 1998</u>
Provision for additional income and additional corporate tax	382,093	-
Other	<u>17,000</u>	<u>-</u>
	<u>399,093</u>	<u>-</u>

23. Receivables from and payables to personnel included under other receivables and other long or short-term liabilities accounts and exceeding 1% of assets

None.

24. Doubtful receivables due from shareholders, affiliates and investments

None.

25. Doubtful overdue and non-overdue receivables

None.

26. Associates, investments and subsidiaries

Stated in balance sheet note 10.a.

27. Pro-rata share stock amounts realised from affiliates and investments

Stated in balance sheet note 10.a.

28. Real rights on fixed assets and their values

None.

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29. Revaluation of property, plant and equipment in last three years

Stated in balance sheet note 8.c.

30. Foreign currency asset and liabilities

As of 31 December 1999 and 1998, assets not hedged and denominated in foreign currency are as follows:

	31 December 1999			TL million
	Foreign currency	Type of currency	Exchange rate	
Banks	145,241	USD	540,098	78,444
Customers	<u>48,882</u>	USD	540,098	<u>26,401</u>
	<u>194,123</u>			<u>104,845</u>
	31 December 1998			TL million
	Foreign currency	Type of currency	Exchange rate	
Banks	2,385,913	USD	312,720	746,123
Customers	69,693	USD	312,720	21,794
Suppliers	<u>(50,000)</u>	USD	312,720	<u>(15,636)</u>
	<u>2,405,606</u>			<u>752,281</u>

31. Guarantees, commitments and securities given for shareholders, investments and subsidiaries

The Company has a commitment on behalf of Arçelik A.Ş. amounting to US\$1,600,000 (1998: US\$3,200,000).

32. Average number of employees

The average number of salaried personnel working during 1999 is 175 (1998 :164).

33. Additional information affecting financial statements and helping in the interpretation and understanding of financial statements

i) As of 31 December 1999 the Company has calculated additional tax amounting to TL458,512, which is 5% of income and corporate tax bases relying on Law No. 4481-1 of the General Bulletin related to Additional Income and Additional Corporate Taxes Application published at 26 November 1999 in Official Gazette No. 23888. This additional tax is recorded as extraordinary expenses and losses.

i) As of 31 December 1999, the net book value of the lost Zeppelin amounting to TL587,999 is recorded as loss and deleted from the accounting records. The arising loss is recorded as extraordinary expenses and losses in the income statement. The Company has US\$3,500,000 insurance guarantee related to this fixed asset.

34. Explanation added for convenience translation into English

As indicated in Note 11, the accompanying financial statements are prepared and presented in accordance with the accounting and reporting principles issued by the Turkish Capital Markets Board, which are different from the accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Accounting Standards (IAS). The effects of such differences have not been quantified. Accordingly, the accompanying financial statements are not intended to present financial position and results of operation and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IAS.

KOÇ HOLDİNG A.Ş.
 CONVENIENCE TRANSLATION INTO ENGLISH OF AUDITORS'
 REPORT ORIGINALLY ISSUED IN TURKISH - SEE NOTE 34
 STATEMENTS OF INCOME FOR THE PERIODS
 1 JANUARY - 31 DECEMBER 1999 AND 1998

(Amounts expressed in millions of Turkish Lira)

	<u>31 December 1999</u>	<u>31 December 1998</u>
GROSS SALES	8,490,272	4,889,817
Domestic sales	8,490,272	4,889,817
OPERATING EXPENSES	(10,762,041)	(9,003,337)
General and administrative expenses	(10,762,041)	(9,003,337)
INCOME AND GAINS FROM OTHER OPERATING ACTIVITIES	53,612,326	34,922,861
Dividends from investments	26,909,789	18,966,854
Dividends from subsidiaries	576,397	1,420,445
Interest and other dividend income	25,831,473	14,325,838
Other income and gains from operating activities	<u>294,667</u>	<u>209,724</u>
EXTRAORDINARY EXPENSES AND LOSSES	(1,047,186)	-
Extraordinary expenses and losses	(1,047,186)	-
OPERATING PROFIT	50,293,371	30,809,341
TAXATION	<u>(7,997,048)</u>	<u>(3,669,495)</u>
NET PROFIT FOR THE PERIOD	<u><u>42,296,323</u></u>	<u><u>27,139,846</u></u>

KOÇ HOLDİNG A.Ş.
 CONVENIENCE TRANSLATION INTO ENGLISH OF AUDITORS'
 REPORT ORIGINALLY ISSUED IN TURKISH - SEE NOTE 34
 NOTES TO STATEMENT OF INCOME
 FOR THE PERIODS 1 JANUARY - 31 DECEMBER 1999 AND 1998
 (Amounts expressed in millions of Turkish Lira)

1. Depreciation and amortisation expenses

- a) Depreciation expense is TL1,119,614 (1998: TL1,638,846).
 i) Normal depreciation expense is TL764,069 (1998: TL1,139,331).
 ii) Depreciation expense due to revaluation is TL355,545 (1998: TL499,515).
 b) Amortisation expense is TL5,741 (1998: TL1,432).

2. Rediscount and provision expenses for the period

	<u>31 December 1999</u>	<u>31 December 1998</u>
Provision expense for employment termination benefits	125,654	101,648

3. Financial expenses

None.

4. Financial expenses related to shareholders, associates, investments and subsidiaries

None.

5. Sales to and purchases from shareholders, associates, investments and subsidiaries

Service sales to and income from rights from associates, investments and subsidiaries amount to TL 6,640,900 (1998:TL 4,428,261).

6. Interest, rent and similar charges received from and paid to associates, investments and subsidiaries

Income received from associates, investments and subsidiaries is as follows:

a) Dividend income

	<u>31 December 1999</u>	<u>31 December 1998</u>
i) <u>Associates and investments</u>		
Ford Otomotiv San. A.Ş.	6,293,342	5,728,127
Türk Traktör ve Ziraat Mak. A.Ş.	3,907,023	2,146,667
Koçbank A.Ş.	2,995,730	-
Koç Tüketici Finansmanı A.Ş.	2,002,500	222,500
Aygaz A.Ş.	1,649,259	824,630
Atılım Day.Tük. Mal. Paz. A.Ş.	1,643,409	863,784
Arçelik A.Ş.	1,618,127	3,098,303
Gelişim Day. Tük. Mal. Paz. A.Ş.	948,354	758,683
Beko Elektronik A.Ş.	920,460	776,639
Koç Allianz Hayat Sigorta A.Ş.	857,465	122,495
Türk Demir Döküm Fab. A.Ş.	230,482	749,068
Good-year Lastikleri T.A.Ş.	108,905	333,122
Other	<u>3,734,733</u>	<u>3,342,836</u>
	<u>26,909,789</u>	<u>18,966,854</u>

KOÇ HOLDİNG A.Ş.
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 FOR THE PERIODS 1 JANUARY - 31 DECEMBER 1999 AND 1998
 (Amounts expressed in millions of Turkish Lira)

6. Interest, rent and similar charges received from and paid to associates, investments and subsidiaries (Continued)

ii) Subsidiaries

	<u>31 December 1999</u>	<u>31 December 1998</u>
Döktaş Dökümcülük Tic. ve San. A.Ş.	306,617	242,739
Sur Oto A.Ş.	103,480	63,680
Otoyol Sanayi A.Ş.	-	900,000
Other	<u>166,300</u>	<u>214,026</u>
	<u>576,397</u>	<u>1,420,445</u>

b) Commission and interest accrued

	<u>31 December 1999</u>	<u>31 December 1998</u>
Ram Dış Tic. A.Ş.	568,359	12,900
Türk Demir Döküm Fabrikaları A.Ş.	545,186	168,015
Turyat Setur	252,227	-
Türk Tofaş Otomobil Fabrikaları A.Ş.	181,076	-
Other	<u>238,180</u>	<u>134,731</u>
	<u>1,785,028</u>	<u>315,646</u>

c) Rent income

	<u>31 December 1999</u>	<u>31 December 1998</u>
Koçtaş Ticaret A.Ş.	115,873	22,830
Tofaş Oto Ticaret A.Ş.	48,000	30,000
Set Air Hava T.A.Ş.	37,500	30,000
İDEA A.Ş.	30,000	19,092
Other	<u>37,925</u>	<u>26,013</u>
	<u>269,298</u>	<u>127,935</u>

d) The interest and other dividend income includes foreign exchange gains of TL3,106,742 (1998: TL157,028) resulting from the revaluation of the foreign currency bank deposits at Koçbank A.Ş.

e) The amounts paid to associates, investments and subsidiaries are as follows:

	<u>31 December 1999</u>	<u>31 December 1998</u>
Consulting expenses (Koç Sistem A.Ş., Ramerica, Ram Dış Ticaret A.Ş.)	591,592	101,977
Insurance expenses (Koç Allianz Sigorta T.A.Ş.)	264,873	171,377
Travel expenses (Turyat Setur, Set Air Hava Taşımacılık ve Hizmetleri A.Ş.)	180,541	56,934
Hardware maintenance expenses (Koç Sistem A.Ş.)	79,525	73,196
Banking expenses (Koçbank A.Ş.)	17,327	20,349
Rent expenses (Koç Finansal Kiralama A.Ş.)	15,702	6,631
Publication expenses (Ram Dış Ticaret A.Ş.)	<u>1,670</u>	-
	<u>1,151,230</u>	<u>430,464</u>

KOÇ HOLDİNG A.Ş.
CONVENIENCE TRANSLATION INTO ENGLISH OF AUDITORS'
REPORT ORIGINALLY ISSUED IN TURKISH - SEE NOTE 34
NOTES TO STATEMENT OF INCOME
FOR THE PERIODS 1 JANUARY - 31 DECEMBER 1999 AND 1998
(Amounts expressed in millions of Turkish Lira)

7. Salaries and other benefits paid to senior management

Members of the Board of Directors, general manager, general coordinator, assistant general manager and other management were paid salaries and benefits amounting to TL1,846,195 (1998: TL1,362,122).

8. Depreciation calculation methods and the effects of their changes in the depreciation expense of the current year methods

None.

9. Inventory costing system

There are no inventories.

10. Reason for not performing physical stock count

There are no inventories.

11. Product, scrap or service sales that exceed 20% of gross sales

None.

12. Sales incentives and grants

None.

13. Income and gains, expenses and losses relating to prior periods

None.

14. Earnings per share and ratios shown seperately for ordinary and privileged shares

As of 31 December 1999 earnings per share is TL1,320 (1998: 1,694) which is found by dividing the net profit for the period by 32,051,100,000 (1998: 16,025,550,000 shares) shares with a nominal value of TL1,000.

15. Changes in volume of production of goods and services

None.

16. Changes in volume of sales of goods and services

None.

KOÇ HOLDİNG A.Ş.
 CONVENIENCE TRANSLATION INTO ENGLISH OF AUDITORS'
 REPORT ORIGINALLY ISSUED IN TURKISH - SEE NOTE 34
 SUMMARY OF BALANCE SHEETS
 AT 31 DECEMBER 1999 AND 1998

(Amounts expressed in millions of Turkish Lira)

	<u>31 December 1999</u>	<u>31 December 1998</u>
ASSETS		
CURRENT ASSETS	49,305,008	32,191,647
Liquid assets	36,057,216	6,950,312
Marketable securities	-	23,011,046
Other short-term receivables	1,889,335	1,332,917
Other current assets	11,358,457	897,372
NON-CURRENT ASSETS	124,088,761	65,147,534
Long-term trade receivables	3,738	3,738
Long-term financial assets	116,826,366	59,060,881
Fixed assets - net	7,089,816	5,905,144
Buildings and installations	5,549,839	3,743,868
Motor vehicles	7,312,312	6,933,418
Furniture and fixtures	995,333	632,542
Accumulated depreciation	(7,075,463)	(5,404,684)
Construction in progress	307,795	-
INTANGIBLE ASSETS	168,841	152,889
Rights	-	171
Other intangible assets	168,841	152,718
OTHER NON-CURRENT ASSETS	<u>-</u>	<u>24,882</u>
TOTAL ASSETS	<u>173,393,796</u>	<u>97,339,181</u>
	<u>31 December 1999</u>	<u>31 December 1998</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES	11,069,612	5,506,451
Trade payables	700,465	163,471
Other current liabilities	1,973,006	1,665,765
Accrued liabilities and expenses	8,396,141	3,677,215
LONG-TERM PAYABLES	340,902	215,248
Accrued liabilities and expenses	340,902	215,248
SHAREHOLDERS' EQUITY	161,983,255	91,617,482
Share capital	32,051,100	16,025,550
Share premium	31,847	31,847
Revaluation surplus	40,554,364	25,611,062
Revaluation surplus on fixed assets	2,536,443	3,618,702
Revaluation surplus on associates and investments	25,866,383	11,453,296
Funds generated from fixed asset and investment sales income of participations	10,258,864	8,607,122
Extraordinary reserves generated by associates and investments	1,892,674	1,931,942
Reserves	47,049,621	22,809,177
Legal reserves	3,214,476	1,857,484
Extraordinary reserves	40,616,200	18,998,017
Cost increase fund	2,675,582	1,410,313
Fixed assets renewal fund	543,363	543,363
Net income for the year	42,296,323	27,139,846
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>173,393,769</u>	<u>97,339,181</u>

The accompanying notes form an integral part of these financial statements

KOÇ HOLDİNG A.Ş.
CONVENIENCE TRANSLATION INTO ENGLISH OF AUDITORS'
REPORT ORIGINALLY ISSUED IN TURKISH - SEE NOTE 34
SUMMARY OF INCOME STATEMENT
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 1999 AND 1998
(Amounts expressed in millions of Turkish Lira)

	<u>31 December 1999</u>	<u>31 December 1998</u>
GROSS SALES	8,490,272	4,889,817
OPERATING EXPENSES	(10,762,041)	(9,003,337)
INCOME FROM OTHER OPERATIONS	53,612,326	34,922,861
EXTRAORDINARY LOSS	(1,047,186)	-
OPERATING PROFIT	50,293,371	30,809,341
TAXATION	<u>(7,997,048)</u>	<u>(3,669,341)</u>
NET INCOME FOR THE YEAR	<u>42,296,323</u>	<u>27,139,846</u>

KOÇ HOLDİNG A.Ş.
 CONVENIENCE TRANSLATION INTO ENGLISH OF AUDITORS'
 REPORT ORIGINALLY ISSUED IN TURKISH - SEE NOTE 34
 STATEMENTS OF FUND FLOWS
 FOR THE YEARS ENDED 31 DECEMBER 1999 AND 1998

(Amounts expressed in millions of Turkish Lira)

	1999	1998
A. SOURCES	48,231,276	33,049,441
1. Sources from operating profit	46,913,621	32,551,267
a) Operating profit	50,293,370	30,809,341
b) Depreciation	1,125,355	1,640,278
c) Provision for employment termination benefits	125,654	101,648
d) Expenses not necessitating fund usage	1,047,186	-
e) Income not generating fund	(5,677,944)	-
2. Other sources	1,317,655	498,174
B. USES OF SOURCES	48,231,276	33,049,441
1. Taxes and similar charges paid	6,607,693	1,267,971
2. Dividends paid	4,164,672	3,677,974
3. Increase in current assets	7,407,861	20,663,997
4. Increase in non-current assets (excluding revaluation)	30,051,050	7,439,499
INCREASE IN NET WORKING CAPITAL	11,550,199	18,520,257

KOÇ HOLDİNG A.Ş.
 CONVENIENCE TRANSLATION INTO ENGLISH OF AUDITORS'
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 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED 31 DECEMBER 1999 AND 1998

(Amounts expressed in millions of Turkish Lira)

	1999	1998
A. CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	6,950,312	73,328
B. CASH INFLOWS DURING THE YEAR	80,753,354	38,761,143
1. Cash inflow from sales	8,490,272	4,889,817
a) Net sales	8,490,272	4,889,817
2. Cash inflow from other operating activities	47,934,381	33,306,518
3. Increase in short- term payables (Not relating to purchases)	844,236	525,254
4. Decrease in other short-term receivables	23,011,047	39,554
5. Other cash inflows	473,418	-
C. CASH OUTFLOW DURING THE YEAR	51,646,450	31,884,159
1. Cash outflow from operating activities	9,511,032	7,261,411
a) General and administrative expenses	10,762,041	9,003,337
b) Expenses not requiring cash outflow	(1,251,009)	(1,741,926)
2. Cash outflow from purchases of property plant and equipment	30,051,050	7,446,579
3. Taxes and similar charges paid	6,607,693	1,267,971
4. Dividends paid	4,164,672	3,677,974
5. Increase in marketable securities	-	11,542,057
6. Increase in other current assets	1,312,003	668,167
D. CASH AND CASH EQUIVALENTS AT END OF YEAR	36,057,216	6,950,312
E. CASH INCREASE/(DECREASE)	29,106,904	6,876,984

KOÇ HOLDİNG A.Ş.
 CONVENIENCE TRANSLATION INTO ENGLISH OF AUDITORS'
 REPORT ORIGINALLY ISSUED IN TURKISH - SEE NOTE 34
 STATEMENTS OF PROFIT DISTRIBUTION
 FOR THE YEARS ENDED 31 DECEMBER 1999 AND 1998

(Amounts expressed in millions of Turkish Lira)

	1999	1998
DISTRIBUTION OF INCOME FOR THE YEAR	50,293,371	30,809,341
Income for the year	(7,997,048)	(3,669,495)
Taxes payable	(2,114,816)	(1,356,992)
First legal reserves		
NET CURRENT YEAR INCOME TO BE DISTRIBUTED	40,181,507	25,782,854
Dividends to shareholders	(4,807,665)	(3,205,110)
Approved at General Assembly meeting in accordance with the Articles of Association		
Koç Holding Foundation for pensions and assistance portion	(322,849)	(210,114)
Dividends allocated to usufruct shareholders	(1,157,369)	(749,447)
EXTRAORDINARY RESERVES	33,893,624	21,618,183
Profit per share and dividend per share are expressed in Turkish Lira.		
EARNINGS PER SHARE (TL/%)		
32,051,100,000 shares receiving 12 months earnings from 1999 net profit for the year	1,254/125	
16,025,550,000 shares receiving 12 months earnings from 1998 net profit for the year		1,609/161
DIVIDEND PER SHARE (TL/%)		
32,051,100,000 shares receiving 12 months dividend from 1999 net profit for the year	150/15	
16,025,550,000 shares receiving 12 months dividend from 1998 net profit for the year		200/20
To the holders of 100 usufruct shares	11,573,685,454/-	7,494,472,919/-